

UNITED STATES BANKRUPTCY COURT

Eastern District of California

Honorable Michael S. McManus
Bankruptcy Judge
Sacramento, California

June 11, 2018 at 1:30 p.m.

THIS CALENDAR IS DIVIDED INTO TWO PARTS. THEREFORE, TO FIND ALL MOTIONS AND OBJECTIONS SET FOR HEARING IN A PARTICULAR CASE, YOU MAY HAVE TO LOOK IN BOTH PARTS OF THE CALENDAR. WITHIN EACH PART, CASES ARE ARRANGED BY THE LAST TWO DIGITS OF THE CASE NUMBER.

THE COURT FIRST WILL HEAR ITEMS 1 THROUGH 12. A TENTATIVE RULING FOLLOWS EACH OF THESE ITEMS. THE COURT MAY AMEND OR CHANGE A TENTATIVE RULING BASED ON THE PARTIES' ORAL ARGUMENT. IF ALL PARTIES AGREE TO A TENTATIVE RULING, THERE IS NO NEED TO APPEAR FOR ARGUMENT. HOWEVER, IT IS INCUMBENT ON EACH PARTY TO ASCERTAIN WHETHER ALL OTHER PARTIES WILL ACCEPT A RULING AND FOREGO ORAL ARGUMENT. IF A PARTY APPEARS, THE HEARING WILL PROCEED WHETHER OR NOT ALL PARTIES ARE PRESENT. AT THE CONCLUSION OF THE HEARING, THE COURT WILL ANNOUNCE ITS DISPOSITION OF THE ITEM AND IT MAY DIRECT THAT THE TENTATIVE RULING, AS ORIGINALLY WRITTEN OR AS AMENDED BY THE COURT, BE APPENDED TO THE MINUTES OF THE HEARING AS THE COURT'S FINDINGS OF FACT AND CONCLUSIONS OF LAW.

IF A MOTION OR AN OBJECTION IS SET FOR HEARING PURSUANT TO LOCAL BANKRUPTCY RULE 3015-1(c), (d) [eff. May 1, 2012], GENERAL ORDER 05-03, ¶ 3(c), LOCAL BANKRUPTCY RULE 3007-1(c)(2) [eff. through April 30, 2012], OR LOCAL BANKRUPTCY RULE 9014-1(f)(2), RESPONDENTS WERE NOT REQUIRED TO FILE WRITTEN OPPOSITION TO THE RELIEF REQUESTED. RESPONDENTS MAY APPEAR AT THE HEARING AND RAISE OPPOSITION ORALLY. IF THAT OPPOSITION RAISES A POTENTIALLY MERITORIOUS DEFENSE OR ISSUE, THE COURT WILL GIVE THE RESPONDENT AN OPPORTUNITY TO FILE WRITTEN OPPOSITION AND SET A FINAL HEARING UNLESS THERE IS NO NEED TO DEVELOP THE WRITTEN RECORD FURTHER. IF THE COURT SETS A FINAL HEARING, UNLESS THE PARTIES REQUEST A DIFFERENT SCHEDULE THAT IS APPROVED BY THE COURT, THE FINAL HEARING WILL TAKE PLACE JULY 16, 2018 AT 1:30 P.M. OPPOSITION MUST BE FILED AND SERVED BY JULY 2, 2018, AND ANY REPLY MUST BE FILED AND SERVED BY JULY 9, 2018. THE MOVING/OBJECTING PARTY IS TO GIVE NOTICE OF THE DATE AND TIME OF THE CONTINUED HEARING DATE AND OF THESE DEADLINES.

THERE WILL BE NO HEARING ON ITEMS 13 THROUGH 19 AS INDICATED IN THE FINAL RULING BELOW. THAT RULING WILL BE APPENDED TO THE MINUTES. THIS FINAL RULING MAY OR MAY NOT BE A FINAL ADJUDICATION ON THE MERITS; IF IT IS, IT INCLUDES THE COURT'S FINDINGS AND CONCLUSIONS. IF ALL PARTIES HAVE AGREED TO A CONTINUANCE OR HAVE RESOLVED THE MATTER BY STIPULATION, THEY MUST ADVISE THE COURTROOM DEPUTY CLERK PRIOR TO HEARING IN ORDER TO DETERMINE WHETHER THE COURT VACATE THE FINAL RULING IN FAVOR OF THE CONTINUANCE OR THE STIPULATED DISPOSITION.

