IN THE UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TEXAS
EL PASO DIVISION

IN RE:	§	
	§	**CASE NO. 26-30311-CGB**
CATHOLIC DIOCESE OF EL PASO,	§	
	§	**CHAPTER 11**
DEBTOR[1]	§	

DIOCESE'S *EMERGENCY* AGREED MOTION FOR INTERIM AND FINAL ORDERS AUTHORIZING POSTPETITION USE OF CASH COLLATERAL AND GRANTING ADEQUATE PROTECTION TO WESTSTAR BANK

TO THE HONORABLE CHRISTOPHER G. BRADLEY,
UNITED STATES BANKRUPTCY JUDGE:

The Catholic Diocese of El Paso (the "**Diocese**"), as debtor-in-possession, by and through undersigned counsel files this *Emergency Agreed Motion for Interim and Final Orders Authorizing Postpetition Use of Cash Collateral and Granting Adequate Protection to WestStar Bank* (the "**Cash Collateral Motion**" or "**Motion**") pursuant to sections 105, 361, 363, and 507 of Title 11 of the United States Code (the "**Bankruptcy Code**"), and Rules 4001 and 6004 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"). The Diocese seeks entry of an interim order in the form attached as Exhibit A (the "**Interim Order**"), and, after a final hearing, the entry of a final order in the form attached as Exhibit B (the "**Final Order**"). In support of this Motion, the Diocese relies on the *Declaration of Bishop Mark J. Seitz Regarding the Diocese's History, Charitable Mission, and Purpose in Seeking Chapter 11 Relief* (the "**Seitz Declaration**") and the *Declaration of Gregory J. Watters in Support of First Day Motions* (the "**Watters Declaration**," together with the Seitz Declaration, the "**First Day Declarations**"), which are incorporated by reference, and show as follows:

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[1] The Diocese's address is 499 St. Matthews Street, El Paso, TX 79907. The last four digits of the Diocese's federal tax identification number are 0751.

BANKRUPTCY RULE 4001(B) CONCISE STATEMENT

1. By this Motion, the Diocese requests entry of an Interim Order: (a) authorizing Diocese to use the Cash Collateral (defined below) in which WestStar Bank ("**WestStar**") has or asserts an interest, (b) authorizing Diocese to provide adequate protection to WestStar for any decrease in the value of its interest in Diocese's property resulting from the use, sale, or lease of Diocese's property, including the use of Cash Collateral, (c) waiving any applicable stay under the Bankruptcy Rules and providing for the immediate effectiveness of the Interim Order, and (d) scheduling a final hearing (the "**Final Hearing**") to consider entry of the Final Order granting the relief requested in the Motion on a final basis.

2. WestStar, represented by counsel James W. Brewer, has agreed to the relief contained herein.

3. In accordance with Bankruptcy Rule 4001(b)(1)(B), the material provisions of the proposed use of Cash Collateral are as follows[2]:

a. <u>Definition of Cash Collateral</u>: For purposes herein, the term Cash Collateral shall mean: (i) Money Market account number ending in 6985 established by the Diocese with WestStar (the "**Pledged Account**") including all funds, monies and other assets in the Pledged Account, and (ii) all interest, increases, substitutions, replacements, additions, or dividends derived from the Pledged Account and its funds and assets.

b. <u>Parties with an Interest in Cash Collateral</u>. WestStar asserts an interest in the Cash Collateral pursuant to the Loan Documents. *See* Interim Order, ¶ F.

c. <u>Purpose of Use of Cash Collateral</u>. The Diocese seeks authority to use Cash Collateral, specifically the interest income generated in the Pledged Account, to pay WestStar its monthly interest-only payments on the Loan. Additionally, for so long as the Diocese is in compliance with this Order it is authorized to use WestStar's cash collateral for the actual and necessary expenses of operation of the Diocese's business in accordance with the Budget attached hereto as **<u>Exhibit A-1</u>** provided that the Diocese may exceed any line item in the budget by 20% and the budget in the aggregate by 15%. The Diocese agrees

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[2] All Capitalized Terms not defined in this paragraph shall have the meanings ascribed to them later in the Cash Collateral Motion.

to use funds from the Pledged Account and interest generated therefrom for operating expenses only to the extent other funds or sources of cash are not available.

d. Duration of Use of Cash Collateral: With respect to the Interim Order, Diocese's authorization to use Cash Collateral shall terminate on the earlier of: (i) the date of default by the Diocese of any term of the Interim Order, or (ii) the date of the Final Hearing on the Cash Collateral Motion. All Cash Collateral received by the Diocese shall be deposited into a debtor-in-possession account with WestStar. With respect to the Final Order, Diocese's ability to use Cash Collateral shall end on the earliest of: (i) the effective date of a confirmed plan of reorganization in the chapter 11 case, (ii) the dismissal of the chapter 11 case, (iii) any material provision of the Orders having ceased to be valid or binding for any reason, (iv) the Diocese having attempted to modify the Orders without the prior written consent of WestStar, and (v) five (5) business days following receipt by the Diocese of a notice (a "**Notice of Default**") from WestStar Bank of Diocese's breach of (a) any term of the Orders or (b) any covenant in the Loan Documents relating to the servicing, preservation or maintenance of the Cash Collateral so long as WestStar Bank does not take any action in violation of the Orders that would prevent Diocese from satisfying such covenant or undertaking; provided, however, Diocese shall have the opportunity to cure any alleged breach or default within the five (5) business days following receipt of a Notice of Default from the WestStar Bank and, if such breach or default is cured by Diocese, Diocese's ability to use the Cash Collateral shall not terminate.

