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SHEPPARD, MULLIN, RICHTER & HAMPTON LLP
A Limited Liability Partnership
Including Professional Corporations
ORI KATZ, State Bar No. 209561
KIRK RIDER, State Bar No. 364539
Four Embarcadero Center, 17th Floor
San Francisco, California 94111-4109
Telephone: (415) 434-9100
Facsimile: (415) 434-3947
Email: okatz@sheppard.com

Proposed Counsel for Highlands Community Charter and Technical Schools

UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF CALIFORNIA, SACRAMENTO DIVISION

In re Highlands Community Charter and Technical Schools, Debtor and Debtor in Possession.[1]	Case No. 26-25868 Chapter 11 **DCN: SMR-4** Judge: Hon. [●] Date: [●], 2026 Time: [●] Place: [●]

EXHIBITS IN SUPPORT OF DEBTOR'S EMERGENCY MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING THE DEBTOR TO (A) MAINTAIN EXISTING BANK ACCOUNTS; (B) CONTINUE USE OF CASH MANAGEMENT SYSTEM; (C) CONTINUE USE OF BUSINESS FORMS; AND (D) HONOR CERTAIN PREPETITION OBLIGATIONS RELATED THERETO; AND (II) WAIVING REQUIREMENTS OF LBR 2015-2; (III) GRANTING LIMITED WAIVER OF SECTION 345(b) DEPOSIT REQUIREMENTS; AND (IV) GRANTING RELATED RELIEF

[1] The last four digits of the Debtor's federal tax identification number is 0967. The mailing address for the Debtor is 1111 Howe Ave., Suite 505, Sacramento, CA 95825.

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Highlands Community Charter and Technical Schools ("HCCTS" or the "Debtor"), a non-profit public benefit corporation organized under the laws of the State of California, and the above-captioned debtor and debtor-in-possession in this voluntary chapter 11 case (the "Chapter 11 Case") filed on the date hereof (the "Petition Date") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), hereby submits the following exhibits in support of the *Debtor's Emergency Motion for Entry of Interim and Final Orders (i) Authorizing the Debtor to (a) Maintain Existing Bank Accounts; (b) Continue Use of Cash Management System; (c) Continue Use of Business Forms; and (d) Honor Certain Prepetition Obligations Related thereto; (ii) Waiving Requirements of LBR 2015-2; (iii) Granting Limited Waiver of Section 345(b) Deposit Requirements; and (iv) Granting Related Relief* (the "Motion"), filed concurrently herewith:

Exhibit	Description	Pages
A	[Proposed] Interim Order (I) Authorizing the Debtor to (A) Maintain Existing Bank Accounts; (B) Continue Use of Cash Management System; (C) Continue Use of Business Forms; and (D) Honor Certain Prepetition Obligations Related Thereto; (II) Waiving Requirements of LBR 2015-2; (III) Granting Limited Waiver of Section 345(b) Deposit Requirements; and (IV) Granting Related Relief	3–9
B	[Proposed] Final Order (I) Authorizing the Debtor to (A) Maintain Existing Bank Accounts; (B) Continue Use of Cash Management System; (C) Continue Use of Business Forms; and (D) Honor Certain Prepetition Obligations Related Thereto; (II) Waiving Requirements of LBR 2015-2; (III) Granting Limited Waiver of Section 345(b) Deposit Requirements; and (IV) Granting Related Relief	10–16

Dated: October 4, 2026

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

By */s/ Ori Katz*
ORI KATZ
Proposed Counsel for Highlands Community Charter and Technical Schools

EXHIBIT A

Proposed Interim Order

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP
A Limited Liability Partnership
Including Professional Corporations
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KIRK RIDER, State Bar No. 364539
Four Embarcadero Center, 17th Floor
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Proposed Counsel for Highlands Community Charter and Technical Schools

UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF CALIFORNIA, SACRAMENTO DIVISION

In re Highlands Community Charter and Technical Schools, Debtor and Debtor in Possession.[2]	Case No. 26-25868 Chapter 11 **DCN: SMR-4** Judge: Hon. [●] Date: [●], 2026 Time: [●] Place: [●]

[PROPOSED] INTERIM ORDER (I) AUTHORIZING THE DEBTOR TO (A) MAINTAIN EXISTING BANK ACCOUNTS; (B) CONTINUE USE OF CASH MANAGEMENT SYSTEM; (C) CONTINUE USE OF BUSINESS FORMS; AND (D) HONOR CERTAIN PREPETITION OBLIGATIONS RELATED THERETO; (II) WAIVING REQUIREMENTS OF LBR 2015-2; (III) GRANTING LIMITED WAIVER OF SECTION 345(b) DEPOSIT REQUIREMENTS; AND (IV) GRANTING RELATED RELIEF

[2] The last four digits of the Debtor's federal tax identification number is 0967. The mailing address for the Debtor is 1111 Howe Ave., Suite 505, Sacramento, CA 95825.