IF THE COURT CONCLUDES THAT FED. R. BANKR. P. 9014(d) REQUIRES AN EVIDENTIARY HEARING, UNLESS OTHERWISE ORDERED, IT WILL BE SET ON JUNE 18, 2018, AT 2:30 P.M.

June 11, 2018 at 1:30 p.m.

Matters to be Called for Argument

1. 18-22126-A-13 KAZI JACKSON OBJECTION TO
JPJ-1 CONFIRMATION OF PLAN
5-24-18 [13]

- Telephone Appearance
- Trustee Agrees with Ruling

Tentative Ruling: Because this hearing on an objection to the confirmation of the proposed chapter 13 plan was set pursuant to the procedure required by Local Bankruptcy Rule 3015-1(c)(4), the debtor was not required to file a written response. If no opposition is offered at the hearing, the court will take up the merits of the objection. Below is the court's tentative ruling, rendered on the assumption that there will be no opposition. Obviously, if there is opposition, the court may reconsider this tentative ruling.

The objection will be sustained.

First, Local Bankruptcy Rule 3015-1(b)(6) provides: "Documents Required by Trustee. The debtor shall provide to the trustee, not later than the fourteen (14) days after the filing of the petition, Form EDC 3-088, *Domestic Support Obligation Checklist*, or other written notice of the name and address of each person to whom the debtor owes a domestic support obligation together with the name and address of the relevant state child support enforcement agency (see 42 U.S.C. §§ 464 & 466), Form EDC 3-086, *Class 1 Checklist*, for each Class 1 claim, and Form EDC 3-087, *Authorization to Release Information to Trustee Regarding Secured Claims Being Paid By The Trustee*." Because the plan includes a class 1 claim, the debtor was required to provide the trustee with a Class 1 checklist. The debtor failed to do so.

Second, the plan does not cure the arrears on the Class 1 claim of the Solano County Treasurer. The plan does not comply with 11 U.S.C. § 1325(a)(5)(B).

Third, the claim of the Treasurer either is due or will be due before the plan is completed. Therefore, the claim belongs in Class 2A not Class 1.

Fourth, to pay the dividends required by the plan at the rate proposed by it will take 601 months which exceeds the maximum 5-year duration permitted by 11 U.S.C. § 1322(d).

2. 18-22328-A-13 DAISY SHEGOG OBJECTION TO
CJO-1 CONFIRMATION OF PLAN
BANK OF AMERICA, N.A. VS. 5-24-18 [15]

- Telephone Appearance
- Trustee Agrees with Ruling

Tentative Ruling: Because this hearing on an objection to the confirmation of the proposed chapter 13 plan was set pursuant to the procedure required by Local Bankruptcy Rule 3015-1(c)(4), the debtor was not required to file a written response. If no opposition is offered at the hearing, the court will take up the merits of the objection. Below is the court's tentative ruling, rendered on the assumption that there will be no opposition. Obviously, if there is opposition, the court may reconsider this tentative ruling.

The objection will be sustained.

The plan misclassifies in Class 4 a home loan owed to the respondent that is in default. Class 4 is reserved for long term secured claims not in default and not modified by the plan. The subject claim was in default when the case was filed. The failure to cure this default is a violation of the anti-modification provision in 11 U.S.C. § 1322(b)(2) and a violation of 11 U.S.C. § 1325(a)(5)(B) which requires secured claims provided for by a plan be paid in full.

3. 17-21533-A-13 PRANEE AREND MOTION TO
WW-3 MODIFY PLAN
5-3-18 [66]

- Telephone Appearance
- Trustee Agrees with Ruling

Tentative Ruling: The motion will be granted on the conditions stated below.