e. Adequate Protection. The Diocese proposes to provide WestStar with adequate protection as follows: (i) post-petition liens against the same type of property and to the same validity, extent, and priority, as existed in WestStar's favor on the Petition Date, including a post-petition lien on all income, proceeds, interest, and other property acquired or generated on the Collateral by the Diocese and its bankruptcy estate from and after the Petition Date; (ii) regular interest-only monthly payments on the Loan, due on the 4th day of each month following the Petition Date, with the Diocese utilizing Cash Collateral to satisfy these adequate protection payments; (iii) continuing financial reporting to WestStar as required by the Loan Documents; and (iv) the retention of all of WestStar's rights, remedies, claims, and defenses under the Loan Documents, the Bankruptcy Code, or applicable non-bankruptcy law, including the right to move for relief from the automatic stay, to seek a modification of the Orders, or to seek conversion or dismissal of the case.

f. Other Accounts. The Diocese has established various other checking, savings and depository accounts in addition to the Pledged Account. WestStar holds contractual setoff rights against all funds in such other accounts. WestStar reserves all rights with respect to such other accounts including the right to assert such other accounts and funds therein are additional cash collateral.

JURISDICTION AND VENUE

4. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334.

5. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

6. The bases for the relief requested herein are sections 105, 361, 363, and 507 of the Bankruptcy Code and Bankruptcy Rules 4001 and 6004.

Background

7. On March 6, 2026 (the "**Petition Date**"), the Diocese filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Diocese continues to operate its business and manage its property as debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed.

8. No Committee or Examiner has been appointed.

9. With the filing of the petition, the Diocese filed the First Day Declarations. Please refer to the First Day Declarations for a summary of the Diocese in the above-referenced Chapter 11 case, including an overview of the Diocese's history, mission, ministries, financial position, the circumstances giving rise to the commencement of the Chapter 11 case, and an overview of the relief requested in the first day pleadings.

10. Prior to the Petition Date, on or around November 4, 2025, the Diocese became indebted to WestStar pursuant to a term loan (the "**Loan**") evidenced by a Promissory Note dated November 4, 2025. To secure the loan, WestStar holds a valid and perfected lien on the following account including proceeds, increases, substitutions, and benefits (collectively, the "**Collateral**"):

- Money Market account number ending in 6985 established by Debtor with WestStar (the "**Pledged Account**") including all funds, monies and other assets in the Pledged Account, and
- All interest, increases, substitutions, replacements, additions, or dividends derived from the Pledged Account and its funds and assets.

By this Motion, the Diocese seeks approval to use Cash Collateral in the ordinary course of business, specifically to satisfy accruing interest owed to WestStar on its secured debt, thereby preserving the value of the collateral and ensuring the Diocese's continued ability to service its secured obligations.

NEED FOR CASH COLLATERAL

11. The Diocese requests interim and final authority for the post-petition use of Cash Collateral, as requested herein, to utilize interest payments generated by the Pledged Account to satisfy accruing interest on the Diocese's primary secured debt to WestStar and, to the extent other funds or sources of cash are not available, to fund its general operating expenses. WestStar will be adequately protected by the retention of its lien and rights of set off and the Diocese's regular application of these interest payments to the outstanding interest obligation, thereby minimizing any risk of diminution in the value of the pre-petition collateral.

BASIS FOR RELIEF

A. The Use of Cash Collateral is Warranted and Should be Approved.

12. Section 363 of the Bankruptcy Code governs the ability of the Diocese to use property of the estate, including the Cash Collateral. Section 363 provides general authority to the Diocese to use property of the Diocese's estate in the ordinary course of business:

> If the business of the Diocese is authorized to be operated under section … 1108 … and unless the court orders otherwise, the [Diocese] may enter into transactions, including the sale or lease of property of the estate, in the ordinary course of business, without notice or a hearing, and may use property of the estate in the ordinary course of business without notice or a hearing.

11 U.S.C. § 363(c)(1).

13. Section 363(c)(2) of the Bankruptcy Code further provides, however, that a Diocese may not use cash collateral unless "(A) each entity that has an interest in such cash collateral

consents; or (B) the court, after notice and a hearing, authorizes such use, sale, or lease in accordance with the provisions of this section."

14. The use of cash collateral may be prohibited or conditioned, upon proper request "of an entity that has an interest in property," as necessary to adequately protect any interest in cash collateral. *See* 11 U.S.C. § 363(e).

15. The Bankruptcy Code does not define the nature or extent of the "interest in property" of which a secured creditor is entitled to adequate protection under section 361 of the Bankruptcy Code. However, the plain language of the Bankruptcy Code indicates that a qualifying interest demands protection only to the extent that the use of the creditor's collateral will result in a decrease in "the value of such entity's interest in such property." 11 U.S.C. §§ 361, 363.

