

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NEW YORK

In re:

DEMCO, INC.,

Case No.: 12-12465-MJK

Debtor.

**ORDER GRANTING DEBTOR'S MOTION SEEKING TO AMEND
AND TO INCREASE FINAL DEBTOR-IN-POSSESSION
FINANCING AGREEMENT WITH ALBA INVESTMENTS, LLC**

This matter having come before this Court upon the motion (the "Motion") of the Debtor-in-Possession, Demco, Inc. (the "Debtor"), pursuant to 11 U.S.C. §§105(a), 362, 363 and 364 and Rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure, seeking the entry of an Order authorizing the Debtor to modify its Senior, Secured, Super-Priority Debtor-in-Possession Credit and Security Agreement dated May 10, 2017 (the "DIP Financing Agreement") with Alba Investments, LLC ("Alba" or the "Lender") to increase the Maximum Amount¹ from \$1,000,000.00 to \$1,500,000.00 and to change the deadline in the DIP Financing Agreement for approval of the Debtor's Disclosure Statement from July 15, 2017 to August 18, 2017,

AND, this matter having come before the Court for hearing on July 26, 2017,

AND, any objections to the Motion having been either resolved or overruled,

NOW, upon all pleadings and proceedings had in this matter to date, and good cause appearing therefor, it is hereby,

ORDERED, that the Debtor's Motion is granted; and it is

¹Capitalized terms used but not defined herein have the meaning ascribed to them in the DIP Financing Agreement.

ORDERED, that the Maximum Amount is modified from \$1,000,000.00 to \$1,500,000.00; and it is

ORDERED, that upon the agreement of the Debtor and Alba, the definition of "Lender Election" set forth at page 3 of 21 of the DIP Financing Agreement is hereby authorized to be modified and is replaced by the following paragraph:

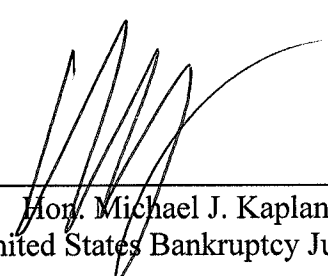
"Lender Election" means the right that the Debtor, effective upon entry of the Final Order, hereby grants to Lender to, at Lender's sole discretion, accept 51% of the equity interests in the post-confirmation Debtor (which percentage may be subject to a future earn-back agreement reducing Lender's equity to as low as 33 1/3 % on satisfaction of terms to be agreed upon) in satisfaction of \$1 million of the principal Obligations, plus interest accrued on such principal Obligations, due by the Debtor to the Lender under this Agreement, and which Obligations shall be fully and finally satisfied should Lender make such election. Including in the Lender Election, if exercised, is the Debtor's obligation to timely file a disclosure statement and plan of reorganization that effectuates the Lender Election. If for any reason the Debtor is unable to timely file a disclosure statement and plan of reorganization to effectuate the Lender Election, the Debtor shall consent to the Lender as plan proponent;

AND it is

ORDERED, that the deadline in the DIP Financing Agreement for approval of the Debtor's Disclosure Statement is modified from July 15, 2017 to August ³⁰~~15~~, 2017, subject to the terms and conditions of the DIP Financing Agreement; and it is

ORDERED, that the remaining terms of the Final DIP Order and the DIP Financing Agreement are not modified by this Order.

Dated: Buffalo, New York
July 26, 2017



Hon. Michael J. Kaplan
United States Bankruptcy Judge