First, the plan is not feasible as required by 11 U.S.C. § 1325(a)(6) because the monthly plan payment of \$1,860 is less than the \$1,934.60 in dividends and expenses the plan requires the trustee to pay each month. The monthly plan payment must be increased to \$1,934.60.

Second, the plan overstates the post-petition arrears on the Class 1 claim of Statebridge by \$292.40. The amount of the arrears must be reduced accordingly.

4. 18-21033-A-13 DANIEL/CARMEN CARSON MOTION TO
SLE-1 VALUE COLLATERAL
VS. CHASE AUTO FINANCE 5-17-18 [23]

- Telephone Appearance
- Trustee Agrees with Ruling

Tentative Ruling: Because less than 28 days' notice of the hearing was given by the debtor, this motion is deemed brought pursuant to Local Bankruptcy Rule 9014-1(f)(2). Consequently, the creditors, the trustee, the U.S. Trustee, and any other parties in interest were not required to file a written response or opposition to the motion. If any of these potential respondents appear at the hearing and offers opposition to the motion, the court will set a briefing schedule and a final hearing unless there is no need to develop the record further. If no opposition is offered at the hearing, the court will take up the merits of the motion. Below is the court's tentative ruling, rendered on the assumption that there will be no opposition to the motion. Obviously, if there is opposition, the court may reconsider this tentative ruling.

The valuation motion pursuant to Fed. R. Bankr. P. 3012 and 11 U.S.C. § 506(a) will be granted. The debtor is the owner of the subject property. The debtor's evidence indicates that the replacement value of the subject property is \$19,353 as of the effective date of the plan. Given the absence of contrary evidence, the debtor's evidence of value is conclusive. See Enewally v. Washington Mutual Bank (In re Enewally), 368 F.3d 1165 (9th Cir. 2004). Therefore, \$19,353 of the respondent's claim is an allowed secured claim. When the respondent is paid \$19,353 and subject to the completion of the plan, its secured claim shall be satisfied in full and the collateral free of the respondent's lien. Provided a timely proof of claim is filed, the remainder of its claim is allowed as a general unsecured claim unless previously paid by the

trustee as a secured claim.

5. 18-22134-A-13 RACHEL CARGILL OBJECTION TO
JPJ-1 CONFIRMATION OF PLAN AND MOTION TO
DISMISS CASE
5-24-18 [20]

- Telephone Appearance
- Trustee Agrees with Ruling

Tentative Ruling: Because this hearing on an objection to the confirmation of the proposed chapter 13 plan and a motion to dismiss the case was set pursuant to the procedure required by Local Bankruptcy Rule 3015-1(c)(4), the debtor was not required to file a written response. If no opposition is offered at the hearing, the court will take up the merits of the objection. Below is the court's tentative ruling, rendered on the assumption that there will be no opposition. Obviously, if there is opposition, the court may reconsider this tentative ruling.

The objection will be sustained and the motion to dismiss the case conditionally denied.

The plan's feasibility depends on the debtor successfully prosecuting a motion to value the collateral of One Main in order to strip down or strip off its secured claim from its collateral. No such motion has been filed, served, and granted. Absent a successful motion the debtor cannot establish that the plan will pay secured claims in full as required by 11 U.S.C. § 1325(a)(5)(B) or that the plan is feasible as required by 11 U.S.C. § 1325(a)(6). Local Bankruptcy Rule 3015-1(j) provides: "If a proposed plan will reduce or eliminate a secured claim based on the value of its collateral or the avoidability of a lien pursuant to 11 U.S.C. § 522(f), the debtor must file, serve, and set for hearing a valuation motion and/or a lien avoidance motion. The hearing must be concluded before or in conjunction with the confirmation of the plan. If a motion is not filed, or it is unsuccessful, the Court may deny confirmation of the plan."

Because the plan proposed by the debtor is not confirmable, the debtor will be given a further opportunity to confirm a plan. But, if the debtor is unable to confirm a plan within a reasonable period of time, the court concludes that the prejudice to creditors will be substantial and that there will then be cause for dismissal. If the debtor has not confirmed a plan within 75 days, the case will be dismissed on the trustee's ex parte application.

