



SO ORDERED.

SIGNED this 2 day of July, 2026.



Joseph N. Callaway
United States Bankruptcy Judge

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NORTH CAROLINA
WILMINGTON DIVISION**

IN RE:

**T.K. TIMBER SERVICES, LLC,

DEBTOR.**

**CASE NO. 26-02862-5-JNC
CHAPTER 11**

FIRST INTERIM ORDER AUTHORIZING USE OF CASH COLLATERAL

THIS MATTER coming before the Court upon the Emergency Motion for Authorization to Use Cash Collateral [D.E. 4] (the “Cash Collateral Motion”) filed by the Debtor T.K. TIMBER SERVICES, LLC (the “Debtor”) on June 26, 2026. An interim hearing was held on the Cash Collateral Motion on July 1, 2026, in Greenville, North Carolina, at which Joseph Z. Frost appeared on behalf of the Debtor, Kirstin Gardner appeared on behalf of THE OFFICE OF THE BANKRUPTCY ADMINISTRATOR (the “Bankruptcy Administrator”), and REBECCA REDWINE GROW appeared as the Chapter 11 Subchapter V Trustee (“Trustee”).

Based upon the record, and on a preliminary and interim basis, it appears to the

Court that the terms and conditions set forth below are reasonable and appropriate, are in the best interests of the bankruptcy estate and all creditors, and should be approved on an interim basis. It further appears to the Court that the notice of the Cash Collateral Motion which the Debtor provided to creditors and parties in interest is adequate and proper.

THEREFORE, based upon the Motion, and the record in this matter, the Court hereby makes the following **FINDINGS OF FACT** and **CONCLUSIONS OF LAW**:

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

2. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and it is core proceeding pursuant to 28 U.S.C. § 157(b)(2). This Court, likewise, has authority to hear this matter pursuant to the General Order of Reference entered by the United States District Court for the Eastern District of North Carolina on August 3, 1984.

3. The Debtor filed a voluntary petition seeking relief under chapter 11 of the Bankruptcy Code on June 26, 2026 (the “Petition Date”) (collectively, the “Bankruptcy Case”) and currently operates as Debtor-in-Possession. Trustee was appointed as Chapter 11 Subchapter V Trustee in the Bankruptcy Case.

4. The Debtor is a limited liability formed and existing under the laws of the State of North Carolina based in Columbus County, North Carolina, which provides contract timber services throughout southeastern North Carolina, including contract removal, transportation, and marketing of timber.

5. Due to unforeseen circumstances detrimentally affecting the timber industry

and stakeholders such as the Debtor, including decreased demand and profits margin, increased supply of timber, and numerous sawmill closures locally, nationally, and internationally, the Debtor began to experience significant financial problems as a result of its inability to pay certain ongoing expenses associated with its ongoing business operations.

6. In an attempt to mitigate the impact of the shortfall and cash flow crisis, the Debtor entered into numerous merchant cash advance transactions, which created significant cash-flow issues for the Debtor.

7. The Debtor's sole sources of revenue and income consist of, *inter alia*: (a) Funds currently on hand and on deposit in its bank account(s); (b) Income and revenue generated from the cutting, removal, and sale of timber to customers; and (c) Income and revenue generated from the collection of outstanding accounts receivable for completed contract timber services.

8. As a result, the Debtor's only source of income is through its continued business operations and its primary asset consists of, *inter alia*, funds on hand in its bank accounts and funds/revenue generated from its performance of ongoing contracts for the removal, transportation, and sale of timber to its customers and collection of any accounts receivable generated as a result of said transactions.

9. The Debtor anticipates a continuation of operations by way of this proposed reorganization and, in order to maintain existing operations and retain maximum value of its business, the Debtor will be required to incur certain operating expenses, including

payroll, payroll taxes and expenses, parts, fuel, lease payments, insurance, workers' compensation insurance, utilities, and other costs and expenses associated with the removal, transportation, and sale of timber, as well as incidental to the completion timber services to its customers.

