

UNITED STATES BANKRUPTCY COURT

Eastern District of California

Honorable Ronald H. Sargis

Bankruptcy Judge
Sacramento, California

January 23, 2025 at 10:30 a.m.

1. 24-23905 -E-12 GG-8	DEAVER RANCH, INC., A CALIFORNIA CORPORATION David Goodrich	MOTION TO EMPLOY HAHN FIFE & COMPANY, LLP AS ACCOUNTANT(S) 1-6-25 [237]
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Item 1 thru 2

Item 1 on the 11:30 Calendar

Tentative Ruling: Oral argument may be presented by the parties at the scheduled hearing, where the parties shall address the issues identified in this tentative ruling and such other issues as are necessary and appropriate to the court's resolution of the matter.

Below is the court's tentative ruling, rendered on the assumption that there will be no opposition to the motion. If there is opposition presented, the court will consider the opposition and whether further hearing is proper pursuant to Local Bankruptcy Rule 9014-1(f)(2)(C).

Local Rule 9014-1(f)(2) Motion—Hearing Required.

Sufficient Notice Provided. The Proof of Service states that the Motion and supporting pleadings were served on Debtor, Debtor's Attorney, Chapter 12 Trustee, creditors, parties in interest, and Office of the United States Trustee on January 6, 2025. By the court's calculation, 17 days' notice was provided. 14 days' notice is required.

The Motion to Employ was properly set for hearing on the notice required by Local Bankruptcy Rule 9014-1(f)(2). Debtor, creditors, the Chapter 12 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 offer 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. At the hearing, -----.

The Motion to Employ is granted.

Deaver Ranch, Inc. ("Debtor in Possession") seeks to employ Hahn Fife & Company, LLP ("Accountant") pursuant to Local Bankruptcy Rule 9014-1(f)(2) and Bankruptcy Code Sections 328(a) and 330. Debtor in Possession seeks the employment of Accountant to perform any necessary tax and advisory work required for the estate, including, without limitation: analyze the Debtor's financial operations, history and transactions; assist in the preparation of financial data and reports such as cash flow projections,

preparation of monthly operating reports, analysis of the Debtor's books, records and bank statements for potential avoidance actions or other claims; and prepare and file state and federal tax returns as necessary. Mot. 2:23-28, Docket 237.

Donald T. Fife, a member of the accountancy firm of Hahn Fife & Company, LLP, testifies that the firm is experienced in bankruptcy matters and will perform the necessary tax and advisory work for the estate. Mr. Fife testifies he and the firm do not represent or hold any interest adverse to Debtor or to the Estate and that they have no connection with Debtor, creditors, the U.S. Trustee, any party in interest, or their respective attorneys. Decl. ¶ 10, Docket 239.

Pursuant to § 327(a), a trustee or debtor in possession is authorized, with court approval, to engage the services of professionals, including attorneys, to represent or assist the trustee in carrying out the trustee's duties under Title 11. To be so employed by the trustee or debtor in possession, the professional must not hold or represent an interest adverse to the estate and be a disinterested person.

Section 328(a) authorizes, with court approval, a trustee or debtor in possession to engage the professional on reasonable terms and conditions, including a retainer, hourly fee, fixed or percentage fee, or contingent fee basis. Notwithstanding such approved terms and conditions, the court may allow compensation different from that under the agreement after the conclusion of the representation, if such terms and conditions prove to have been improvident in light of developments not capable of being anticipated at the time of fixing of such terms and conditions.

Taking into account all of the relevant factors in connection with the employment and compensation of Accountant, considering the declaration demonstrating that Accountant does not hold an adverse interest to the Estate and is a disinterested person, the nature and scope of the services to be provided, the court grants the motion to employ Hahn Fife & Company, LLP as Accountant for the Chapter 12 Estate. Approval of the commission is subject to the provisions of 11 U.S.C. § 328 and review of the fee at the time of final allowance of fees for the professional.

The court shall issue an order substantially in the following form holding that:

Findings of Fact and Conclusions of Law are stated in the Civil Minutes for the hearing.

The Motion to Employ filed by Deaver Ranch, Inc. ("Debtor in Possession") having been presented to the court, and upon review of the pleadings, evidence, arguments of counsel, and good cause appearing,

IT IS ORDERED that the Motion to Employ is granted, effective January 23, 2025, and Debtor in Possession is authorized to employ Hahn Fife & Company, LLP as Accountant for Debtor in Possession.

IT IS FURTHER ORDERED that no compensation is permitted except upon court order following an application pursuant to 11 U.S.C. § 330 and subject to the provisions of 11 U.S.C. § 328.

IT IS FURTHER ORDERED that no hourly rate or other term referred to in the application papers is approved unless unambiguously so stated in this order or in a subsequent order of this court.

IT IS FURTHER ORDERED that except as otherwise ordered by the Court, all funds received by Accountant in connection with this matter, regardless of whether they are denominated a retainer or are said to be nonrefundable, are deemed to be an advance payment of fees and to be property of the estate.

IT IS FURTHER ORDERED that funds that are deemed to constitute an advance payment of fees shall be maintained in a trust account maintained in an authorized depository, which account may be either a separate interest-bearing account or a trust account containing commingled funds. Withdrawals are permitted only after approval of an application for compensation and after the court issues an order authorizing disbursement of a specific amount.

2. 24-23905-E-12 SGG-8	DEAVER RANCH, INC., A CALIFORNIA CORPORATION David Goodrich	MOTION TO EMPLOY HAHN FIFE & COMPANY, LLP AS ACCOUNTANT(S) 1-6-25 [244]
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Tentative Ruling: Oral argument may be presented by the parties at the scheduled hearing, where the parties shall address the issues identified in this tentative ruling and such other issues as are necessary and appropriate to the court's resolution of the matter.

Below is the court's tentative ruling, rendered on the assumption that there will be no opposition to the motion. If there is opposition presented, the court will consider the opposition and whether further hearing is proper pursuant to Local Bankruptcy Rule 9014-1(f)(2)(C).

Local Rule 9014-1(f)(2) Motion—Hearing Required.

Sufficient Notice Provided. The Proof of Service states that the Motion and supporting pleadings were served on Debtor, Debtor's Attorney, Chapter 12 Trustee, creditors, parties in interest, and Office of the United States Trustee on January 6, 2025. By the court's calculation, 17 days' notice was provided. 14 days' notice is required.

The Motion to Employ was properly set for hearing on the notice required by Local Bankruptcy Rule 9014-1(f)(2). Debtor, creditors, the Chapter 12 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 offer 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. At the hearing, -----.

The Motion to Employ is granted.

Shenandoah Investment Properties, Inc. (“Debtor in Possession”) seeks to employ Hahn Fife & Company, LLP (“Accountant”) pursuant to Local Bankruptcy Rule 9014-1(f)(2) and Bankruptcy Code Sections 328(a) and 330. Debtor in Possession seeks the employment of Accountant to perform any necessary tax and advisory work required for the estate, including, without limitation: analyze the Debtor’s financial operations, history and transactions; assist in the preparation of financial data and reports such as cash flow projections, preparation of monthly operating reports, analysis of the Debtor’s books, records and bank statements for potential avoidance actions or other claims; and prepare and file state and federal tax returns as necessary. Mot. 2:23-28, Docket 244.

Donald T. Fife, a member of the accountancy firm of Hahn Fife & Company, LLP, testifies that the firm is experienced in bankruptcy matters and will perform the necessary tax and advisory work for the estate. Mr. Fife testifies he and the firm do not represent or hold any interest adverse to Debtor or to the Estate and that they have no connection with Debtor, creditors, the U.S. Trustee, any party in interest, or their respective attorneys. Decl. ¶ 10, Docket 246.

Pursuant to § 327(a), a trustee or debtor in possession is authorized, with court approval, to engage the services of professionals, including attorneys, to represent or assist the trustee in carrying out the trustee’s duties under Title 11. To be so employed by the trustee or debtor in possession, the professional must not hold or represent an interest adverse to the estate and be a disinterested person.

Section 328(a) authorizes, with court approval, a trustee or debtor in possession to engage the professional on reasonable terms and conditions, including a retainer, hourly fee, fixed or percentage fee, or contingent fee basis. Notwithstanding such approved terms and conditions, the court may allow compensation different from that under the agreement after the conclusion of the representation, if such terms and conditions prove to have been improvident in light of developments not capable of being anticipated at the time of fixing of such terms and conditions.