6. 18-22143-A-13 MARK BRADY OBJECTION TO
JPJ-1 CONFIRMATION OF PLAN AND MOTION TO
DISMISS CASE
5-24-18 [25]

- Telephone Appearance
- Trustee Agrees with Ruling

Tentative Ruling: Because this hearing on an objection to the confirmation of the proposed chapter 13 plan and a motion to dismiss the case was set pursuant to the procedure required by Local Bankruptcy Rule 3015-1(c)(4), the debtor was not required to file a written response. If no opposition is offered at the hearing, the court will take up the merits of the objection. Below is the court's tentative ruling, rendered on the assumption that there will be no

8. 18-21957-A-13 WILLIAM AMARAL OBJECTION TO
GW-1 CONFIRMATION OF PLAN
CHRISTOPHER NEARY VS. 5-23-18 [33]

- Telephone Appearance
- Trustee Agrees with Ruling

Tentative Ruling: Because this hearing on an objection to the confirmation of the proposed chapter 13 plan was set pursuant to the procedure required by Local Bankruptcy Rule 3015-1(c)(4), the debtor was not required to file a written response. If no opposition is offered at the hearing, the court will take up the merits of the objection. Below is the court's tentative ruling, rendered on the assumption that there will be no opposition. Obviously, if there is opposition, the court may reconsider this tentative ruling.

The objection will be sustained in part.

The objection points out that the monthly plan payment of \$150 will not pay all claims over 36 months. The plan includes no provision for other sources of money to pay claims. As proposed, the plan is not feasible.

9. 18-21957-A-13 WILLIAM AMARAL OBJECTION TO
RHG-1 CONFIRMATION OF PLAN
EUREKA DEVELOPMENT, L.L.C. VS. 5-24-18 [40]

- Telephone Appearance
- Trustee Agrees with Ruling

Tentative Ruling: Because this hearing on an objection to the confirmation of the proposed chapter 13 plan was set pursuant to the procedure required by Local Bankruptcy Rule 3015-1(c)(4), the debtor was not required to file a written response. If no opposition is offered at the hearing, the court will take up the merits of the objection. Below is the court's tentative ruling, rendered on the assumption that there will be no opposition. Obviously, if there is opposition, the court may reconsider this tentative ruling.

The objection will be sustained in part.

The objection points out that the monthly plan payment of \$150 will not pay all claims over 36 months. The plan includes no provision for other sources of money to pay claims. As proposed, the plan is not feasible.

To the extent the creditor complains about the scheduling of its claim, the objection will be overruled. The plan provides at section 3.12: "The proof of claim, not this plan or the schedules, shall determine the amount and classification of a claim unless the court's disposition of a claim objection, valuation motion, or lien avoidance motion affects the amount or classification of the claim."

10. 18-21957-A-13 WILLIAM AMARAL MOTION TO
PGM-1 SELL
5-9-18 [25]

- Telephone Appearance
- Trustee Agrees with Ruling

Tentative Ruling: The motion will be denied. The subject property is jointly

owned and the co-owner has not consented to a sale. Therefore, the debtor must comply with 11 U.S.C. § 363(h) and Fed. R. Bankr. P. 7001(3).

If the property is community property, the entire interest would be property of the bankruptcy estate and compliance with section 363(h) unnecessary. 11 U.S.C. §§ 541(a)(2), 1306. However, the distribution of the proceeds of such property's sale is subject to the requirements of 11 U.S.C. §§ 726(c) and 1325(a)(4). That is, community property must be used to pay community claims. After payment of community claims, the proceeds must be split between the spouses and then only the debtor-spouse's half share used to pay his separate claims. Therefore, to the extent the debtor proposes to use the proceeds to pay all claims, he has failed to prove they are community claims or the extent to which they are community claims.

11. 18-20880-A-13 RICHARD POGGIO ORDER TO
SHOW CAUSE
5-22-18 [26]
- Telephone Appearance
 - Trustee Agrees with Ruling

Tentative Ruling: The case will be dismissed.