16. A secured creditor is entitled to "adequate protection" only against diminution in the value of the collateral securing the creditor's allowed secured claim. *See United Savings Ass'n of Texas v. Timbers of Inwood Forest Assocs., Ltd.*, 484 U.S. 365, 370 (1988). Accordingly, where the "value of the collateral" is not diminishing by its use, sale, or lease, the creditor's interest is adequately protected.

17. Here, WestStar will be adequately protected. As adequate protection for the Diocese's use of cash collateral, WestStar will be granted post-petition liens against the same type of property and to the same validity, extent, and priority, as existed in WestStar's favor on the Petition Date, including a post-petition lien on all income, proceeds, interest, and other property acquired or generated on the Cash Collateral by the Diocese and its bankruptcy estate from and after the Petition Date. As additional adequate protection the Diocese will pay to WestStar interest only monthly payments on the Loan due on the 4th day of each month following the Petition Date.

The Diocese will also continue to provide all financial reporting to WestStar as required by WestStar's loan documents.

18. Further, the Diocese's use of Cash Collateral is further constrained by the Budget, which provides projected disbursements and receipts on a monthly basis for three months. The Diocese shall not permit a total operating disbursement variance for any month to have a negative variance in excess of 15%; provided, further, that the Diocese may exceed any line item in the Budget by 20%.

19. The Diocese believes that, in its business judgment, the ability to use interest payments from the Pledged Account both to service accruing interest on its secured debt and, as needed but only to the extent other funds or sources of cash are not available, to fund essential operations, is critical to preserving the value of the estate and maximizing the likelihood of a successful reorganization.

20. Accordingly, the Diocese submits that the proposed adequate protection structure is fair and reasonable and fully compensates WestStar for any potential diminution in value of its collateral.

21. WestStar has provided the Diocese with consent to the relief requested herein.

Request for Final Hearing

22. Pursuant to Bankruptcy Rule 4001(b)(2), the Diocese requests that the Court set a date for the Final hearing within thirty (30) days after entry of the Interim Order and fix the time and date prior to the final hearing for parties to file objections to this Motion.

23. The Diocese respectfully requests that, pending the hearing on a Final Order, the Interim Order be approved in all respects and that the terms and provisions of the Interim Order be implemented and deemed binding and that, after the Final Hearing, the Final Order be approved

in all respects and the terms and provisions of the Final Order be implemented and be deemed binding.

Notice

23. The Diocese will provide notice of this Motion to (i) the Office of the United States Trustee for Region 7; (ii) the attorneys for the Committee once the committee has been appointed, and until then, (a) the Plaintiffs in abuse lawsuits against the Diocese through their counsel and (b) the Diocese's twenty (20) largest unsecured trade creditors; (iii) those persons who have formally appeared by filing a Notice of Appearance, a Request for Notice, or a similar document and requested notice in this case under Bankruptcy Rule 2002; (iv) the Texas Attorney General's Office; (v) Weststar Bank through its counsel; (vi) the ad hoc group of abuse survivors through its counsel, Drew J. Glasnovich; and (vii) to the extent applicable, known counsel to the foregoing. A copy of this Motion and any orders approving it will also be made available on the Diocese's Case Information Website located at https://cases.stretto.com/dioceseofelpaso.

No Prior Request

24. No prior motion for the relief requested has been made to this or any other court.

CONCLUSION

WHEREFORE, the Diocese respectfully requests (a) entry of an order substantially in the form of the proposed Interim Order attached hereto as Exhibit A pursuant to the Budget set forth in **Exhibit A-1** (b) after a final hearing on the relief requested herein, entry of a Final Order approving the proposed use of Cash Collateral, in substantially the same form of the proposed Final Order attached hereto as Exhibit B, and (c) such other relief as the Court deems appropriate under the circumstances.

Dated: March 6, 2026

Respectfully submitted,

HUSCH BLACKWELL LLP

/s/ Lynn Hamilton Butler
Lynn Hamilton Butler (SBN 03527350)
Email: lynn.butler@huschblackwell.com
Tara T. LeDay (SBN 24106701)
Email: tara.leday@huschblackwell.com
Jennifer Pollan (SBN 24150828)
Email: jennifer.pollan@huschblackwell.com
111 Congress Avenue, Suite 1400
Austin, Texas 78701
Main No. (512) 472-5456
Fax No. (512) 479-1101

-and-

HUSCH BLACKWELL LLP
Francis H. LoCoco, Esq. (TBN 24122830)
Email: frank.lococo@huschblackwell.com
511 North Broadway, Suite 1100
Milwaukee, WI 53202
Telephone (414) 273-2100
Facsimile (414) 223-5000

PROPOSED ATTORNEYS FOR THE DEBTOR AND DEBTOR IN POSSESSION, CATHOLIC DIOCESE OF EL PASO

CERTIFICATE OF CONFERENCE

On March 3, 2026, I conferred with James W. Brewer counsel for WestStar Bank, who confirmed he is in agreement with the relief requested in this Motion.

/s/ Lynn Hamilton Butler
Lynn Hamilton Butler

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on March 6, 2026, a true and correct copy of the forgoing document, together with all exhibits and attachments hereto, was filed with the Court and served to the parties below via the method indicated.