10. Prepetition, the Debtor incurred certain indebtedness in connection with its business operations, in which the following creditors took a security interest in certain property, proceeds, and other collateral owned by the Debtor,¹ which may constitute cash collateral as defined by § 363 of the Bankruptcy Code:

- A. On March 6, 2025, the Debtor and TIMOTHY KYLE ELLIS ("Ellis") executed and delivered a Promissory Note to CORBETT FARMING COMPANY d/b/a CORBETT TIMBER COMPANY ("Corbett") in the original principal amount of \$150,000.00, together with interest at a rate equal to twelve-percent (12%) per annum, and payable in weekly installments of principal and interest in the amount of \$1,500.00 ("Corbett Note 1"). Repayment and performance of Corbett Note 1 was secured by a Security Agreement dated March 6, 2025 (the "Corbett Note 1 Security Agreement"), granting a security interest, lien, and encumbrance in a 2018 Tigercat Skidder, Model 620E, S/N 6207224, Tigercat 19 Square Foot Grapple, S/N ESBG720300085, 2018 Tigercat 720G Feller Buncher, S/N 7206842, and a 550 Saw Head (the "Corbett Note 1 Collateral"). Corbett's security interest in the Note 1 Collateral was perfected by the filing of a UCC-1 Financing Statement with the North Carolina Secretary of State on March 11, 2025, File No. 202500283 (the "Corbett Note 1 Financing Statement") (Corbett Note 1, the Corbett Note 1 Security Agreement, and the Corbett Note 1 Financing Statement are collectively referred to herein as, the "Corbett Loan 1 Documents" and, with respect to the entire transaction as, "Corbett Loan 1")

¹ The UCC Financing Statement filed by Canal Wood, LLC ("Canal Wood") with the North Carolina Secretary of State on September 24, 2024, File No. 20240114704G (the "Canal Wood Financing Statement") should be cancelled and terminated because all amounts due and owing to Canal Wood by, inter alia, the Debtor were satisfied and paid in full prior to the Petition Date.

- B. On July 15, 2025, the Debtor and Ellis executed and delivered a Promissory Note to Corbett in the original principal amount of \$35,000.00, together with interest at a rate equal to twelve-percent (12%) per annum, and payable in weekly installments of principal and interest in the amount of \$700.00 (“Corbett Note 2”). Repayment and performance of Corbett Note 2 was secured by a Security Agreement dated July 15, 2025 (the “Corbett Note 2 Security Agreement”), granting a security interest, lien, and encumbrance in a 2017 Tigercat Loader, Model 234B, Serial No. 2342556 and attached 264 Ultra CSI Delimber (the “Corbett Note 2 Collateral”). Corbett’s security interest in the Note 2 Collateral was perfected by the filing of a UCC-1 Financing Statement with the North Carolina Secretary of State on July 24, 2025, File No. 20250113837C (the “Corbett Note 2 Financing Statement”) (Corbett Note 2, the Corbett Note 2 Security Agreement, and the Corbett Note 2 Financing Statement are collectively referred to herein as, the “Corbett Loan 2 Documents” and, with respect to the entire transaction as, “Corbett Loan 2”).
- C. A UCC Financing Statement was filed with the North Carolina Secretary of State on September 17, 2025, by CT Corporation System, as a representative of Mint Funding, Inc. (“Mint Funding”), File No. 20250140118F (the “CT Corporation System Financing Statement”),² purporting to perfect a security interest in the following assets, property, and collateral of the Debtor:

All assets now owned, or hereafter acquired, including without limitation: (a) all accounts, including without limitation, all deposit accounts, accounts-receivable, and other receivables, chattel paper, documents, equipment, general intangibles, instruments, and inventory, as those terms are defined by Article 9 of the Uniform Commercial Code (the “UCC”), now or hereafter owned or acquired by Merchant; and (b) all proceeds, as that term is defined by Article 9 of the UCC (“a” and “b” collectively, the “Collateral”).