This Court, having considered the *Debtor's Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtor to (A) Maintain Existing Bank Accounts; (B) Continue Use of Cash Management System; (C) Continue Use of Business Forms; and (D) Honor Certain Prepetition Obligations Related Thereto; (II) Waiving Requirements of LBR 2015-2; (III) Granting Limited Waiver of Section 345(b) Deposit Requirements; and (IV) Granting Related Relief* (the "Motion")[3] of Highlands Community Charter and Technical Schools, the above-captioned debtor and debtor in possession (the "Debtor"), filed on the Petition Date; and upon the First Day Declaration; and upon the Raymond Declaration; and upon the *Memorandum of Points and Authorities* in support of the Motion; and upon the Exhibits in support of the Motion; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and General Orders 182 and 223 of the United States District Court for the Eastern District of California; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtor's estate, its creditors, and other parties in interest; and this Court having found that the Debtor's notice of the Motion and the hearing on the Motion (the "Interim Hearing") were appropriate under the circumstances and that no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at the Interim Hearing; and this Court having determined that the legal and factual bases set forth in the Motion and at the Interim Hearing establish just cause for the relief granted herein and that such relief is necessary to avoid immediate and irreparable harm pursuant to Bankruptcy Rule 6003; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on an interim basis as set forth in this Interim Order.

[3] Capitalized terms used but not defined herein have the meanings assigned to them in the Motion.

2. The final hearing (the "Final Hearing") on the Motion shall be held on [___], 2026, at [___] [a.m./p.m.], prevailing Pacific Time. Any objections or responses to the Motion shall be filed on or before [___], 2026, and served on: (a) proposed counsel for the Debtor, Sheppard, Mullin, Richter & Hampton LLP, Four Embarcadero Center, 17th Floor, San Francisco, California 94111-4109, Attn: Ori Katz (okatz@sheppard.com); (b) the Office of the U.S. Trustee; (c) the holders of the twenty (20) largest unsecured claims against the Debtor filed in accordance with Bankruptcy Rule 1007(d); (d) the State of California through the Attorney General for the State of California; (e) the United States of America through the United States Attorney for the Eastern District of California; (f) Twin Rivers Unified School District; (g) East West Bank; (h) the Internal Revenue Service; (i) the United States Department of Education; and (j) parties that file with the Court and serve upon the Debtor requests for notice of all matters in accordance with Bankruptcy Rule 2002(i). In the event no objections to entry of a final order on the Motion are timely received, this Court may enter such final order without need for the Final Hearing.

3. Subject to the other provisions of this Interim Order, the Debtor is authorized to: (a) continue to use, with the same account numbers, the Bank Accounts in existence as of the Petition Date without the need to comply with certain guidelines relating to bank accounts set forth in the U.S. Trustee Guidelines; (b) treat the Bank Accounts for all purposes as accounts of the Debtor as debtor in possession; (c) deposit funds in and withdraw funds from the Bank Accounts by all usual means, including checks, wire transfers, and other debits; and (d) otherwise perform its obligations under the documents governing the Bank Accounts.

4. The Debtor is authorized, but not directed, to pay the Bank in the ordinary course of business for any prepetition or postpetition Bank Fees or other fees, costs, charges, and expenses.

5. The Debtor is authorized, but not directed, to continue using, in their present form, the Business Forms existing immediately before the Petition Date, without reference to the Debtor's status as a debtor in possession; *provided*, *however*, that if the Debtor exhausts its existing stock of checks before a plan is confirmed in the Chapter 11 Case or the Chapter 11 Case

is dismissed or converted, any new checks shall be clearly labeled "Debtor in Possession" and reference the corresponding case number.