The debtor was given permission to pay the filing fee in installments pursuant to Fed. R. Bankr. P. 1006(b). The installment in the amount of \$77 due on May 17 was not paid. This is cause for dismissal. See 11 U.S.C. § 1307(c)(2).

12. 18-22187-A-13 SERGIO DE LA CRUZ MOTION FOR
NLL-1 RELIEF FROM AUTOMATIC STAY
EVERGREEN MONEYSOURCE MORTGAGE CO. VS. 5-8-18 [15]
- Telephone Appearance
 - Trustee Agrees with Ruling

Tentative Ruling: The motion will be granted in part.

To the extent the motion seeks to terminate the automatic stay, the motion will be denied because the case was dismissed on April 30. The automatic stay has terminated as a matter of law. 11 U.S.C. § 362(c)(1) & (2).

To the extent the motion seeks annulment of the automatic stay, the motion will be granted pursuant to 11 U.S.C. § 362(d)(1). The movant completed a foreclosure sale on April 12 before it was told of, or received notice of, this bankruptcy filing. Therefore, the movant seeks to ratify this sale.

In determining whether to grant retroactive relief from stay, the court must engage in a case-by-case analysis and balance the equities between the parties. Some of the factors courts have considered are whether the creditor knew of the bankruptcy filing, whether the debtor was involved in unreasonable or inequitable conduct, whether prejudice would result to the creditor, and whether the court could have granted relief from the automatic stay had the creditor applied in time. Nat'l Env'tl. Water Corp. v. City of Riverside (In re Nat'l Env'tl. Water Corp.), 129 F.3d 1052, 1055 (9th Cir. 1997).

The Bankruptcy Appellate Panel approved additional factors for consideration in In re Fjeldsted, 293 B.R. 12 (9th Cir. B.A.P. 2003). The Fjeldsted factors are

employed to further examine the debtor's and creditor's good faith, the prejudice to the parties, and the judicial or practical efficacy of annulling the stay.

Here, the movant did not know of the bankruptcy case when it conducted a foreclosure sale. Given the failure of the original borrower to make mortgage payments over a protracted period, given the debtor's failure to prosecute this case and file all required statements and schedules, and given the debtor's two prior bankruptcy cases, one of which was dismissed because he failed to file all schedules and statements and the other was dismissed because he failed to maintain plan payments, there is little doubt that had the movant first asked for relief from the automatic stay it would have received it. The debtor filed multiple cases, two which appear to have been filed for the sole purpose of acquiring the automatic stay. These facts are sufficient to warrant annulment. See In re Schwartz, 954 F.2d at 572); Algeran, Inc. v. Advance Ross Corp., 759 F.2d 1421, 1425 (9th Cir. 1985); Jewett v. Shabahangi (In re Jewett), 146 B.R. 250, 252 (B.A.P. 9th Cir. 1992).

Having annulled the stay to ratify the foreclosure, however, the court cannot grant relief under 11 U.S.C. § 362(d)(4). 11 U.S.C. § 362(d)(4) provides that:

"On request of a party in interest and after notice and a hearing, the court shall grant relief from the stay provided under subsection (a) of this section, such as by terminating, annulling, modifying, or conditioning such stay . . . with respect to a stay of an act against real property under subsection (a), by a creditor whose claim is secured by an interest in such real property, if the court finds that the filing of the petition was part of a scheme to delay, hinder, or defraud creditors that involved either-

(A) transfer of all or part ownership of, or other interest in, such real property without the consent of the secured creditor or court approval; or

(B) multiple bankruptcy filings affecting such real property."

Relief under 11 U.S.C. § 362(d)(4) will be denied because the movant is not "a creditor whose claim is secured by an interest in such real property," for purposes of 11 U.S.C. § 362(d)(4). The movant now is the owner of the property. According to the motion, the movant purchased the property at the foreclosure sale ratified by the court. The movant does not hold a debt secured by the property. Relief under section 362(d)(4) is available only to creditors who are secured by the property. Ellis v. Yu (In re Ellis), 523 B.R. 673, 678-80 (B.A.P. 9th Cir. 2014). The movant is not secured by the property. The movant is the owner of the property.