- D. On March 6, 2026, the Debtor executed and delivered to HIGHLAND HILL CAPITAL, LLC (“HHC”), a Sale of Future Receipts Agreement

² Upon information and belief, the Debtor believes that the CT Corporation Financing Statement was filed on behalf of Mint Funding, Inc., in accordance with the Revenue Purchase Agreement dated September 15, 2025 (the “Mint Funding RPA”). As of the Petition Date, no amounts are due and owing to Mint Funding under the Mint Funding RPA.

(the “MCA Agreement”), under which Corporate Plaintiff purported to sell \$127,415.00, being twenty-five percent of the Future Receipts to HHC in exchange for the sum of \$85,000.00 (the “MCA Agreement Loan Amount”), which was required to be paid to Defendant in weekly installments of \$5,096.00, until paid in full. To purportedly secure payment and performance of the terms and provisions thereof, the MCA Agreement granted HHG a security interest in the Debtor’s accounts and payment intangibles, as those terms are defined by the Uniform Commercial Code (the “UCC”), as well as all proceeds and products generated thereby (the “MCA Agreement Collateral”). The security interest in the MCA Agreement Collateral was purportedly secured by the UCC-1 Financing Statement previously filed with the North Carolina Secretary of State on November 13, 2025, by Corporation Service Company, as representative for HHC, File No. 20250165726H (the “HHC Financing Statement”).

Prior to the Petition Date, HHC sent a UCC Lien Notice to Corbett Timber, asserting a security interest, lien, and encumbrance on any amounts owed to the Debtor by Corbett Timber and instructing Corbett Timber to direct all funds owned by it to the Debtor, to HHC until the outstanding balance of the MCA Agreement totaling \$133,785.75, was satisfied (the “HHC UCC Lien Notice”).

Thereafter, an Information Subpoena with Restraining Notice was sent to Corbett Timber by HHC, stating that Corbett Timber was forbidden from any transfer or interference of any debt, obligation, or amounts owed to the Debtor, disobedience of which would subject Corbett Timber to fine and imprisonment for contempt of the Supreme Court for the State of New York (the “HHC Restraining Notice”).

(Corbett, HHC, and Mint Funding are collectively referred to herein as, the “Cash Collateral Creditors”).

11. It appears that the funds in the possession of the Debtor, including those generated from the removal, transport, and sale of timber and performance of related timber services, as well as the collection of accounts receivable, may constitute the cash collateral of the Cash Collateral Creditors, in accordance with the meaning of § 363 of the

Bankruptcy Code and according to their respective lien positions and priorities.

12. For the purposes of this Order, the Debtor acknowledges and does not dispute the validity, priority, and enforceability of the liens asserted by the Cash Collateral Creditors; provided, however, that neither the Debtor nor any other party-in-interest shall be precluded from reviewing, disputing, and challenging the validity, priority, and enforceability of any of the encumbrances, liens or security interests purportedly held by the Cash Collateral Creditors, in addition to the amounts due under the instruments held by each respective creditor.

13. A reorganization and continuation of the Debtor's operations will generate the greatest source of funds for creditors, including the Cash Collateral Creditors; which contemplates and requires access to, and use of, the cash collateral to allow it to remain in business and proceed with the reorganization contemplated in the Bankruptcy Case.

14. The terms and conditions of this Order provide adequate protection of the interests, if any, of the Cash Collateral Creditors for the Debtor's interim use of the cash collateral.

15. The requirements of the Federal Rules of Bankruptcy Procedure and the Bankruptcy Code, including without limitation Fed. R. Bankr. P. 4001(d), have been satisfied for the Debtor's interim use of cash collateral and for the grant of adequate protection to the Cash Collateral Creditors, if any, upon the terms set forth in this Order.