Taking into account all of the relevant factors in connection with the employment and compensation of Accountant, considering the declaration demonstrating that Accountant does not hold an adverse interest to the Estate and is a disinterested person, the nature and scope of the services to be provided, the court grants the motion to employ Hahn Fife & Company, LLP as Accountant for the Chapter 12 Estate. Approval of the commission is subject to the provisions of 11 U.S.C. § 328 and review of the fee at the time of final allowance of fees for the professional.

The court shall issue an order substantially in the following form holding that:

Findings of Fact and Conclusions of Law are stated in the Civil Minutes for the hearing.

The Motion to Employ filed by Shenandoah Investment Properties, Inc. (“Debtor in Possession”) having been presented to the court, and upon review of the pleadings, evidence, arguments of counsel, and good cause appearing,

IT IS ORDERED that the Motion to Employ is granted, effective January 23, 2025, and Debtor in Possession is authorized to employ Hahn Fife & Company, LLP as Accountant for Debtor in Possession.

IT IS FURTHER ORDERED that no compensation is permitted except upon court order following an application pursuant to 11 U.S.C. § 330 and subject to the provisions of 11 U.S.C. § 328.

IT IS FURTHER ORDERED that no hourly rate or other term referred to in the application papers is approved unless unambiguously so stated in this order or in a subsequent order of this court.

IT IS FURTHER ORDERED that except as otherwise ordered by the Court, all funds received by Accountant in connection with this matter, regardless of whether they are denominated a retainer or are said to be nonrefundable, are deemed to be an advance payment of fees and to be property of the estate.

IT IS FURTHER ORDERED that funds that are deemed to constitute an advance payment of fees shall be maintained in a trust account maintained in an authorized depository, which account may be either a separate interest-bearing account or a trust account containing commingled funds. Withdrawals are permitted only after approval of an application for compensation and after the court issues an order authorizing disbursement of a specific amount.

3. [24-22531-E-11](#) **R & A ENTERPRISES, LLC** **CONTINUED STATUS CONFERENCE RE:**
[CAE-1](#) **VOLUNTARY PETITION**
6-10-24 [\[1\]](#)

Item 3 thru 4

Debtor's Atty: Stephen M. Reynolds

Notes:

Continued from 11/13/24 at the joint request of the Parties appearing.

Operating Reports filed: 12/13/24

The Status Conference is XXXXXXX
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JANUARY 23, 2025 STATUS CONFERENCE

At the Status Conference, XXXXXXX

NOVEMBER 13, 2024 STATUS CONFERENCE

On October 31, 2024, the Debtor/Debtor in Possession filed its updated Status Report. Dckt. 70. It reports that the Debtor/Debtor in Possession and Patriot Bank have continued in their negotiations, and the Debtor/Debtor in Possession anticipates filing an Amended Plan shortly. Status Report, p. 2:14-17; Dckt. 70.

At the Status Conference, counsel for the Debtor/Debtor in Possession stated that they are continuing to work on a stipulated order for the use of cash collateral.

Counsel for Patriot Bank reported that he has received a proposed budget for November and December 2024 and January 2025. The Parties can Stipulate to the further use of cash collateral.

The Subchapter V Trustee reported that the case is moving forward, with the Debtor/Debtor in Possession's accounting process being improved.

At the joint request of the Parties appearing, the Status Conference is continued to 10:30 a.m. on January 23, 2025.

SEPTEMBER 18, 2024 STATUS CONFERENCE

Pursuant to a Stipulation between the Debtor/Debtor in Possession, the Subchapter V Trustee and Patriot Bank, N.A., the confirmation hearing has been continued to 10:30 a.m. on October 3, 2024. Order; Dckt. 46. The court has entered its order authorizing the use of cash collateral through October 31, 2024.

The U.S. Trustee reports that the 341 Meeting has now been concluded. Sept. 6, 2024 Docket Entry Report.

The Status Conference is continued to 2:00 p.m. on November 13, 2024.

AUGUST 1, 2024 STATUS CONFERENCE

The Debtor commenced this voluntary Subchapter V Case on June 10, 2024. The court has entered an Interim Order authorizing the use of cash collateral through and including September 30, 2024. Order; Dckt. 37.

The Subchapter V Plan was filed on June 17, 2024, and the confirmation hearing is set for August 22, 2024. The deadline for filing Oppositions to Confirmation is August 8, 2024.

The Debtor/Debtor in Possession filed a Status Conference Report on July 18, 2024. Dckt. 39. In it the Debtor/Debtor in Possession summarizes the economic events which led up to the filing of the current Bankruptcy Case.

It is further stated that while the liquidation value for the automated carwash business and property is \$3,700,000, the Debtor/Debtor in Possession asserts that its operating value is much higher. The Debtor/Debtor in Possession does not anticipate filing any motions to value the secured claims of creditors.

The main creditor in this Bankruptcy is Patriot Bank, which has a secured claim which is asserted by the Bank to be in excess of \$3,750,000 (Opposition to Motion to Use Cash Collateral, ¶ A.2.; Dckt. 25) and the Debtor/Debtor in Possession is working with the Bank to achieve a consensual Plan.

At the Status Conference, counsel for the Debtor/Debtor in Possession reported that a stipulation has been reached for further use of cash collateral.

A Motion requesting relief from U.S. Trustee approved banks requirement in light of there not being any such banks in Yreka that will open an account for the Debtor in Possession.

The Status Conference is continued to 2:00 p.m. on September 18, 2024.

4. [24-22531-E-11](#) **R & A ENTERPRISES, LLC** **CONTINUED MOTION TO USE CASH**
[RLC-1](#) **Stephen Reynolds** **COLLATERAL AND/OR MOTION FOR**
 REPLACEMENT LIENS , MOTION FOR
 ORDER APPROVING DIP BUDGET
 6-12-24 [14]

Tentative Ruling: Oral argument may be presented by the parties at the scheduled hearing, where the parties shall address the issues identified in this tentative ruling and such other issues as are necessary and appropriate to the court's resolution of the matter.

Local Rule 9014-1(f)(1) Motion—Hearing Required.

Sufficient Notice Provided. The Proof of Service states that the Motion and supporting pleadings were served on Debtor in Possession, Debtor in Possession's Attorney, creditors, attorneys of record who have appeared in the case, parties requesting special notice, and Office of the United States Trustee on June 13, 2024. By the court's calculation, 28 days' notice was provided. 28 days' notice is required. Fed. R. Bankr. P. 4001(b)(2) (requiring fourteen days' notice); LOCAL BANKR. R. 9014-1(f)(1)(B) (requiring fourteen days' notice for written opposition).

The Motion for Authority to Use Cash Collateral has been set for hearing on the notice required by Local Bankruptcy Rule 9014-1(f)(1). Failure of the respondent and other parties in interest to file written opposition at least fourteen days prior to the hearing as required by Local Bankruptcy Rule 9014-1(f)(1)(B) is considered to be the equivalent of a statement of nonopposition. *Cf. Ghazali v. Moran*, 46 F.3d 52, 53 (9th Cir. 1995) (upholding a court ruling based upon a local rule construing a party's failure to file opposition as consent to grant a motion). The defaults of the non-responding parties and other parties in interest are entered.

<p>The Motion for Authority to Use Cash Collateral and Grant Replacement Liens is XXXXXXX.</p>
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January 23, 2025 Hearing

The court continued the hearing o this Motion, having granted authority to use cash collateral on an interim basis through February 28, 2025. Order, Docket 77.

No further pleadings have been filed for the further use of cash collateral.

At the hearing, **XXXXXXX**

REVIEW OF THE MOTION

R & A Enterprises, LLC (“Debtor/Debtor in Possession”) moves for an order approving the use of cash collateral. Debtor in Possession is a Limited Liability Company that has built and opened a car wash business in Yreka, California, called Splash and Dash Car Wash (“Car Wash”). Debtor obtained an SBA guaranteed loan from Patriot Bank, N.A. (“Creditor”), and used the proceeds to build the Car Wash and begin operations in 2022.

Creditor is secured by the real property commonly known as 1902 Fort Jones Rd., Yreka California 96097, all assets and personal property owned or acquired by Debtor in Possession, and for which John J. Richter has given his personal guarantee.