FINAL RULINGS BEGIN HERE

13. 18-21211-A-13 EDEN ELMIDO MOTION TO
TRN-4 CONFIRM PLAN
4-23-18 [39]

Final Ruling: The motion will be dismissed without prejudice.

Local Bankruptcy Rule 2002-1(c) provides that notices in adversary proceedings and contested matters that are served on the IRS shall be mailed to three entities at three different addresses: (1) IRS, P.O. Box 7346, Philadelphia, PA 19101-7346; (2) United States Attorney, for the IRS, 501 I Street, Suite 10-100, Sacramento, CA 95814; and (3) United States Department of Justice, Civil Trial Section, Western Region, Box 683, Franklin Station, Washington, D.C. 20044.

Local Bankruptcy Rule 2002-1(b) also provides that notices in adversary proceedings and contested matters that are served on the various state and federal agencies shall be to particular addresses that can be found on the Roster of Public Agencies maintained by the clerk of court. The Roster provides that service of motions and notices on the California Franchise Tax Board shall be mailed to Bankruptcy Section, MS A-340, PO Box 2952, Sacramento, CA 95812-2952.

Service in this case is deficient because the IRS was not served at the second and third addresses listed above and the post office box used for the FTB is incorrect.

14. 16-25513-A-13 GEORGE/CHRISTINE E WEAVER MOTION TO
DBL-4 WEAVER MODIFY PLAN
5-4-18 [40]

Final Ruling: The motion will be granted on the condition that the plan is further modified in the confirmation order to account for all prior payments made by the debtor under the terms of the prior plan, and to provide for a plan payment of \$25 beginning May 25, 2018. As further modified, the plan complies with 11 U.S.C. §§ 1322(a) & (b), 1323(c), 1325(a), and 1329.

15. 18-20861-A-13 CHRISTOPHER/NEVA FULLER ORDER TO
SHOW CAUSE
5-22-18 [72]

Final Ruling: The order to show cause will be discharged because it is moot. The case was dismissed on May 22.

16. 17-25999-A-13 RAJENDER SARIN MOTION TO
LBG-4 CONFIRM PLAN
4-27-18 [76]

Final Ruling: The court continues the hearing to July 30 at 1:30 p.m. to coincide with the continued hearing date on a valuation motion (LBG-2). If creditor Real Time Solutions wishes to file written opposition to this motion, it shall be filed and served on July 16 and the debtor may reply by July 23. The court also strongly suggests that the debtor refile and serve correctly LBG-6 and set it for hearing on or before July 30.

17. 17-25999-A-13 RAJENDER SARIN MOTION TO
LBG-2 VALUE COLLATERAL
VS. REAL TIME RESOLUTIONS, INC. 5-24-18 [87]

Final Ruling: At the request of the respondent, the hearing is continued to July 30 at 1:30 p.m. in order to give it the opportunity to appraise the subject property. In the event an inspection of the property cannot be obtained informally and by agreement, the respondent shall utilize the rules of discovery to obtain the inspection. Any 30-day discovery deadlines are shortened to 7-days. The respondents written opposition to the motion shall be filed and served by July 16. The debtor's reply shall be filed and served by July 23.

18. 17-25999-A-13 RAJENDER SARIN OBJECTION TO
LBG-3 CONFIRMATION OF PLAN
REAL TIME RESOLUTIONS, INC. VS. 5-11-18 [84]

Final Ruling: The objection will be dismissed as moot. The objection pertains to a proposed plan that the court declined to confirm. Docket 67 and 71.

19. 17-25999-A-13 RAJENDER SARIN MOTION TO
LBG-6 VALUE COLLATERAL
VS. HARLEY-DAVIDSON CREDIT CORP. 5-24-18 [93]

Final Ruling: The motion will be dismissed without prejudice.

The certificate of service filed with the motion is unsigned. Consequently, there is no proof that the respondent was served and served correctly.