6. The requirements of LBR 2015-2 and the U.S. Trustee Guidelines are waived to the extent necessary for the Debtor to continue to use the Bank Accounts and the Cash Management System as they existed on the Petition Date and to continue using the Business Forms as set forth herein.

7. The requirements of § 345(b) of the Bankruptcy Code are waived to the extent applicable to any of the Bank Accounts.

8. The Bank is authorized to continue to maintain, service, and administer the Bank Accounts as accounts of the Debtor as debtor in possession, without interruption and in the ordinary course, and to receive, process, honor, and pay, to the extent of available funds, any and all checks, drafts, wires, and ACH transfers issued and drawn on the Bank Accounts after the Petition Date by the holders or makers thereof, as the case may be.

9. Immediately upon entry of this Interim Order, the Bank is authorized, but not obligated, without further order of this Court, to recommence any automatic transfers between the Bank Accounts that are part of the Cash Management System, without regard to whether the funds transferred include funds deposited before the Petition Date.

10. The Debtor and the Bank may, without further order of this Court, agree to and implement changes to the Cash Management System and procedures related thereto in the ordinary course of business, including, without limitation, the opening of any new bank accounts and the closing of any existing Bank Accounts. The Debtor is authorized, in the ordinary course of business, to enter into any ancillary agreements related to the foregoing as it may deem necessary and appropriate.

11. The relief granted in this Interim Order is extended to any new bank account opened by the Debtor in the ordinary course of business after the date hereof, which account shall be deemed a Bank Account, and to the bank at which such account is opened, which bank shall be deemed the Bank for purposes of this Interim Order.

12. The Bank shall not honor or pay any payment drawn on the Bank Accounts or otherwise issued before the Petition Date for which the Debtor specifically issues a stop payment order in accordance with the documents governing the Bank Accounts.

13. The Bank is authorized, but not directed, to debit the Debtor's accounts in the ordinary course of business without further order of this Court for all checks or other items deposited in a Bank Account before the Petition Date that have been dishonored or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent the Debtor was responsible for such items before the Petition Date.

14. The Bank is authorized, but not directed, to receive, process, honor, and pay all checks and electronic payment requests drawn on the Bank Accounts in payment of prepetition obligations approved herein when presented for payment, and is authorized, but not obligated, to rely on the Debtor's representations as to whether any such check or payment request should be honored, without any duty of further inquiry and without liability for following the Debtor's instructions or relying on such representations. For the avoidance of doubt, any instrument issued by the Debtor before the Petition Date shall be deemed paid before the Petition Date even if not debited from a Bank Account until after the Petition Date.

15. Notwithstanding any other provision of this Interim Order, the Bank may rely upon the representations of the Debtor as to whether any check, draft, wire, or other transfer drawn or issued by the Debtor before the Petition Date should be honored pursuant to any order of this Court, and the Bank shall not be liable to the Debtor, its estate, or any other party on account of any prepetition check or other item honored postpetition: (a) at the direction of the Debtor; (b) in a good-faith belief that this Court has authorized such item to be honored; or (c) as a result of a mistake made despite implementation of customary handling procedures, nor shall any such action be deemed a violation of this Interim Order. The Bank may rely, without a duty of inquiry, on the Debtor's failure to issue a stop payment order with respect to any item, whether issued prepetition or postpetition, as direction from the Debtor that such item be paid.

16. The Bank is further authorized to honor the Debtor's directions with respect to the opening and closing of any Bank Account and to accept, hold, or invest the Debtor's funds in

accordance with the Debtor's instructions, and the Bank shall not have any liability to any party for relying on such directions.

17. To the extent any other order is entered by the Court authorizing and/or directing the Bank to honor checks, drafts, ACH transfers, or other electronic funds transfers or any other withdrawals made, drawn, or issued in payment of prepetition claims, the obligations to honor such items shall be subject to this Interim Order.

18. Nothing contained in the Motion or this Interim Order shall be construed to (a) create or perfect, in favor of any person or entity, any interest in cash of the Debtor that did not exist as of the Petition Date, or (b) alter or impair the validity, priority, enforceability, or perfection of any security interest or lien, in favor of any person or entity, that existed as of the Petition Date.

19. The Debtor is authorized, but not directed, to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of the Chapter 11 Case with respect to prepetition amounts owed in connection with the relief granted herein.

20. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order are immediately effective and enforceable upon its entry.