Debtor/Debtor in Possession requests the use of cash collateral to continue operations of the car wash and to administer and preserve the value of the Estate. Mot. 3:21-24, Docket 14.

Debtor/Debtor in Possession proposes to use cash collateral for the following expenses:

Proforma for Express Carwash		Splash & Dash Car Wash				YEAR 1	2024						
		PAID CARS	Total Cars	Total Cars	Total Cars	Total Cars	Total Cars	Total Cars	Total Cars	Total Cars	Total Cars	Total Cars	
		MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN			
Tremor	\$12.00	70.00%	5432	5900	6500	7100	6700	6000	5500	5000	5500		
Seismic Wash	\$16.00	10.00%	5432	6200	6800	7200	6500	5900	5000	5000	5500		
Richter Scale Wash	\$20.00	20.00%	5432	6200	6800	7200	6500	5900	5000	5000	5500		
Tremor Wash Revenue	paid washes		\$45,628.80	\$49,560.00	\$54,600.00	\$59,640.00	\$56,280.00	\$50,400.00	\$46,200.00	\$42,000.00	\$46,200.00		
Seismic Wave Revenue	paid washes		\$8,691.20	\$9,920.00	\$10,880.00	\$11,520.00	\$10,400.00	\$9,440.00	\$8,000.00	\$8,000.00	\$8,800.00		
Richter Scale Wash Revenue	paid washes		\$21,728.00	\$24,800.00	\$27,200.00	\$28,800.00	\$26,000.00	\$23,600.00	\$20,000.00	\$20,000.00	\$22,000.00		
MONTHLY UNLIMITED	\$35.00	RELOADS	\$19,250.00	\$21,000.00	\$22,750.00	\$24,500.00	\$25,375.00	\$24,500.00	\$24,500.00	\$24,500.00	\$24,500.00		
tire shine	\$5.00/CAR		\$275.00	\$275.00	\$275.00	\$275.00	\$275.00	\$275.00	\$275.00	\$275.00	\$275.00		
Total Gross Monthly Revenue			\$95,573.00	\$105,555.00	\$115,705.00	\$124,735.00	\$118,330.00	\$108,215.00	\$98,975.00	\$94,775.00	\$101,775.00		\$668,113.00
CREDIT CARD FEE	3% of Gross Revenue		\$2,867.19	\$3,166.65	\$3,471.15	\$3,742.05	\$3,549.90	\$3,246.45	\$2,969.25	\$2,843.25	\$3,053.25		\$20,043.39
Total Gross Revenue			\$92,705.81	\$102,388.35	\$112,233.85	\$120,992.95	\$114,780.10	\$104,968.55	\$96,005.75	\$91,931.75	\$98,721.75		\$648,069.61
Expenses													TOTAL EXP.
Manager /Per Month #1			\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00		\$54,000.00
Employees			\$12,000.00	\$12,000.00	\$12,000.00	\$12,000.00	\$12,000.00	\$12,000.00	\$12,000.00	\$12,000.00	\$12,000.00		\$108,000.00
PAYROLL TAX			\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00	\$3,500.00		\$31,500.00
Electric			\$8,000.00	\$8,000.00	\$8,000.00	\$8,000.00	\$8,000.00	\$8,000.00	\$8,000.00	\$8,000.00	\$8,000.00		\$72,000.00
Water			\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00		\$10,800.00
Chemical			\$3,802.40	\$4,130.00	\$4,550.00	\$4,970.00	\$4,690.00	\$4,200.00	\$3,850.00	\$3,500.00	\$3,850.00		\$37,542.40
Liability Ins.			\$2,416.00	\$2,416.00	\$2,416.00	\$2,416.00	\$2,416.00	\$2,416.00	\$2,416.00	\$2,416.00	\$2,416.00		\$21,744.00
DRB support for POS/equipment			\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00		\$13,500.00
Real Property Tax (Estimated@1.5% of land & Bldg.)			\$3,750.00	\$3,750.00	\$3,750.00	\$3,750.00	\$3,750.00	\$3,750.00	\$3,750.00	\$3,750.00	\$3,750.00		\$33,750.00
Advertising			\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00		\$9,000.00
Phone and Internet			\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00		\$4,500.00
Maintenance			\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00		\$4,500.00
SECURITY CAMERA			\$275.00	\$275.00	\$275.00	\$275.00	\$275.00	\$275.00	\$275.00	\$275.00	\$275.00		\$2,475.00
Legal and Accounting			\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00		\$4,500.00
Claims			\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00		\$2,700.00
Trash Pickup			\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00		\$5,400.00
Company paid fuel			\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00		\$15,750.00
Owners Company car insurance			\$550.00	\$550.00	\$550.00	\$550.00	\$550.00	\$550.00	\$550.00	\$550.00	\$550.00		\$4,950.00
MANAGEMENT FEE(ARNESEN)			\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00		\$22,500.00
RICHTER LOAN INTEREST			\$0.00	\$0.00	\$0.00	\$0.00	\$4,800.00	\$4,800.00	\$4,800.00	\$4,800.00	\$4,800.00		\$24,000.00
Misc.			\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00		\$13,500.00
Total Monthly Expenses			\$47,593.40	\$46,171.00	\$46,591.00	\$47,011.00	\$46,731.00	\$46,241.00	\$45,891.00	\$45,541.00	\$45,891.00		\$280,338.40
Monthly Gross Revenue			\$92,705.81	\$102,388.35	\$112,233.85	\$120,992.95	\$114,780.10	\$104,968.55	\$96,005.75	\$91,931.75	\$98,721.75		\$648,069.61
Monthly Gross Profit			\$45,112.41	\$56,217.35	\$65,642.85	\$73,981.95	\$68,049.10	\$58,727.55	\$50,114.75	\$46,390.75	\$52,830.75		\$367,731.21
BANK PAYMENT YEAR 1			\$32,000.00	\$32,000.00	\$32,000.00	\$32,000.00	\$32,000.00	\$32,000.00	\$32,000.00	\$32,000.00	\$32,000.00		\$192,000.00
Monthly Net			\$13,112.41	\$24,217.35	\$33,642.85	\$41,981.95	\$36,049.10	\$26,727.55	\$18,114.75	\$14,390.75	\$20,830.75		\$175,731.21

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Exhibit, Docket 17. Creditor would be paid \$32,000 per month during 2024 as adequate protection under this proposed budget.

Debtor/Debtor in Possession submits the Declaration of its attorney, Stephen M. Reynolds, in support. Decl., Docket 16. Mr. Reynold's testimony authenticates the budget and states the \$32,000 monthly payment is roughly the contract amount. *Id.* at ¶ 2.

CREDITOR'S OPPOSITION

Creditor submitted an Opposition on June 28, 2024. Docket 25. Creditor states that it has accelerated the loan, and the balance owing is in excess of \$3,750,000. Opp'n ¶ 2, Docket 25. Creditor argues there is no evidence showing that its interest is adequately protected. Mr. Reynolds Declaration in support of the Motion is "not based on personal knowledge, lacks foundation, and is inadmissible." *Id.* at ¶ 3.

Creditor states, if the loan were not accelerated, its monthly payment would be \$34,372.77, not \$32,000. Creditor argues the car wash machinery and equipment has limited life and Debtor/Debtor in Possession's use decreases the value. *Id.* at ¶ 5. Debtor/Debtor in Possession has failed to show its proposed payments adequately protect Creditor.

Finally, Credit requests if Debtor/Debtor in Possession is authorized to use cash collateral, it be on an interim basis and no budget is approved until Creditor consents or Debtor/Debtor in Possession provides evidence and a showing in support of a proposed budget. *Id.* at 6:13-19.

APPLICABLE LAW

Pursuant to 11 U.S.C. § 1101, a debtor in possession serves as the trustee in the Chapter 11 case when so qualified under 11 U.S.C. § 322. As a debtor in possession, the debtor in possession can use, sell, or lease property of the estate pursuant to 11 U.S.C. § 363. In relevant part, 11 U.S.C. § 363 states:

(b)(1) The trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate, except that if the debtor in connection with offering a product or a service discloses to an individual a policy prohibiting the transfer of personally identifiable information about individuals to persons that are not affiliated with the debtor and if such policy is in effect on the date of the commencement of the case, then the trustee may not sell or lease personally identifiable information to any person unless—

(A) such sale or such lease is consistent with such policy; or

(B) after appointment of a consumer privacy ombudsman in accordance with section 332, and after notice and a hearing, the court approves such sale or such lease—

(i) giving due consideration to the facts, circumstances, and conditions of such sale or such lease; and

(ii) finding that no showing was made that such sale or such lease would violate applicable nonbankruptcy law.