WHEREFORE, based upon the foregoing **FINDINGS OF FACT** and **CONCLUSIONS OF LAW**, the Court hereby **ORDERS, ADJUDGES AND**

DECREEES:

1. Notwithstanding § 552 of the Bankruptcy Code, the Cash Collateral Creditors shall have (i) a continuing post-petition lien and security interest in all property and categories of property of the Debtor in which and of the same priority as each held as of the Petition Date, and the proceeds thereof, whether acquired prepetition or post-petition (the “Post-Petition Collateral”), equivalent to a lien granted under §§ 364(c)(2) and (3) of the Bankruptcy Code, but only to the extent of that cash collateral used.

2. The Debtor shall be authorized to use cash collateral for its post-petition, necessary and reasonable operating expenses, as detailed in the budget attached hereto as **EXHIBIT 1** and incorporated herein by reference, for the period from the Petition Date, through July 27, 2026 (the “Interim Period”).

3. The Debtor shall be required to receive approval of the Court for expenditures in excess of the budgeted amounts set forth on **EXHIBIT 1** for the Interim Period, except that the Debtor is authorized to exceed an individual line item by a maximum of ten-percent (10%) without securing said prior authorization or approval.

4. All of the Debtor’s customers, including Thomas Built Buses, Inc., who owe accounts payable or other amounts due to the Debtor, are hereby authorized and directed to remit such payments directly to the Debtor for the benefit of the bankruptcy estate.

5. This Order is intended to provide adequate protection for the use of cash collateral. In the event that the interests of the Cash Collateral Creditors in cash collateral are not adequately protected by the terms of this Order, they shall be entitled to apply for

administrative expense claims pursuant to § 507(b) of the Bankruptcy Code in the Bankruptcy Case and any ensuing case under chapter 7 of the Bankruptcy Code, which shall be superior to any and all other costs and expenses of the kind specified in and pursuant to §§ 507(a)(1), 506(c), and 726(b) of the Bankruptcy Code. Nothing contained in this Order shall be construed to impair or prejudice the right of the Cash Collateral Creditors to seek other appropriate relief. The Debtor expressly reserves its right to seek additional use of cash collateral beyond the stated term of this Order. Any party may seek further consideration of the relief granted in this Order or other cash collateral issues by filing a request with the Court; provided, however, that a hearing on any such request shall not occur on less than three (3) business days' notice to the Cash Collateral Creditors, the Bankruptcy Administrator, and the Debtor.

6. This Order shall remain in full force and effect until the earlier of the (a) entry of an Order by the Court modifying the terms of this Order; (b) entry of an Order by the Court terminating this Order for cause, including but not limited to breach of its terms and conditions; (c) upon filing of a notice of default as provided in this Order; (d) the entry of a subsequent interim or final Order approving use of cash collateral; (e) the appointment of a trustee or examiner in this proceeding; or (f) the dismissal or conversion of this Bankruptcy Case to a proceeding under chapter 7 of the Bankruptcy Code.

7. Corbett Timber or any third party responsible for payment of any amounts to the Debtor are instructed to pay said amounts or monies to the Debtor, which constitute "property of the estate" under § 541 of the Bankruptcy Code, without regard to any

prepetition directives or instructions, including but not limited to, the HHC UCC Lien Notice and the HHC Restraining Notice issued to Corbett Timber.

8. It shall be a default hereunder for any one or more of the following to occur: (a) the Debtor shall fail to comply with any terms or conditions of this Order; or (b) the Debtor shall use cash collateral other than as permitted or agreed to in this Order.

9. Upon the filing with the Court of written notice of any such default (which shall be served upon the Debtor's counsel by telefax, electronic email, and United States mail, and shall be served upon the Bankruptcy Administrator by electronic email, and counsel for the Committee, if any, by United States mail), the Debtor will cease the use of cash collateral and may request a hearing to challenge the declaration of default hereunder. Any creditor or party in interest shall have the right to seek an expedited hearing on any challenge by the Debtor; provided, however, that such hearing shall not occur on less than three (3) business days' notice to the other party.

