



The relief described hereinbelow is SO ORDERED.

Signed April 14, 2026.

*Christopher G. Bradley*  
CHRISTOPHER G. BRADLEY  
UNITED STATES BANKRUPTCY JUDGE

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

IN RE: §  
CATHOLIC DIOCESE OF EL PASO, §  
DEBTOR<sup>1</sup> §  
CASE NO. 26-30311-CGB §  
CHAPTER 11 §

**FINAL AGREED 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**”) (Dkt. No. 14)<sup>2</sup> 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

<sup>1</sup> 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.

<sup>2</sup> Capitalized terms used in this Final Order shall have the meanings ascribed to them in the Cash Collateral Motion.

the relief requested in the Cash Collateral Motion on an interim basis having been entered on March 24, 2026 (Dkt. No. 73); 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 March 26, 2026 (Dkt. No. 84).

F. Diocese’s Stipulations. The Diocese is indebted to WestStar Bank (“**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, dividends and other proceeds of and derived from the Pledged Account and its funds and assets (collectively, the “**Cash Collateral**”).

The (i) interest earned on the Cash Collateral, and (ii) proceeds of the Cash Collateral; are also WestStar’s cash collateral within the meaning of 11 U.S.C. § 363(a). WestStar properly perfected its lien on the Pledged Account and 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 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 hereto as Exhibit 1, provided that a) the Diocese shall first use other 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 is hereby 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 WestStar's 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 (i) interest only monthly payments on the Loan due on the 4th day of each month following the 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. However, notwithstanding any provisions of any Interim Order and the Final Order, the ad valorem tax liens currently held by the taxing entities or any post-petition statutory liens which shall arise post-petition pursuant to Texas law, incident to any property of the Debtor and/or Estate shall neither be primed by nor subordinated to any liens granted herein.

11. 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.

12. 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.

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

14. 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 through its counsel; (vi) the ad hoc group of abuse survivors through its counsel, Drew J. Glasnovich; and (vii) WestStar and (viii) to the extent applicable, known counsel to the foregoing. A copy of the Cash Collateral Motion and any orders approving it are available on the Diocese's Case Information Website located at <https://cases.stretto.com/diocesefelpaso>.

###

*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 (SBN 02965200)  
jim.brewer@kempsmith.com  
Kemp Smith LLP  
221 N. Kansas, Ste. 1700  
El Paso, Texas 79901  
Telephone (915) 533-4424  
Facsimile (915) 546-5360

**ATTORNEY FOR WESTSTAR BANK**

# **EXHIBIT 1**

| <b>EXPENSES</b>                      | 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        |
| <b>TOTAL EXPENSES</b>                | <b>\$ 761,375.83</b> | <b>\$ 761,406.83</b> | <b>\$ 761,436.83</b> |