/s/ Lynn Hamilton Butler
Lynn Hamilton Butler

Secured Creditor
WestStar Bank
c/o James Brewer
KEMP SMITH LAW
221 N. Kansas, Suite 1700
El Paso TX 79901
Via Email: jim.brewer@kempsmith.com

Ad Hoc Committee
c/o Drew J. Glasnovich
STINSON LLP
50 South Sixth Street, Suite 2600
Minneapolis MN 55402
Via Email: drew.glasnovich@stinson.com

U.S. Trustee
Aubrey Thomas
Assistant United States Trustee
UNITED STATES TRUSTEE-REGION 7
615 E. Houston Street, Suite 533
San Antonio TX 78205
Via Fax: 210-472-4649

Texas Attorney General
Texas Office of the Attorney General
Bankruptcy & Collections Division
P.O. Box 12548
Austin TX 78711-2548
Via U.S. Mail

Top 20 Unsecured Creditors

GALLAGHER BASSETT SERVICES, INC.
Attn: Steve Puteki
15763 Collections Center Drive
Chicago IL 60693
Via Email: GB-AR-Mail@gbtpa.com

Gilberto Morales
c/o David M. Driscoll
AINSA HUTSON LLP
5809 Acacia Circle
El Paso TX 79912-4859
Via Email: info@ahhclawyers.com

Isaac Melendrez
c/o Margie A. Rutledge
Carey Bhalla
Carolyn M. Nichols
Roshanna K. Toya
ROTHSTEIN DONATELLI LLP
500 4th Street, N.W., Suite 400
Albuquerque NM 87102
Via Emal: mrutledge@rothsteinlaw.com
Via Email: cbhalla@rothsteinlaw.com
Via Email: cnichols@rothsteinlaw.com
Via Email: rtoya@rothsteinlaw.com

John Doe “203”; Jane Doe “204”;
John Doe “206”; Jane Doe 208;
John Doe 209; John Doe 211;
John Doe 212; Jane Doe 214
c/o Levi A. Monagle
Shayne C. Huffman
Jason T. Wallace
HUFFMAN WALLACE & MONAGLE LLC
122 Wellesley Dr. SE
Albuquerque NM 87106
Via Email: office@hmhw.law

-and-

c/o Ben Davis
Zackeree Kelin
Ellen Geske
DAVIS KELIN LAW FIRM, LLC
127 Bryn Mawr Drive, SE
Albuquerque NM 87106
Via Email: bdavis@daviskelin.com
Via Email: zkelin@daviskelin.com
Via Email: egeske@daviskelin.com

Jane Doe 1; Jane Doe 2; Jane Doe 3; Jane Doe 4; Jane Doe 5
c/o Taylor E. Smith
Carolyn M. "Cammie" Nichols
ROTHSTEIN DONATELLI LLP
500 4th Street, N.W., Suite 400
Albuquerque NM 87102
Via Email: tsmith@rothsteinlaw.com
Via Email: cmnichols@rothsteinlaw.com

-and-

c/o Sam Fadduol
Christopher P. Winters
FADDUOL, CLUFF, HARDY & CONAWAY, P.C.
3301 San Mateo Boulevard NE
Albuquerque NM 87107
Via Email: sfadduol@fchclaw.com
Via Email: cwinters@fchclaw.com

-and-

c/o Paul Linnenburger
Lane + Linnenburger + Lane LLP
P O Box 6622
Albuquerque NM 87197
Via Email: paul@attorneyslane.com

John Doe 1; John Doe 2; Leigh Messerer as Personal Representative of John Doe 3
c/o Taylor E. Smith
Carolyn M. "Cammie" Nichols
Carey Bhalla
Roshanna K. Toya
ROTHSTEIN DONATELLI LLP
500 4th Street, N.W., Suite 400
Albuquerque NM 87102
Via Email: tsmith@rothsteinlaw.com
Via Email: cmnichols@rothsteinlaw.com
Via Email: cbhalla@rothsteinlaw.com
Via Email: rtoya@rothsteinlaw.com

John Doe 210;
c/o Levi A. Monagle
Shayne C. Huffman
Jason T. Wallace
HUFFMAN WALLACE & MONAGLE LLC
122 Wellesley Dr. SE
Albuquerque NM 87106
Via Email: office@hmhw.law

Cash Collateral Motion, Ex. A-1

Cash Collateral Budget

EXPENSES	Mar-26	Apr-26	May-26
13 Salaries Expense	$ 194,905.08	$ 194,905.08	$ 194,905.08
14 Employee Benefits Expense	$ 85,825.58	$ 85,825.58	$ 85,825.58
15 Maintenance & Operating	$ 44,833.92	$ 44,833.92	$ 44,833.92
16 General & Administration	$ 55,248.50	$ 55,248.50	$ 55,248.50
17 Transportation and Travel Expense	$ 21,001.33	$ 21,001.33	$ 21,001.33
18 Program Expense	$ 117,576.75	$ 117,576.75	$ 117,576.75
19 Contributions	$ 41,444.33	$ 41,444.33	$ 41,444.33
20 Interest Expense	$ 1,000.00	$ 1,000.00	$ 1,000.00
22 Other Expenses	$ 2,500.00	$ 2,500.00	$ 2,500.00
23 Capital	$ 958.33	$ 958.33	$ 958.33
24 Professional Fees	$ 150,000.00	$ 150,000.00	$ 150,000.00
TOTAL EXPENSES	$ 761,375.83	$ 761,406.83	$ 761,436.83