10. The Debtor shall remain current in the payment of all post-petition tax liabilities, including but not limited to accruing *ad valorem* property taxes, sales and use taxes, payroll taxes, and income taxes, except for those paid through any plan of reorganization.

11. The Debtor shall not dispose of any asset out of the ordinary course of its business without the advance written consent of the Cash Collateral Creditors, as applicable, and, as necessary, the approval of this Court.

12. If any or all of the provisions of this Order are hereafter modified, vacated or

stayed by any subsequent order of this Court or any other court, such stay, modification or vacation shall not affect the validity or enforceability of any lien or priority authorized or created hereby prior to the effective date of such modification, stay, vacation or final order. The validity and enforceability of all liens and priorities authorized or created in this Order shall survive the conversion of this case to a proceeding under chapter 7 of the Bankruptcy Code or the dismissal of this Bankruptcy Case.

13. This Order shall be binding upon and inure to the benefit of the Debtor. The terms and provisions of this Order; however, shall not bind any subsequently appointed chapter 11 or chapter 7 trustee in this Bankruptcy Case under any provision of the Bankruptcy Code.

14. The Debtor shall serve notice of this Order on all parties entitled to receive the same pursuant to Fed. R. Bankr. P. 1007 and 4001.

15. Unless further agreement for the continued interim use of cash collateral is reached, or in the event of any further objection thereto raised by any Cash Collateral Creditors, further hearing on said objections and the Debtor's continued interim use thereof shall be held at the United States Bankruptcy Court for the Eastern District of North Carolina, 150 Reade Circle, Greenville, North Carolina 27858, on July 21, 2026, at 11:00 A.M. ET.

END OF DOCUMENT

EXHIBIT

1

TK TIMBER SERVICES, LLC
BK CASE NO. 26-02862-5-JNC
FIRST INTERIM CASH COLLATERAL BUDGET

PERIOD COVERED:

START DATE: 6/26/2026
END DATE: 7/27/2026

I BEGINNING CASH BALANCE (as of 06/1/2026)			
1	FIRST BANK	\$3,338.27	\$0.00
	TOTAL BEGINNING CASH BALANCE	\$3,338.27	\$0.00
II INCOME			
		WEEKLY	MONTHLY**
1	CONTRACT REVENUE - TIMBER SERVICES	\$26,250.00	\$105,000.00
2	ACCOUNTS RECEIVABLE	\$1,650.00	\$6,600.00
	TOTAL INCOME	\$27,900.00	\$111,600.00
III OPERATING EXPENSES			
		WEEKLY	MONTHLY
1	GROSS PAYROLL, INSURANCE, AND BENEFITS	\$11,250.00	\$45,000.00
2	RENT	\$0.00	\$0.00
3	OPERATIONAL EXPENSES		
	FUEL	\$2,500.00	\$10,000.00
	INSURANCE (PROPERTY & GENERAL LIABILITY)	\$279.19	\$1,116.74
	REPAIRS, PARTS, AND SERVICE	\$1,375.00	\$5,500.00
	CONTRACT HAULING (\$200 PER LOAN @ 20 LOADS / WEEK)	\$4,000.00	\$16,000.00
	BANK CHARGES / EXPENSES	\$62.50	\$250.00
	OFFICE SUPPLIES	\$62.50	\$250.00
	MISCELLANEOUS BUSINESS EXPENSES	\$125.00	\$500.00
		\$8,404.19	\$33,616.74
4	LOAN PAYMENT - CORBETT FARMING COMPANY	\$2,200.00	\$8,800.00
	TOTAL OPERATING EXPENSES	\$21,854.19	\$87,416.74
IV NET INCOME/LOSS			
		\$6,045.82	\$24,183.26
V ENDING CASH BALANCE			
		\$9,384.09	\$24,183.26