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UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF CALIFORNIA

In re DIABLO GRANDE COMMUNITY FACILITIES DISTRICT NO. 1, Debtor.	Case No. 25-26635-A-9 DCN BWS-003 **MOTION FOR ORDER MODIFYING AUTOMATIC STAY** Date: September 30, 2026 Time: 9:30 A.M. Ctrm: Dept. A, Ctrm 11 2500 Tulare Street, Fresno California

Diablo Grande Community Facilities District No. 1 (the "**Debtor**"), hereby moves for an Order Modifying Automatic Stay (the "**Motion**"). A copy of the proposed form of order is filed concurrently herewith as Exhibit B.

1. The Debtor is seeking the Court's order modifying the automatic stay arising in this Chapter 9 case in order to fulfill the terms of the Settlement Agreement dated August 18, 2026, between the Debtor and the County of Stanislaus, California (the "**County**") which resolves the County's Objection to the Debtor's Chapter 9 Petition [Dkt. 43]. A true and correct copy of the Settlement Agreement is attached to the concurrently filed and served Declaration of Mark Kovich In Support Of Motion For Order Modifying Automatic Stay (the "**Kovich Declaration**"), marked as Exhibit A thereto.

2. Pursuant to the terms of the Settlement Agreement, the Debtor has agreed to stipulate to modify the automatic stay arising in this Bankruptcy Case so that the stay will remain in effect as long as the Debtor continues to perform the terms of the Settlement Agreement, and that the stay will be lifted to permit the County to go to tax sale of the Debtor's Property (i.e., the "**Subject Parcels**" listed in the Settlement Agreement) if the Debtor fails to perform the terms of the Settlement Agreement. Exhibit A, ¶ 9.

3. Upon the entry of the requested Order Modifying Automatic Stay, the County has agreed to withdraw its Objection to the Debtor's Chapter 9 Petition [Dkt. 43] (Exhibit A, ¶ 10), and the Court may then enter the Order For Relief in the case.

4. Under the Settlement Agreement the Debtor will satisfy the unpaid ad valorem property taxes, special district assessments, and accrued interest (collectively, the "unpaid property taxes") on the 103 real property parcels (the "**Subject Parcels**" or "**Property**") currently owned by the Debtor in the agreed amount of $2,287,605.78 as of August 31, 2026 (the "**Agreed Amount**"). Exhibit A, ¶ 2. The unpaid property taxes were incurred by prior owners of the Subject Parcels and the County is waiving penalties on the unpaid property taxes in the amount of $123,233.86. Exhibit A, ¶ 5. The County will accept payment of the Agreed Amount according to a payment plan commencing August 31, 2026 of an initial payment of $500,000.00 and subsequent monthly payments of $40,000.00, not exceeding 5 years, and with an interest rate of 12% per annum. Exhibit A, ¶ 5. As long as the Debtor performs under the payment plan and otherwise performs its obligations under the Agreement, the County will not conduct tax sales of the Subject Parcels. Exhibit A, ¶ 6.

5. The Settlement Agreement resolves the County's Objection to the Debtor's Chapter 9 Petition without requiring extensive litigation and the attendant expenses. The resolution of the County's Objection also clears the way for entry of the Order For Relief in this case which will in turn permit the United States trustee to consider appointment of a committee of creditors holding bonds of the Debtor pursuant to 11 USC §1102(a), which is applicable in this case pursuant to 11 USC §901(a).

This Motion is based upon this Motion, the concurrently filed and served Memorandum of Points and Authorities, the Declaration of Mark Kovich In Support Of Motion For Order Modifying Automatic Stay, Notice of Hearing on the Motion For Order Modifying Automatic Stay, and Certificate Of Service of all documents, and upon all pleadings, papers and documents on file with the Court and any oral argument which may be presented at the time of the hearing.

Dated: September 2, 2026

BURKE, WILLIAMS & SORENSEN, LLP

By: /s/ Joseph P. Buchman
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Joseph P. Buchman
Martin Kosla
Attorneys for Diablo Grande Community Facilities District No. 1