EXHIBIT A

PROPOSED INTERIM ORDER

IN THE UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TEXAS
EL PASO DIVISION

IN RE:	§	
	§	**CASE NO. 26-30311-CGB**
CATHOLIC DIOCESE OF EL PASO,	§	
	§	**CHAPTER 11**
DEBTOR[1]	§	

INTERIM ORDER AUTHORIZING POSTPETITION USE OF CASH COLLATERAL AND GRANTING ADEQUATE PROTECTION TO WESTSTAR BANK

Considering the *Diocese's Emergency Motion for Interim and Final Orders Authorizing Post-petition Use of Cash Collateral and Granting Adequate Protection to WestStar Bank* (the "**Cash Collateral Motion"**) filed by the Diocese of El Paso, as Debtor and debtor in possession (the "**Diocese"**); and the Court having conducted an interim hearing on the Cash Collateral Motion (the "**Interim Hearing**"); and it appearing that notice of the Cash Collateral Motion and Interim Hearing was good and sufficient under the circumstances; and the Court having reviewed the Cash Collateral Motion and the record in this Chapter 11 Case and determined that granting the relief

[1] The Diocese's address is 499 St. Matthews Street, El Paso, TX 79907. The last four digits of the Diocese's federal tax identification number are 0751.

requested in the Cash Collateral Motion on an interim basis is in the best interests of the Diocese, its estate, its creditors, and all parties in interest; and after due deliberation and for good cause shown

IT IS HEREBY FOUND AND DETERMINED THAT:

A. Petition Date. On March 6, 2026 (the "**Petition Date**"), the Diocese commenced its case ("**Chapter 11 Case**") by filing a voluntary petition for relief under Chapter 11 of the Bankruptcy Code;

B. Debtor-in-Possession. The Diocese continues to operate its business and manage its properties as Debtor and debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, and no trustee or examiner has been appointed;

C. Notice. In light of the circumstances, the Diocese gave due and sufficient notice of the Cash Collateral Motion and Hearing pursuant to the Bankruptcy Rules;

D. Jurisdiction and Venue. This Court has core jurisdiction over the Diocese's Chapter 11 Case, the Cash Collateral Motion, and the parties and property affected by this Interim Order pursuant to 28 U.S.C. §§ 157(b) and 1334. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409;

E. Statutory Committee Formation. No Committee has been appointed.

F. Diocese's Stipulations. The Diocese is indebted to WestStar pursuant to a term loan (the "**Loan**") evidenced by a Promissory Note dated November 4, 2025 (the "**Promissory Note**"), together with the related Pledge and Security Agreement (the '**Security Agreement**') and the Loan Agreement (the "**Loan Agreement**," and together with the Promissory Note and the Security Agreement, the "**Loan Documents**"). To secure the Loan, WestStar holds a valid and perfected lien on the following account including proceeds, increases, substitutions, and benefits:

a. (i) Money Market account number ending in 6985 established by Diocese with WestStar (the "**Pledged Account**") including all funds, monies and other assets in the Pledged Account, and (ii) all interest, increases, substitutions, replacements, additions, or dividends derived from the Pledged Account and its funds and assets (collectively, the "**Cash Collateral**").

b. (i) the interest earned on the Cash Collateral, and (ii) proceeds of the Cash Collateral; are all WestStar's cash collateral within the meaning of 11 U.S.C. § 363(a).

c. WestStar properly perfected its lien on the Cash Collateral by taking and maintaining possession.

G. The Diocese has an immediate need to use the Cash Collateral to pay certain expenses in the operation of its business and to pay post-petition interest accruing on the Loan. The use of Cash Collateral as authorized by this Interim Order is only as is necessary to avoid immediate and irreparable harm to the estate pending a final hearing.

H. The Diocese and WestStar have reached an agreement for the interim use of cash collateral on the terms and conditions of this Interim Order Authorizing Use of Cash Collateral and Providing Adequate Protection ("**Interim Order**"). Based on the foregoing, the Court is of the opinion this Interim Order should be entered.

IT IS HEREBY ORDERED THAT:

24. The Cash Collateral Motion is granted on an interim basis as set forth herein.

25. The Diocese is hereby authorized to use Cash Collateral pursuant to the terms of this Interim Order on an interim basis until a final hearing. This authorization to use Cash Collateral shall terminate on the earlier of 1) the date of default by the Diocese of any term of this Interim Order, or 2) the date of a final hearing on the Cash Collateral Motion. All Cash Collateral received by the Diocese shall be deposited into a debtor-in-possession account with WestStar.