Federal Rule of Bankruptcy Procedure 4001(b) provides the procedures in which a trustee or a debtor in possession may move the court for authorization to use cash collateral. In relevant part, Federal Rule of Bankruptcy Procedure 4001(b) states:

(b)(2) Hearing

The court may commence a final hearing on a motion for authorization to use cash collateral no earlier than 14 days after service of the motion. If the motion so requests, the court may conduct a preliminary hearing before such 14-day period expires, but the court may authorize the use of only that amount of cash collateral as is necessary to avoid immediate and irreparable harm to the estate pending a final hearing.

DISCUSSION

Debtor/Debtor in Possession has shown that the proposed use of cash collateral is in the best interest of the Estate. The proposed use provides for Debtor/Debtor in Possession to continue and operate the business as it produces value for the Estate. Creditor will also receive a substantial monthly adequate protection payment in the amount of \$32,000, which the court finds sufficiently protects Creditor's interest in this interim period.

However, Creditor requests evidence and a showing that the proposed budget offers sufficient adequate protection payments to preserve its interest.

As Creditor points out, the testimony in support of the Debtor/Debtor in Possession's Motion is Debtor/Debtor in Possession's counsel, who testifies that:

- ★ The Debtor/Debtor in Possession His client has told him
- ★ That the Debtor/Debtor in Possession has prepare a budget
- ★ That the Debtor/Debtor in Possession says that the budget information is accurate
- ★ That counsel heard the Debtor/Debtor in Possession say that the budget has been prepared accurately
- and
- ★ That counsel testifies that he personally heard the Debtor/Debtor in Possession say the forgoing.

Declaration; Dckt. 16.

No responsible representative of the Debtor/Debtor in Possession has come forward to testify as to the financial information concerning the Debtor/Debtor in Possession, who is the fiduciary of the Bankruptcy Estate operating this business that is property of the Bankruptcy Estate. 11 U.S.C. § 541(a).

The Bankruptcy Petition is signed by John Richter as the "Managing Member" of the Debtor Limited Liability Company. Dckt. 1 at p. 4. Mr. Richter is identified as the only managing member.

Mr. Richter not providing testimony, as the responsible representative of the Debtor, caused the court some concerning. This led to the court checking the California Secretary of State's website for R & A Enterprise, LLC's registration to do business in California. The court's inquiry resulted in finding an entity named R & A Enterprises, LLC registered with the State of California, with its agent listed as Ara Tien and its principal and mailing address of 25648 Moore Lane, Stevenson Ranch, California. Stevenson Ranch, California is in Los Angeles County.

A LEXIS public records search turned up an entity named R & A Enterprises, LLC being registered in Nevada. The manager is identified as John Richter, who is listed as the manager for the Debtor in this Case. Foreign entities are required to register See Cal. Corp. Code §§ 17708.01 *et seq.* California

Corporation Code § 17708.02 provides for a foreign limited liability company to obtain a certificate or registration to transact business in California.

At the hearing, the court addressed with the Parties the issues relating to the use of cash collateral. The Subchapter V Trustee stated that he supported the requested use of Cash Collateral.

The Debtor/Debtor in Possession stated that it agreed to increase the monthly adequate protection payment to creditor Patriot Bank, N.A. to \$34,372.77.

The Motion is granted, and Debtor/Debtor in Possession is authorized to use the cash collateral for the period May, 2024, through September 30, 2024, including required monthly adequate protection payments of \$34,372.77 to Creditor Patriot Bank, N.A., with the adequate protection payments applied to its secured claim in this case. The court does not pre-judge and authorize the use of any monies for “plan payments” or use of any “profit” by Debtor/Debtor in Possession. All surplus cash collateral from the Car Wash is to be held in a cash collateral account and accounted for separately by Debtor/Debtor in Possession.

The court grants this Motion on an interim basis and continues the hearing to 11:30 a.m. on August 22, 2024, for Debtor/Debtor in Possession to file any Supplements to the Motion to extend authorization. That Supplement, if any, is due by August 15, 2024, with any opposition to be presented orally at the continued hearing.

The court grants Creditor Patriot Bank, N.A. a replacement lien in post-petition acquired assets of the same kind that are subject to its prepetition lien, to the extent that Creditor’s collateral is reduced by the cash collateral used.

October 3, 2024 Hearing

The court continued the hearing on this Motion pursuant to the parties Stipulation (Docket 44), having granted use of cash collateral through October 31, 2024. Order, Docket 46.

At the hearing, the parties advised the court that they are still working on final terms for a stipulated use of cash collateral. They requested that the court extend the authorization for use through and including November 30, 2024, on the existing terms, and continue the hearing.

The Motion for Authority to Use Cash Collateral and Grant Replacement Liens is granted on an Interim basis, on the existing terms, through and including November 30, 2024.

The hearing on the Motion is continued to 2:00 p.m. on November 13, 2024 (Specially Set day and Time).

November 13, 2024 Hearing

The court continued this hearing on this specially set day and time to allow parties to continue working on a stipulation for the use of cash collateral. The court granted the use of cash collateral on an interim basis through November 30, 2024, in the mean time. Order, Docket 68.

Nothing new has been filed with the court under this Docket Control Number as of November 7, 2024.

At the hearing, the Parties agreed to extend the use of Cash Collateral through January 2025.

The hearing is continued to 10:30 a.m. on January 23, 2025.

Counsel for the Debtor/Debtor in Possession will prepared order extending use of cash collateral, with the additional monthly budgets attached to the proposed order, and lodge said proposed order with the court.

5. [24-24433-E-7](#) **FRANK MACALUSO AND LINDA COKER-MACALUSO** **MOTION TO COMPROMISE CONTROVERSY/APPROVE SETTLEMENT AGREEMENT WITH FRANK PAUL MACALUSO AND LINDA Z COKER-MACALUSO**
[KMT-2](#) **Stephan Brown** **1-2-25 [23]**

Tentative Ruling: Oral argument may be presented by the parties at the scheduled hearing, where the parties shall address the issues identified in this tentative ruling and such other issues as are necessary and appropriate to the court's resolution of the matter.

Below is the court's tentative ruling, rendered on the assumption that there will be no opposition to the motion. If there is opposition presented, the court will consider the opposition and whether further hearing is proper pursuant to Local Bankruptcy Rule 9014-1(f)(2)(C).

Local Rule 9014-1(f)(2) Motion—Hearing Required.

Sufficient Notice Provided. The Proof of Service states that the Motion and supporting pleadings were served on Debtor, Debtor's Attorney, Chapter 7 Trustee, and Office of the United States Trustee on January 2, 2025. By the court's calculation, 21 days' notice was provided. 21 days' notice is required. FED. R. BANKR. P. 2002(a)(3) (requiring twenty-one days' notice).

The Motion for Approval of Compromise was properly set for hearing on the notice required by Local Bankruptcy Rule 9014-1(f)(2). Debtor, creditors, the Chapter 7 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 offer 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. At the hearing, -----

-----.

The Motion for Approval of Compromise is granted.
--

Nikki B. Farris, the Chapter 7 Trustee, ("Movant") requests that the court approve a compromise between the Estate and Frank Paul Macaluso and Linda Z Coker-Macaluso ("Debtor"). The compromise involves a sale of the following items of personal property back to the Debtor: the Estate's interest in a 2017 Toyota Highlander ("Highlander") and a business, Quilting Solutions, LLC ("Quilting Business").