21. The Debtor is authorized to take all actions necessary to effectuate the relief granted in this Interim Order.

22. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

DATED:

_____

United States Bankruptcy Judge

EXHIBIT B

Proposed Final Order

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP
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Including Professional Corporations
ORI KATZ, State Bar No. 209561
KIRK RIDER, State Bar No. 364539
Four Embarcadero Center, 17th Floor
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Proposed Counsel for Highlands Community Charter and Technical Schools

UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF CALIFORNIA, SACRAMENTO DIVISION

In re Highlands Community Charter and Technical Schools, Debtor and Debtor in Possession.[4]	Case No. 26-25868 Chapter 11 **DCN: SMR-4** Judge: Hon. [●] Date: [●], 2026 Time: [●] Place: [●]

[PROPOSED] FINAL ORDER (I) AUTHORIZING THE DEBTOR TO (A) MAINTAIN EXISTING BANK ACCOUNTS; (B) CONTINUE USE OF CASH MANAGEMENT SYSTEM; (C) CONTINUE USE OF BUSINESS FORMS; AND (D) HONOR CERTAIN PREPETITION OBLIGATIONS RELATED THERETO; (II) WAIVING REQUIREMENTS OF LBR 2015-2; (III) GRANTING LIMITED WAIVER OF SECTION 345(b) DEPOSIT REQUIREMENTS; AND (IV) GRANTING RELATED RELIEF

[4] The last four digits of the Debtor's federal tax identification number is 0967. The mailing address for the Debtor is 1111 Howe Ave., Suite 505, Sacramento, CA 95825.

This Court, having considered the D*ebtor's Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtor to (A) Maintain Existing Bank Accounts; (B) Continue Use of Cash Management System; (C) Continue Use of Business Forms; and (D) Honor Certain Prepetition Obligations Related Thereto; (II) Waiving Requirements of LBR 2015-2; (III) Granting Limited Waiver of Section 345(b) Deposit Requirements; and (IV) Granting Related Relief* (the "Motion") of Highlands Community Charter and Technical Schools, the above-captioned debtor and debtor in possession (the "Debtor"), filed on the Petition Date; and upon the First Day Declaration; and upon the Raymond Declaration; and upon the *Memorandum of Points and Authorities* in support of the Motion; and upon the Exhibits in support of the Motion; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and General Orders 182 and 223 of the United States District Court for the Eastern District of California; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtor's estate, its creditors, and other parties in interest; and this Court, having previously granted the Motion on an interim basis, and having set a final hearing on the Motion (the "Final Hearing"); and this Court having found that the Debtor's notice of the Motion, the Interim Hearing, and the Final Hearing were appropriate under the circumstances and that no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at the Final Hearing; and this Court having determined that the legal and factual bases set forth in the Motion and at the Final Hearing establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on a final basis as set forth in this Final Order.

2. The Debtor is authorized to continue operating the Cash Management System, honor its prepetition obligations related thereto, including, but not limited to, all obligations related to the Bank Fees, and maintain its existing Business Forms.

3. Subject to the other provisions of this Final Order, the Debtor is authorized to: (a) continue to use, with the same account numbers, the Bank Accounts in existence as of the Petition Date without the need to comply with certain guidelines relating to bank accounts set forth in the U.S. Trustee Guidelines; (b) treat the Bank Accounts for all purposes as accounts of the Debtor as debtor in possession; (c) deposit funds in and withdraw funds from the Bank Accounts by all usual means, including checks, wire transfers, and other debits; and (d) otherwise perform its obligations under the documents governing the Bank Accounts. The Debtor is authorized, but not directed, to pay the Bank in the ordinary course of business for any prepetition or postpetition Bank Fees or other fees, costs, charges, and expenses.

4. The Debtor is authorized, but not directed, to continue using, in their present form, the Business Forms existing immediately before the Petition Date, without reference to the Debtor's status as a debtor in possession; *provided*, *however*, that if the Debtor exhausts its existing stock of checks before a plan is confirmed in the Chapter 11 Case or the Chapter 11 Case is dismissed or converted, any new checks shall be clearly labeled "Debtor in Possession" and reference the corresponding case number.

5. The requirements of LBR 2015-2 and the U.S. Trustee Guidelines are waived to the extent necessary for the Debtor to continue to use the Bank Accounts and the Cash Management System as they existed on the Petition Date and to continue using the Business Forms as set forth herein.