26. The Diocese is authorized to use Cash Collateral, specifically the interest income generated in the Pledged Account, to pay WestStar its monthly interest-only payments on the Loan. Additionally, for so long as the Diocese is in compliance with this Order it is authorized to use WestStar's Cash Collateral for the actual and necessary expenses of operation of the Diocese's business in accordance with the Budget attached hereto as Exhibit A-1, provided that a) the

Diocese may exceed any line item in the budget by 20% and the budget in the aggregate by 15%, b) the Diocese shall first use other funds or sources of cash prior to using the Pledged Account for such expenses of operation, and c) that such use shall be subject to the terms and conditions of this Order.

27. As adequate protection for the Diocese's use of Cash Collateral, WestStar Bank is hereby granted post-petition liens against the same type of property and to the same validity, extent, and priority, as existed in WestStar Bank's favor on the Petition Date, including a post-petition lien on all income, proceeds, interest, and other property acquired or generated on the Collateral by the Diocese and its bankruptcy estate from and after the Petition Date.

28. As additional adequate protection the Diocese is authorized to pay WestStar interest only monthly payments on the Loan due on the 4th day of each month following the bankruptcy petition date.

29. The Diocese will continue to provide all financial reporting to WestStar as required by the Loan Documents.

30. Notwithstanding any provision of this Interim Order to the contrary, nothing in the Interim Order shall constitute or be deemed to constitute a waiver of any rights, remedies, claims or defenses WestStar may have pursuant to the Loan Documents, provided for by the Bankruptcy Code or applicable non-bankruptcy law, including the right to move for relief from the automatic stay, to seek a modification of this Interim Order, or to seek conversion or dismissal of this case.

31. WestStar retains all contractual and statutory rights of setoff with respect to funds, monies and other assets in other checking, savings and deposit accounts with WestStar and the Diocese acknowledges and stipulates to same.

32. A final hearing on the Cash Collateral Motion (the "**Final Hearing**") shall be held on [●], 2026, at [●].m. (Central Time) before the Honorable [judge, and courtroom location], with

virtual participating allowed pursuant to this Court's *Notice Regarding Remote Access to Proceedings*.

33. In accordance with Local Rules, any objections or responses to the relief sought in the Cash Collateral Motion must be filed with the Clerk of this Court no later than [●], 2026, [●].m. (Central Time).

34. The Diocese will provide notice of this Interim Order to (i) the Office of the United States Trustee for Region 7; (ii) the attorneys for the Committee once the committee has been appointed, and until then, (a) the Plaintiffs in abuse lawsuits against the Diocese through their counsel and (b) the Diocese's twenty (20) largest unsecured trade creditors; (iii) those persons who have formally appeared by filing a Notice of Appearance, a Request for Notice, or a similar document and requested notice in this case under Bankruptcy Rule 2002; (iv) the Texas Attorney General's Office; (v) the Diocese's banks and financial institutions as identified on the Diocese's Schedules, including WestStar Bank through its counsel; (vi) the ad hoc group of abuse survivors through its counsel, Drew J. Glasnovich; and (vii) WestStar Bank and (viii) to the extent applicable, known counsel to the foregoing. A copy of this Cash Collateral Motion and any orders approving it will also be made available on the Diocese's Case Information Website located at https://cases.stretto.com/dioceseofelpaso.

# # #

Submitted and Agreed to By:

/s/ Lynn Hamilton Butler

Lynn Hamilton Butler (SBN 03527350)
Email: lynn.butler@huschblackwell.com
Tara T. LeDay (SBN 24106701)
Email: tara.leday@huschblackwell.com
Jennifer Pollan (SBN 24150828)
Email: jennifer.pollan@huschblackwell.com
HUSCH BLACKWELL LLP
111 Congress Avenue, Suite 1400
Austin, Texas 78701
Main No. (512) 472-5456
Fax No. (512) 479-1101
-and-

-and-

Francis H. LoCoco, Esq. (TBN 24122830)
Email: frank.lococo@huschblackwell.com
HUSCH BLACKWELL LLP
511 North Broadway, Suite 1100
Milwaukee, WI 53202
Telephone (414) 273-2100
Facsimile (414) 223-5000

PROPOSED ATTORNEYS FOR THE DEBTOR AND DEBTOR IN POSSESSION, CATHOLIC DIOCESE OF EL PASO

And

/s/ James W. Brewer

James W. Brewer
jim.brewer@kempsmith.com
Kemp Smith LLP
221 N. Kansas, Ste. 1700
El Paso, Texas 79901

ATTORNEY FOR WESTSTAR BANK

EXHIBIT B

PROPOSED FINAL ORDER

IN THE UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TEXAS
EL PASO DIVISION

IN RE:	§	
	§	**CASE NO. 26-_____-CGB**
CATHOLIC DIOCESE OF EL PASO,	§	
	§	**CHAPTER 11**
DEBTOR[1]	§	

FINAL ORDER AUTHORIZING POSTPETITION USE OF CASH COLLATERAL AND GRANTING ADEQUATE PROTECTION TO WESTSTAR BANK

Considering the *Diocese's Emergency Motion for Interim and Final Orders Authorizing Postpetition Use of Cash Collateral and Granting Adequate Protection to WestStar Bank* (the "**Cash Collateral Motion**")[2] filed by the Diocese of El Paso, as Debtor and debtor in possession (the "**Diocese**"); and the Court having conducted a final hearing on the Cash Collateral Motion (the "**Final Hearing**"); and it appearing that notice of the Cash Collateral Motion and Final Hearing was good and sufficient under the circumstances; and an order granting the relief