Movant and Debtor have resolved these claims and disputes, subject to approval by the court on the following terms and conditions summarized by the court (the full terms of the Settlement are set forth in the Settlement Agreement filed as Exhibit A in support of the Motion, Dckt. 26):

1. Purchase of the Highlander. No later than January 15, 2025, the Debtors shall buy and the Trustee shall sell the bankruptcy estate's interest in the Highlander for a net purchase price of \$17,174.00.
2. No Representations or Warranties. The purchase of the Highlander shall be as is, where is, and subject to all liens and encumbrances. Further, the purchase is without representation or warranty. The Debtors acknowledge that the purchase is based on their own due diligence.
3. Purchase of the Quilting Business. No later than January 15, 2025, the Debtors shall buy and the Trustee shall sell the bankruptcy estate's interest in the Quilting Business for a net purchase price of \$8,442.00. The Business Purchase Price shall also serve to resolve any claims the Trustee may have related only to the Transfer pursuant to 11 U.S.C. sections 547, 550, and 551.
4. No Representations or Warranties. The purchase of the Quilting Business shall be as is, where is, and subject to all liens and encumbrances. Further, the purchase is without representation or warranty. The Debtors acknowledge that the purchase is based on their own due diligence.

DISCUSSION

Approval of a compromise is within the discretion of the court. *U.S. v. Alaska Nat'l Bank of the North (In re Walsh Constr.)*, 669 F.2d 1325, 1328 (9th Cir. 1982). When a motion to approve compromise is presented to the court, the court must make its independent determination that the settlement is appropriate. *Protective Comm. for Indep. S'holders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424–25 (1968). In evaluating the acceptability of a compromise, the court evaluates four factors:

1. The probability of success in the litigation;
2. Any difficulties expected in collection;
3. The complexity of the litigation involved and the expense, inconvenience, and delay necessarily attending it; and
4. The paramount interest of the creditors and a proper deference to their reasonable views.

In re A & C Props., 784 F.2d 1377, 1381 (9th Cir. 1986); *see also In re Woodson*, 839 F.2d 610, 620 (9th Cir. 1988).

Movant argues that the four factors have been met.

Probability of Success

Trustee argues that the probability of success in litigation is very high; however, this Agreement is in the best interest of the Estate as the Trustee is going to recover the entire amount of a prepetition transfer in the amount of \$8,442 (“Transfer”) made to the Quilting Business. This factor weighs in favor of approval. Mot. 4:4-7. Docket 23.

Difficulties in Collection

This factor weighs in favor of the Agreement. While the Quilting Business currently holds the amount of the Transfer in a deposit account, the funds could be dissipated. The Agreement avoids the dissipation and provides for the recovery of the funds transferred. *Id.* at 4:9-11.

Expense, Inconvenience, and Delay of Continued Litigation

This factor supports the Agreement. If the Trustee were forced to litigate the issues related to the Transfer, litigation would be expensive and inconvenient when compared to the terms of the Agreement. The cost of litigation would exceed the potential recovery, and the Agreement provides for the full return of the amount transferred. *Id.* at 4:13-16.

Paramount Interest of Creditors

This factor also weighs in favor of the Agreement. It is the Trustee's opinion that the Agreement is in the best interest of the estate, particularly considering that the Agreement provides for a recovery of the full amount transferred without unnecessary and expensive litigation. *Id.* at 4:18-20.

Consideration of Additional Offers

At the hearing, the court announced the proposed settlement and requested that any other parties interested in making an offer to Movant to purchase or prosecute the property, claims, or interests of the estate present such offers in open court. At the hearing -----.

Upon weighing the factors outlined in *A & C Props* and *Woodson*, the court determines that the compromise is in the best interest of the creditors and the Estate because the Estate will be avoiding necessary litigation while recovering the full amount of the Transfer made to the Quilting Business. The Motion is granted.

The court shall issue an order substantially in the following form holding that:

Findings of Fact and Conclusions of Law are stated in the Civil Minutes for the hearing.

The Motion to Approve Compromise filed by Nikki B. Farris, the Chapter 7 Trustee, (“Movant”) having been presented to the court, and upon review of the pleadings, evidence, arguments of counsel, and good cause appearing,

IT IS ORDERED that the Motion for Approval of Compromise between Movant and Frank Paul Macaluso and Linda Z Coker-Macaluso (“Debtor”) is granted, and the respective rights and interests of the parties are settled on the terms set forth in the executed Settlement Agreement filed as Exhibit A in support of the Motion (Dckt. 26). The material terms of the Agreement are as follows:

- a. Purchase of the Highlander. No later than January 15, 2025, the Debtors shall buy and the Trustee shall sell the bankruptcy estate's interest in the Highlander for a net purchase price of \$17,174.00.
- b. No Representations or Warranties. The purchase of the Highlander shall be as is, where is, and subject to all liens and encumbrances. Further, the purchase is without representation or warranty. The Debtors acknowledge that the purchase is based on their own due diligence.
- c. Purchase of the Quilting Business. No later than January 15, 2025, the Debtors shall buy and the Trustee shall sell the bankruptcy estate's interest in the Quilting Business for a net purchase price of \$8,442.00. The Business Purchase Price shall also serve to resolve any claims the Trustee may have related only to the Transfer pursuant to 11 U.S.C. sections 547, 550, and 551.
- d. No Representations or Warranties. The purchase of the Quilting Business shall be as is, where is, and subject to all liens and encumbrances. Further, the purchase is without representation or warranty. The Debtors acknowledge that the purchase is based on their own due diligence.

Tentative Ruling: Oral argument may be presented by the parties at the scheduled hearing, where the parties shall address the issues identified in this tentative ruling and such other issues as are necessary and appropriate to the court's resolution of the matter.

Local Rule 9014-1(f)(1) Motion—Hearing Required.

Sufficient Notice not Provided. The Proof of Service states that the Motion and supporting pleadings were served on all creditors and parties in interest on December 23, 2024. By the court's calculation, 31 days' notice was provided. 42 days' notice is required. FED. R. BANKR. P. 2002(b) (requiring twenty-eight days' notice); LOCAL BANKR. R. 9014-1(f)(1)(B) (requiring fourteen days' notice for written opposition). Movant is 11 days late of the required notice period. At the hearing, **XXXXXXX**

The Motion to Approve Disclosure Statement has been set for hearing on the notice required by Local Bankruptcy Rule 9014-1(f)(1). Failure of the respondent and other parties in interest to file written opposition at least fourteen days prior to the hearing as required by Local Bankruptcy Rule 9014-1(f)(1)(B) is considered to be the equivalent of a statement of nonopposition. *Cf. Ghazali v. Moran*, 46 F.3d 52, 53 (9th Cir. 1995) (upholding a court ruling based upon a local rule construing a party's failure to file opposition as consent to grant a motion). The defaults of the non-responding parties and other parties in interest are entered.

The Motion to Approve Disclosure Statement is denied without prejudice.

REVIEW OF THE DISCLOSURE STATEMENT

Case filed: September 17, 2024

Background: Rayani Holdings, LLC ("Debtor in Possession") is a California Limited Liability Company first organized in June 2023. Debtor was organized to purchase and develop certain real property located in Lincoln, California (APN 021-274-054-000 and 021-274-057-000 hereinafter "Property") which is approximately 8.85 acres. Debtor has obtained a tentative map splitting the two parcels into six, progress toward a final map is being made. The Property is well located and in the path of development. Debtor has employed an experienced commercial real estate broker who is actively marketing the Property. The Property is listed at \$7,700,000 and the broker is in communication with a number of qualified buyers.

The Property was purchased for \$5,500,000 in June 2023. There was a down payment of \$1,000,000 and take back financing of \$4,500,000 all due and payable in one year. The case was filed due to Debtor in Possession defaulting on monthly payments on its loan in Spring of 2024.

Creditor/Class	Treatment	
Class 1: JAS Land Fund 1, LLC	Claim Amount	XXXXXXX
	Impairment	Yes
	The secured claim of JAS Land Fund 1, LLC (“Creditor”) is a first priority deed of trust secured by the Property APN 021-274-054-000 and 021-274-057-000 Lincoln, California. It shall be paid in full upon the sale of the real property	
Class 2: General Unsecured Claims	Claim Amount	XXXXXXX
	Impairment	Yes
	The allowed general unsecured claims will be paid upon the sale of the real property. No general unsecured claims have been identified.	
Class 3: Interest of the Debtor	Claim Amount	XXXXXXX
	Impairment	Yes
	The property of the estate shall revert to the Debtor upon the Plan Effective Date.	