6. The requirements of § 345(b) of the Bankruptcy Code are waived to the extent applicable to any of the Bank Accounts.

7. The Bank is authorized to continue to maintain, service, and administer the Bank Accounts as accounts of the Debtor as debtor in possession, without interruption and in the ordinary course, and to receive, process, honor, and pay, to the extent of available funds, any and

all checks, drafts, wires, and ACH transfers issued and drawn on the Bank Accounts after the Petition Date by the holders or makers thereof, as the case may be.

8. Immediately upon entry of this Final Order, the Bank is authorized, but not obligated, without further order of this Court, to recommence any automatic transfers between the Bank Accounts that are part of the Cash Management System, without regard to whether the funds transferred include funds deposited before the Petition Date.

9. The Debtor and the Bank may, without further order of this Court, agree to and implement changes to the Cash Management System and procedures related thereto in the ordinary course of business, including, without limitation, the opening of any new bank accounts and the closing of any existing Bank Accounts. The Debtor is authorized, in the ordinary course of business, to enter into any ancillary agreements related to the foregoing as it may deem necessary and appropriate.

10. The relief granted in this Final Order is extended to any new bank account opened by the Debtor in the ordinary course of business after the date hereof, which account shall be deemed a Bank Account, and to the bank at which such account is opened, which bank shall be deemed the Bank for purposes of this Final Order.

11. The Bank shall not honor or pay any payment drawn on the Bank Accounts or otherwise issued before the Petition Date for which the Debtor specifically issues a stop payment order in accordance with the documents governing the Bank Accounts.

12. The Bank is authorized, but not directed, to debit the Debtor's accounts in the ordinary course of business without further order of this Court for all checks or other items deposited in a Bank Account before the Petition Date that have been dishonored or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent the Debtor was responsible for such items before the Petition Date.

13. The Bank is authorized, but not directed, to receive, process, honor, and pay all checks and electronic payment requests drawn on the Bank Accounts in payment of prepetition obligations approved herein when presented for payment, and is authorized, but not obligated, to rely on the Debtor's representations as to whether any such check or payment request should be

honored, without any duty of further inquiry and without liability for following the Debtor's instructions or relying on such representations. For the avoidance of doubt, any instrument issued by the Debtor before the Petition Date shall be deemed paid before the Petition Date even if not debited from a Bank Account until after the Petition Date.

14. Notwithstanding any other provision of this Final Order, the Bank may rely upon the representations of the Debtor as to whether any check, draft, wire, or other transfer drawn or issued by the Debtor before the Petition Date should be honored pursuant to any order of this Court, and the Bank shall not be liable to the Debtor, its estate, or any other party on account of any prepetition check or other item honored postpetition: (a) at the direction of the Debtor; (b) in a good-faith belief that this Court has authorized such item to be honored; or (c) as a result of a mistake made despite implementation of customary handling procedures, nor shall any such action be deemed a violation of this Final Order. The Bank may rely, without a duty of inquiry, on the Debtor's failure to issue a stop payment order with respect to any item, whether issued prepetition or postpetition, as direction from the Debtor that such item be paid.

15. The Bank is further authorized to honor the Debtor's directions with respect to the opening and closing of any Bank Account and to accept, hold, or invest the Debtor's funds in accordance with the Debtor's instructions, and the Bank shall not have any liability to any party for relying on such directions.

16. To the extent any other order is entered by the Court authorizing and/or directing the Bank to honor checks, drafts, ACH transfers, or other electronic funds transfers or any other withdrawals made, drawn, or issued in payment of prepetition claims, the obligations to honor such items shall be subject to this Final Order.

17. Nothing contained in the Motion or this Final Order shall be construed to (a) create or perfect, in favor of any person or entity, any interest in cash of the Debtor that did not exist as of the Petition Date, or (b) alter or impair the validity, priority, enforceability, or perfection of any security interest or lien, in favor of any person or entity, that existed as of the Petition Date.

18. The Debtor is authorized, but not directed, to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are

dishonored as a consequence of the Chapter 11 Case with respect to prepetition amounts owed in connection with the relief granted herein.

19. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order are immediately effective and enforceable upon its entry.

20. The Debtor is authorized to take all actions necessary to effectuate the relief granted in this Final Order.

21. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Final Order.

DATED:

_____

United States Bankruptcy Judge