[1] The Diocese's address is 499 St. Matthews Street, El Paso, TX 79907. The last four digits of the Diocese's federal tax identification number are 0751.
[2] Capitalized terms used in this Final Order shall have the meanings ascribed to them in the Cash Collateral Motion.

requested in the Cash Collateral Motion on an interim basis having been entered on [●], 2026; and the Court having reviewed the Cash Collateral Motion and the record in this Chapter 11 Case and determined that granting the relief requested in the Cash Collateral Motion on a final basis is in the best interests of the Diocese, its estate, its creditors, and all parties in interest; and after due deliberation and for good cause shown;

IT IS HEREBY FOUND AND DETERMINED THAT:

A. Petition Date. On March 6, 2026 (the "**Petition Date**"), the Diocese commenced its case ("**Chapter 11 Case**") by filing a voluntary petition for relief under Chapter 11 of the Bankruptcy Code;

B. Debtor-in-Possession. The Diocese continues to operate its business and manage its properties as Debtor and debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, and no trustee or examiner has been appointed;

C. Notice. In light of the circumstances, the Diocese gave due and sufficient notice of the Cash Collateral Motion and Final Hearing pursuant to the Bankruptcy Rules;

D. Jurisdiction and Venue. This Court has core jurisdiction over the Diocese's Chapter 11 Case, the Cash Collateral Motion, and the parties and property affected by this Final Order pursuant to 28 U.S.C. §§ 157(b) and 1334. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409;

E. Statutory Committee Formation. The U.S. Trustee appointed a Committee on [date].

F. Diocese's Stipulations. The Diocese is indebted to WestStar pursuant to a term loan (the "**Loan**") evidenced by a Promissory Note dated November 4, 2025 (the "**Promissory Note**"), together with the related Pledge and Security Agreement (the '**Security Agreement**') and the Loan Agreement (the "**Loan Agreement**," and together with the Promissory Note and the Security

Agreement, the "**Loan Documents**"). To secure the Loan, WestStar holds a valid and perfected lien on the following account including proceeds, increases, substitutions, and benefits:

a. (i) Money Market account number ending in 6985 established by Diocese with WestStar (the "**Pledged Account**") including all funds, monies and other assets in the Pledged Account, and (ii) all interest, increases, substitutions, replacements, additions, or dividends derived from the Pledged Account and its funds and assets (collectively, the "**Cash Collateral**").

b. (i) the interest earned on the Cash Collateral, and (ii) proceeds of the Cash Collateral; are all WestStar's cash collateral within the meaning of 11 U.S.C. § 363(a).

c. WestStar properly perfected its lien on the Cash Collateral by taking and maintaining possession.

G. Good Cause and Business Justification. The Diocese has demonstrated good cause for entry of this Final Order. The Diocese has an immediate need to utilize the Cash Collateral, particularly the interest payments generated by the Pledged Account, to satisfy post-petition interest accruing on its primary secured debt. The Diocese's ability to apply these interest payments to its secured debt obligations, and, if necessary, to fund essential operations, is critical to preserving the value of the estate and maximizing the likelihood of a successful reorganization.

H. Fair and Reasonable Terms. Based on the Cash Collateral Motion and the record presented to the Court at the Final Hearing, the terms of the use of the Cash Collateral herein are fair and reasonable and reflect the Diocese's exercise of prudent business judgment consistent with its fiduciary duties.

I. Immediate and Irreparable Harm. Good and sufficient cause has been shown for immediate entry of this Final Order pursuant to Bankruptcy Rule 4001(b)(2). Absent granting the relief set forth in this Final Order, the Diocese and its estate will be immediately and irreparably harmed. Authorizing the use of the Cash Collateral in accordance with this Final Order is therefore in the best interest of the Diocese's estate.

J. WestStar's Consent. WestStar has consented to the Diocese's use of Cash Collateral on the terms and conditions set forth in this Final Order and the Cash Collateral Motion.

Based upon the foregoing, and after due consideration and good cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The Cash Collateral Motion is granted on a final basis as set forth herein.

2. The Diocese is hereby authorized, pursuant to section 363 of the Bankruptcy Code, to use Cash Collateral, specifically the interest income generated in the Pledged Account, to pay WestStar its monthly interest-only payments on the Loan. Additionally, for so long as the Diocese is in compliance with this Final Order, it is authorized to use WestStar's Cash Collateral for the actual and necessary expenses of operation of the Diocese's business in accordance with the Budget attached to the Cash Collateral Motion as **Exhibit A-1**, provided that a) the Diocese shall first use funds or sources of cash prior to using the Pledged Account for such expenses of operation, and b) the Diocese may exceed any line item in the Budget by 20% and the Budget in the aggregate by 15%, and that such use shall be subject to the terms and conditions of this Final Order.