A. C. WILLIAMS FACTORS PRESENT

- ☐ Y ☐ Incidents that led to filing Chapter 11
- ☐ Y ☐ Description of available assets and their value
- ☐ Y ☐ Anticipated future of Debtor
- ☐ Y ☐ Source of information for D/S
- ☐ Y ☐ Disclaimer
- ☐ Y ☐ Present condition of Debtor in Chapter 11
- ☐ N ☐ Listing of the scheduled claims
- ☐ Y ☐ Liquidation analysis
- ☐ N ☐ Identity of the accountant and process used
- ☐ Y ☐ Future management of Debtor

__N__ The Plan is attached

In re A. C. Williams Co., 25 B.R. 173 (Bankr. N.D. Ohio 1982); *see also In re Metrocraft Pub. Servs., Inc.*, 39 B.R. 567 (Bankr. N.D. Ga. 1984).

OBJECTIONS

JAS Land Fund 1, LLC, Secured Creditor

Creditor is objecting to Debtor's proposed combined plan of reorganization for the following reasons:

1. The Disclosure Statement fails to provide adequate information. Specifically, the Plan omits any key details about the Plan of reorganization, fails to include deadlines, and is vague in its terms. The Plan merely states the Debtor in Possession intends to market and sell the Property, which is nothing more than wishful thinking. Opp'n 2:22-28, Docket 48.
2. The proposed Plan is not confirmable for the same reasons as above, so the court should not approve the Disclosure Statement. *Id.* at 3:18-4:6.

U.S. Trustee's Opposition

Tracy Hope Davis, the U.S. Trustee ("U.S. Trustee") filed her Opposition on January 8, 2025. Docket 50. U.S. Trustee objects on the following grounds:

1. Neither the Plan nor the Disclosure Statement appear to address the treatment of Placer County's secured claim of more than \$168,000. *Id.* at 2:4-5.
2. Neither the Plan nor the Disclosure Statement expressly address the expected timing of distributions to general unsecured creditors. The Plan states only that Class 2 general unsecured creditors "will be paid upon the sale of the real property." Further, although the Plan states that no general unsecured claims "have been identified," it appears that the IRS, the FTB, and Frayji Design Group each have modest general unsecured claims. *Id.* at 2:6-9.
3. Neither the Plan nor the Disclosure Statement address the payment of post-confirmation quarterly fees under 28 U.S.C. 1930(a)(6) or the filing of post-confirmation quarterly reports. *Id.* at 2:10-12.
4. Neither the Plan nor the Disclosure Statement address the Debtor's failure to file monthly operating reports for September 2024, October 2024, and November 2024, as required by Local Rule 2015-1. *Id.* at 2:12-14.

APPLICABLE LAW

Before a disclosure statement may be approved after notice and a hearing, the court must find that the proposed disclosure statement contains “adequate information” to solicit acceptance or rejection of a proposed plan of reorganization. 11 U.S.C. § 1125(b).

“Adequate information” means information of a kind, and in sufficient detail, so far as is reasonably practicable in light of the nature and history of the debtor and the condition of the debtor’s books and records, that would enable a hypothetical reasonable investor typical of the holders of claims against the estate to make a decision on the proposed plan of reorganization. 11 U.S.C. § 1125(a).

Courts have developed lists of relevant factors for the determination of adequate disclosure. *E.g., In re A. C. Williams, supra.*

There is no set list of required elements to provide adequate information per se. A case may arise where previously enumerated factors are not sufficient to provide adequate information. Conversely, a case may arise where previously enumerated factors are not required to provide adequate information. *In re Metrocraft Pub. Servs., Inc.*, 39 B.R. 567 (Bank. N.D. Ga. 1984). “Adequate information” is a flexible concept that permits the degree of disclosure to be tailored to the particular situation, but there is an irreducible minimum, particularly as to how the plan will be implemented. *Official Comm. of Unsecured Creditors v. Michelson*, 141 B.R. 715, 718–19 (Bankr. E.D. Cal. 1992).

The court should determine what factors are relevant and required in light of the facts and circumstances surrounding each particular case. *In re East Redley Corp.*, 16 B.R. 429 (Bankr. E.D. Pa. 1982).

The court begins its analysis with the statutory requirements of 11 U.S.C. § 1125 for a disclosure statement. Solicitation of an acceptance or rejection of a plan may be made with a written disclosure statement which was approved by the court. The disclosure statement must provide “adequate information.” The term “adequate information” is defined in 11 U.S.C. § 1125(a)(1) to be,

(1) “adequate information” means information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the debtor and the condition of the debtor’s books and records, including a discussion of the potential material Federal tax consequences of the plan to the debtor, any successor to the debtor, and a hypothetical investor typical of the holders of claims or interests in the case, that would enable such a hypothetical investor of the relevant class to make an informed judgment about the plan, but adequate information need not include such information about any other possible or proposed plan and in determining whether a disclosure statement provides adequate information, the court shall consider the complexity of the case, the benefit of additional information to creditors and other parties in interest, and the cost of providing additional information;...

Determination of whether there is “adequate information” is a subjective determination made by the bankruptcy court on a case by case basis. *In re Texas Extrusion Corp.*, 844 F.2d 1142 (5th Cir. 1988), *cert. denied* 488 U.S. 926 (1988). Non-bankruptcy rules and regulations concerning disclosures do not govern the determination of whether a disclosure statement provides adequate information. 11 U.S.C. § 1125(d); *Yell Forestry Products, Inc. v. First State Bank*, 853 F.2d 582 (8th Cir. 1988).

DISCUSSION

The court finds that adequate information has not been provided in this case. The Disclosure Statement and Plan state that there are no general unsecured claims identified. However, The claims registry reveals three have been filed to date. POCs 1-1, 2-1, and 4-1. Moreover, the Disclosure Statement and Plan entirely neglect to provide for the secured claim of Placer County in the amount of \$168,366.25. POC 3-1.

The Disclosure Statement states as the means for implementing the Plan:

Debtor shall continue to actively market the real property of the estate. Management is also pursuing finalization of the existing tentative map that will allow the sale of separate parcels. Management reserves the right to obtain new financing or equity that will pay the claims in this case.

Disclosure Statement 9:16-21, Docket 43.

This statement fails to provide interested parties with any time line on progress or details surrounding the sale. It appears the Plan is going to be a liquidation plan, but that also there may be a refinancing to pay creditors in the future. The Disclosure Statement is vague and does not provide adequate information.

Moreover, Debtor in Possession has not timely filed monthly operating reports for September, October, and November of 2024.

At the hearing, **XXXXXX**

The court shall issue an order substantially in the following form holding that:

Findings of Fact and Conclusions of Law are stated in the Civil Minutes for the hearing.

The Motion to Approve Disclosure Statement filed by Rayani Holdings, LLC (“Debtor in Possession”), having been presented to the court, and upon review of the pleadings, evidence, arguments of counsel, and good cause appearing,

IT IS ORDERED that the Motion to Approve Disclosure Statement is denied without prejudice.

Tentative Ruling: Oral argument may be presented by the parties at the scheduled hearing, where the parties shall address the issues identified in this tentative ruling and such other issues as are necessary and appropriate to the court’s resolution of the matter.

Below is the court’s tentative ruling, rendered on the assumption that there will be no opposition to the motion. If there is opposition presented, the court will consider the opposition and whether further hearing is proper pursuant to Local Bankruptcy Rule 9014-1(f)(2)(C).

Local Rule 9014-1(f)(2) Motion—Hearing Required.

Sufficient Notice Provided. The Proof of Service states that the Motion and supporting pleadings were served on Debtor, Chapter 12 Trustee, attorneys of record, creditors that have filed claims, and office of the U.S. Trustee on January 8, 2025. By the court’s calculation, 15 days’ notice was provided. 14 days’ notice is required.

The Motion to Incur Debt was properly set for hearing on the notice required by Local Bankruptcy Rule 9014-1(f)(2). Debtor, creditors, the Chapter 12 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 offer 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.

The Motion to Incur Debt is granted.

Hardave Singh Dulai and Sukhbinder Kaur Dulai (“Debtor in Possession”) seeks permission to purchase a replacement work truck. The funds to purchase the vehicle are derived from the related Motion to Compromise that the court granted on December 19, 2024. Order, Docket 283.

A motion to incur debt is governed by Federal Rule of Bankruptcy Procedure 4001(c). *In re Gonzales*, No. 08-00719, 2009 WL 1939850, at *1 (Bankr. N.D. Iowa July 6, 2009). Rule 4001(c) requires that the motion list or summarize all material provisions of the proposed credit agreement, “including interest rate, maturity, events of default, liens, borrowing limits, and borrowing conditions.” FED. R. BANKR. P. 4001(c)(1)(B). Moreover, a copy of the agreement must be provided to the court. *Id.* at 4001(c)(1)(A). The court must know the details of the collateral as well as the financing agreement to adequately review post-confirmation financing agreements. *In re Clemons*, 358 B.R. 714, 716 (Bankr. W.D. Ky. 2007).

Debtor in Possession need not actually incur any additional debt in order to make the purchase, using funds from the Motion to Compromise. 11 U.S.C. § 363(b) permits the Debtor in Possession to use property of the estate outside the ordinary course of business after a noticed hearing.

Purchase of a New Vehicle

The Debtor in Possession has requested that the court authorize the use of the Settlement proceeds to purchase a brand new or relatively new vehicle, paying the top dollar for an asset which will suffer great depreciation during the first three years of ownership. The court expressed the same reservations in denying a previous version of this Motion. *See Order, Docket 283.*

Debtor in Possession has provided the court with six potential replacement vehicles ranging in price from \$81,988 to \$89,971. Exs. 1-6, Docket 290. Three of those trucks are new, three of those trucks are used. The used trucks are only a few thousand dollars less than the new trucks. All models are either 2024 or 2025 trucks.

Debtor in Possession states as a reason for preferring to buy a new replacement truck:

Given the market for used potential replacement trucks with Goose Neck towing packages is limited and Debtors do not want to purchase a replacement truck to only have more problems. Purchasing a potentially unreliable replacement truck or a truck that is used with high mileage is not in the best interest of the estate and a breach of fiduciary duty. The Lemon Law Settlement funds are to make the Debtors and Estate whole by compensating for the purchase a new 2017 Dodge Ram that turned out to be a lemon. Debtors believe based upon the potential replacement trucks available, new versus used, the most prudent use of the funds is the purchase of new truck with no mileage, no abuse, full warranty, eligibility for lemon law claims, and the price of good quality used potential replacement trucks is the same or more given there are no dealer incentives or discounts for used trucks.

Mot. 4:17-26, Docket 288.

Debtor in Possession further explains that they need the goose neck towing package “for their existing equipment trailers, safety, and Goose Neck tow packages allow for higher towing weights and tongue weights the Debtors must have to continue normal farming operations.” *Id.* at 3:13-15. The need for the goose neck towing package is limiting potential replacements.

Debtor in Possession further explains that there are risks with purchasing a used vehicle. Debtor in Possession states:

- a. There is limited inventory available meaning higher prices
- b. Little or no warranty
- c. Repair cost will be incurred rather than covered by warranty
- d. May need tires and brakes replaced
- e. Useful life of a truck with mileage is diminished
- f. Day to day driving will accumulate to 40-45,000 miles per year
- g. Trucks with high mileage have already lost 1-3 years of useful life

Id. at 3:17-21.

At the hearing, **XXXXXXX**

The court shall issue an order substantially in the following form holding that:

Findings of Fact and Conclusions of Law are stated in the Civil Minutes for the hearing.

The Motion to Incur Debt filed by Hardave Singh Dulai and Sukhbinder Kaur Dulai (“Debtor in Possession”) having been presented to the court, and upon review of the pleadings, evidence, arguments of counsel, and good cause appearing,

IT IS ORDERED that the Motion is granted, and Hardave Singh Dulai and Sukhbinder Kaur Dulai are authorized to incur debt to purchase a replacement work truck similar to the trucks included as Exhibits at Docket 290.

Tentative Ruling: Oral argument may be presented by the parties at the scheduled hearing, where the parties shall address the issues identified in this tentative ruling and such other issues as are necessary and appropriate to the court's resolution of the matter.

Below is the court's tentative ruling, rendered on the assumption that there will be no opposition to the motion. If there is opposition presented, the court will consider the opposition and whether further hearing is proper pursuant to Local Bankruptcy Rule 9014-1(f)(2)(C).

Local Rule 9014-1(f)(3) Motion—Hearing Required.

Sufficient Notice Provided. The Proof of Service states that the Motion and supporting pleadings were served on creditors holding allowed secured claims and Office of the United States Trustee on January 8, 2025. By the court's calculation, 15 days' notice was provided. The court set the hearing for January 23, 2025. Dckt. 75.

The Motion to Sell Property was properly set for hearing on the notice required by Local Bankruptcy Rule 9014-1(f)(3). Debtor, creditors, 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 offer 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. At the hearing -----.

<p>The Motion to Sell Property is granted.</p>

The Bankruptcy Code permits Diamond K LLC, Debtor in Possession, ("Movant") to sell property of the estate after a noticed hearing. 11 U.S.C. § 363. Here, Movant proposes to sell the real property commonly known as 623 N. Rexford Dr., Beverly Hills, California, 90210 ("Property").

The proposed purchaser of the Property is Estelle Arlene Marco, and the terms of the sale are:

1. Buyer. Estelle Arlene Marco.
2. Property to be Sold. The Property, i.e., the real property located at 623 N. Rexford Dr., Beverly Hills, California, 90210.
3. Sale Price. The sale price for the Property is \$5,500,000, payable at closing.
4. Closing Deadline. The closing is to occur within five (5) days after the Court's entry of an order approving the sale.

5. “As is” Sale. The Buyer is acquiring the Property on an “as is” and “where is” basis without representations, warranties or recourse whatsoever.
6. Free and Clear. The sale of the Property to Buyer shall be free and clear of any liens pursuant to 11 U.S.C. § 363(f).
7. Escrow Fees. The Debtor and Buyer are to each pay their own escrow fees.
8. Non-Contingent. The Buyer has waived loan and appraisal contingencies. The sole contingency to the sale is this Court's approval.
9. Court Approval. The Agreement is subject to this Court's approval.
10. Broker Compensation. On December 18, 2024, the Debtor filed its application to employ The Oppenheim Group (the "Broker") as real estate broker regarding the Property [Docket No. 42]. Pursuant to the listing agreement with the Broker, the Broker's compensation will be 5% of the Sale Price as the Broker represents both the Debtor, subject to the Court's approval, and the Buyer.

Mot. 7:12-8:2, Docket 66.

Sale Free and Clear of Liens

The Motion seeks to sell the Property free and clear of liens. The Bankruptcy Code provides for the sale of estate property free and clear of liens in the following specified circumstances,

(f) The trustee [, debtor in possession, or Chapter 13 debtor] may sell property under subsection (b) or (c) of this section free and clear of any interest in such property of an entity other than the estate, only if–

(1) applicable nonbankruptcy law permits sale of such property free and clear of such interest;

(2) such entity consents;

(3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;

(4) such interest is in bona fide dispute; or

(5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f)(1)–(5).

For this Motion, Movant requests the Motion be sold free and clear of liens pursuant to 11 U.S.C. § 363(f)(1), (2), and (5). Movant identifies the following liens against the Property:

1. Unpaid property taxes in the amount of \$103,618.12. Ex. 1 at 3, Docket 66.
2. The Property is secured by a senior note and deed of trust (the “First Mortgage”) in favor of California TD Specialists (“California TD”) as Trustee, and the following persons as Holders/Beneficiaries/Secured Parties (collectively, the “First Mortgage Beneficiaries”): Baroody Joseph Family Living Trust; Steven Kay Living Trust, Steven Kay Trustee; Lisa G. Dungan Family Trust U/A dated 12/28/2005; Benton 777, LLC; Carmelina Avenue LLC; Provident Trust Group FBO Richard Graddis SEP-IRA #3403107; Sheldon Stein Living Trust, Sheldon Stein, Trustee; Stanley A. Davis; and Peter Andrew Soli. The note was arranged by Private Money Solutions, Inc. The First Mortgage is in the amount of \$3,500,000.00. Ex. 1 at 4, Docket 66.
3. The Property is secured by a second note and deed of trust (the “Second Mortgage”) in favor of California TD as Trustee, and the following persons as Holders/Beneficiaries/Secured Parties (collectively, the “Second Mortgage Beneficiaries”): The Juliet Alcasid Family Trust; Igya Demirci; Andrew L. Jones Defined Benefit Plan; Andrew Louis Jones, Trustee of The Groundhog Trust dated Feb 2, 2022 and any Amendments Thereto; and PMS. The second note was also arranged by PMS. The Second Mortgage is in the amount of \$1,400,000.00. Ex. 1 at 4, Docket 66.