3. All Cash Collateral received by the Diocese shall be deposited into a debtor-in-possession account with WestStar. Subject to the terms of this Final Order, Diocese is hereby authorized to use Cash Collateral from the date hereof through the earliest of: (i) the effective date of a confirmed plan of reorganization in the chapter 11 case, (ii) the dismissal of the chapter 11 case, (iii) any material provision of the Final Order having ceased to be valid or binding for any reason, (iv) the Diocese having attempted to modify the Final Order without the prior written consent of WestStar, and (v) five (5) business days following receipt by the Diocese of a notice (a "Notice of Default") from WestStar of Diocese's breach of (a) any term of the Final Order or (b) any covenant in the Loan Documents relating to the servicing, preservation or maintenance of the Cash Collateral so long as WestStar does not take any action in violation of the Final Order that would prevent Diocese from satisfying such covenant or undertaking; provided, however, Diocese shall have the opportunity to cure any alleged breach or default within the five (5) business days

following receipt of a Notice of Default from the WestStar and, if such breach or default is cured by Diocese, Diocese's ability to use the Cash Collateral shall not terminate. Further, the Diocese reserves the right to seek authority from this Court for Diocese to use cash collateral on a nonconsensual basis, and WestStar reserves the right to object to, contest, or otherwise respond to any such request.

4. As adequate protection for the Diocese's use of Cash Collateral, WestStar Bank is hereby granted post-petition liens against the same type of property and to the same validity, extent, and priority, as existed in WestStar Bank's favor on the Petition Date, including a post-petition lien on all income, proceeds, interest, and other property acquired or generated on the Collateral by the Diocese and its bankruptcy estate from and after the Petition Date.

5. As additional adequate protection the Diocese is authorized to pay to WestStar interest only monthly payments on the Loan due on the 4th day of each month following the bankruptcy petition date.

6. The Diocese will continue to provide all financial reporting to WestStar as required by WestStar's loan documents.

7. The provisions of this Final Order, including all findings herein, shall be binding upon all parties in interest in this Chapter 11 Case including, without limitation, WestStar, the Committee, and the Diocese, and their respective successors and assigns and shall inure to the benefit of WestStar and the Diocese, and their respective successors and assigns.

8. The Diocese reserves all rights to seek other or additional use of Cash Collateral on such further or different terms and conditions as may be approved by the Court and WestStar reserves all rights with respect to any such request. This Final Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly, the rights of WestStar to request additional

forms of adequate protection at any time or the rights of Diocese or any other party to contest such request.

9. WestStar retains all contractual and statutory rights of setoff with respect to funds, monies and other assets in other checking, savings and deposit accounts with WestStar and the Diocese acknowledges and stipulates to same.

10. Notwithstanding Bankruptcy Rules 4001(a)(3), 6004(h), 6006(d), 7062 or 9024 or any other Bankruptcy Rule, or Rule 62(a) of the Federal Rules of Civil Procedure, this Final Order shall be immediately effective and enforceable upon its entry and there shall be no stay of execution of effectiveness of this Final Order as provided in such rules.

11. Nothing in this Final Order shall be construed as an admission as to the validity of any claim or a waiver of the Diocese's rights to dispute any claim.

12. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Final Order.

35. Notice of this Final Order shall be provided to (i) the Office of the United States Trustee for Region 7; (ii) the attorneys for the Committee once the committee has been appointed, and until then, (a) the Plaintiffs in abuse lawsuits against the Diocese through their counsel and (b) the Diocese's twenty (20) largest unsecured trade creditors; (iii) those persons who have formally appeared by filing a Notice of Appearance, a Request for Notice, or a similar document and requested notice in this case under Bankruptcy Rule 2002; (iv) the Texas Attorney General's Office; (v) the Diocese's banks and financial institutions as identified on the Diocese's Schedules, including WestStar Bank through its counsel; (vi) the ad hoc group of abuse survivors through its counsel, Drew J. Glasnovich; and (vii) WestStar Bank and (viii) to the extent applicable, known counsel to the foregoing. A copy of this Cash Collateral Motion and any orders approving it will

also be made available on the Diocese's Case Information Website located at https://cases.stretto.com/dioceseofelpaso.

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Submitted and Agreed to By:

/s/ Lynn Hamilton Butler

Lynn Hamilton Butler (SBN 03527350)
Email: lynn.butler@huschblackwell.com
Tara T. LeDay (SBN 24106701)
Email: tara.leday@huschblackwell.com
Jennifer Pollan (SBN 24150828)
Email: jennifer.pollan@huschblackwell.com
HUSCH BLACKWELL LLP
111 Congress Avenue, Suite 1400
Austin, Texas 78701
Main No. (512) 472-5456
Fax No. (512) 479-1101

-and-

Francis H. LoCoco, Esq. (TBN 24122830)
Email: frank.lococo@huschblackwell.com
HUSCH BLACKWELL LLP
511 North Broadway, Suite 1100
Milwaukee, WI 53202
Telephone (414) 273-2100
Facsimile (414) 223-5000

PROPOSED ATTORNEYS FOR THE DEBTOR AND DEBTOR IN POSSESSION, CATHOLIC DIOCESE OF EL PASO

And

/s/ James W. Brewer

James W. Brewer
jim.brewer@kempsmith.com
Kemp Smith LLP
221 N. Kansas, Ste. 1700
El Paso, Texas 79901

ATTORNEY FOR WESTSTAR BANK