No Claims have yet been filed in the case. Debtor in Possession states the First Mortgage Beneficiaries will be paid in full the allowed amount of their claim from the proposed sale of the Property. However, Debtor in Possession has been in communication with the Second Mortgage Beneficiaries and has learned they would accept the sale if the broker is paid a 4% commission. Mot. 6:21-23, Docket 66.

11 U.S.C. § 363(f)(1)

Movant argues the Property may be sold free and clear pursuant to 11 U.S.C. § 363(f)(1) because the availability of a foreclosure sale under state law satisfies 11 U.S.C. § 363(f)(1). Movant cites to the case *Matter of Spanish Peaks Holdings II, LLC*, 872 F.3d 892, 900 (9th Cir. 2017) (“Section 363(f)(1) does not require an actual or anticipated foreclosure sale. It is satisfied if such a sale would be legally permissible.”).

That case does not stand for the proposition that the liens described here can be avoided pursuant to 11 U.S.C. § 363(f)(1). The interests to be avoided in *Spanish Peaks* were actually leases. *Id.* The liens to be avoided here would be tax liens and mortgages, of a different nature than the interests described in *Spanish Peaks*.

Collier’s Treatise states on the subject:

The trustee may sell property of the estate free of liens or other interests when applicable nonbankruptcy law permits such a sale free of liens and interests. For example, the Uniform Commercial Code authorizes sales of inventory in the ordinary course of business free and clear of a security interest. In *Rose v. Carlson (In re Rose)*, the court held that the trustee could sell real property free and clear of the life estate of the grantor when the grantee-debtor had the right of immediate use and

enjoyment of the property, which under Missouri law allowed sale free and clear when necessary to protect the rights and interests of all parties concerned against depreciation and loss. A court may authorize sale free and clear under paragraph (1) when the nonbankruptcy law by its terms relieves a successor from ongoing obligations associated with the property, the court thereby effectively making a determination, binding on future claimants, that the relief provision of the other law applies. Similarly, where a debtor may sell property to a buyer in the ordinary course of business free and clear of a nonpossessory security interest, such as under section 9-320 of the Uniform Commercial Code, the combination of sections 363(c) and 363(f)(1) permits the estate's sale free and clear of property in the ordinary course of business during a bankruptcy case.

3 COLLIER ON BANKRUPTCY ¶ 363.06. Movant has provided applicable law where a junior lien is extinguished in a foreclosure sale. Mot. 10:18-27; Cal. Civ. Pro. Code § 701.630. The term is referred to as a “sold-out junior lienor,” where the junior lien is extinguished by the junior lienor has a personal action against the judgment debtor. *Robin v. Crowell*, 270 Cal. Rptr. 3d 25, 35 (Cal. Ct. App. 2020); see 4 Witkin, Summary 11th Sec Trans--Real § 196 (2024). Therefore, should the Second Mortgage Beneficiaries not consent, their liens may be subject to a sale free and clear.

At the hearing, **XXXXXXX**

11 U.S.C. § 363(f)(2)

Debtor in Possession anticipates this will be a consensual sale and the lienholders will consent to releasing their liens. In determining if the lienholders consent to the sale pursuant to 11 U.S.C. § 363(f)(2), at the hearing, **XXXXXXX**

11 U.S.C. § 363(f)(5)

Movant appeals to this section again based on the fact that a sold-out junior lienor may be compelled to accept a money satisfaction in place of its secured interest, even in the event where the creditor is receiving less than what its secured interest may be. Mot. 12:18-13:10.

However, Collier's Treatise states:

Applicable nonbankruptcy law may recognize a monetary satisfaction when the lienholder is to be paid in full out of the proceeds of the sale or otherwise. Thus, a sale free of a first mortgage might be approved when the proceeds are sufficient to pay in full the first mortgagee and the second mortgagee has consented to the sale. In such a circumstance, the Bankruptcy Code's authorization of a sale free and clear of the first lien adds little to the trustee's ability to sell.

One question is whether a trustee may sell the property for less than the value of the lien or interest and compel the holder to accept an amount equal to the proceeds of the sale. Under the Uniform Commercial Code, the holder of a security interest may be limited to a money satisfaction equal to the value of the collateral when collateral is sold to a buyer in the ordinary course of business. It appears that a trustee may,

similarly, sell collateral free of a security interest when the sale is to a buyer in ordinary course, with the interest attaching to the proceeds of the sale.

However, when the sale is not in the ordinary course of business, a security interest continues in the collateral into the hands of a buyer. The secured party's interest in proceeds does not serve as satisfaction of the security interest. Thus, it would appear that the court may not be able to order a sale out of the ordinary course free of a security interest unless it can find some other basis for maintaining that there was a sufficient money satisfaction or one of the other grounds listed in section 363(f) is satisfied. Similarly, because a lien on real estate continues into the hands of a buyer, it appears that a trustee should not be able to sell real estate free of a lien unless the trustee can assert a basis for finding a money satisfaction or one of the other grounds of section 363(f) is satisfied—for example, under a release price provision.

(emphasis added). At the hearing, **XXXXXXX**

Debtor in Possession's final request is that, in the event that the Second Mortgage Beneficiaries refuse to consent to the sale, then the Debtor requests that it nonetheless be permitted to sell the Property free and clear of liens, with liens attaching to the proceeds, pursuant to § 363(f)(5). Mot. 13:6-10. This request appears reasonable to the court, the second Mortgage Beneficiaries having their lien exist through the sale but attach to the proceeds instead.

DISCUSSION

At the time of the hearing, the court announced the proposed sale and requested that all other persons interested in submitting overbids present them in open court. At the hearing, the following overbids were presented in open court: **XXXXXXX**.

Based on the evidence before the court, the court determines that the proposed sale is in the best interest of the Estate because Debtor in Possession can liquidate the Property and pay its secured creditors. Debtor in Possession requests the court find that Buyer is a good faith buyer pursuant to 11 U.S.C. § 363(m). The court finds, based on the record showing this sale to be product of arm's-length discussions between the Debtor and her professionals and the Buyer, that Buyer is a good faith purchaser pursuant to 11 U.S.C. § 363(m).

Movant has estimated that a five percent broker's commission from the sale of the Property will equal approximately \$275,000. However, the Second Mortgage Beneficiaries may oppose this price, instead asking for a price of four percent commission in the amount of \$220,000. At the hearing, **XXXXXXX**

As part of the sale in the best interest of the Estate, the court permits Movant to pay the broker an amount not more than **XXXXXXX** percent commission.

Request for Waiver of Fourteen-Day Stay of Enforcement

Federal Rule of Bankruptcy Procedure 6004(h) stays an order granting a motion to sell for fourteen days after the order is entered, unless the court orders otherwise. Movant requests that the court

grant relief from the Rule as adopted by the United States Supreme Court for no particular reason. However, as Debtor in Possession is moving to close the sale to avoid having the Property go into foreclosure, the court finds waiver is warranted.

Movant has pleaded adequate facts and presented sufficient evidence to support the court waiving the fourteen-day stay of enforcement required under Federal Rule of Bankruptcy Procedure 6004(h), and this part of the requested relief is granted.

Counsel the Debtor in Possession shall prepare a proposed order, consistent with the following, obtain approval of the form of the title and escrow company for the sale, and lodge the proposed order with the court.

Findings of Fact and Conclusions of Law are stated in the Civil Minutes for the hearing.

The Motion to Sell Property filed by Diamond K LLC, Debtor in Possession, (“Movant”) having been presented to the court, and upon review of the pleadings, evidence, arguments of counsel, and good cause appearing,

IT IS ORDERED that the Motion is granted, and Diamond K LLC, Debtor in Possession, is authorized to sell pursuant to 11 U.S.C. § 363(b) and (f)(1), (2) to Estelle Arlene Marco or nominee (“Buyer”), the Property commonly known as 623 N. Rexford Dr., Beverly Hills, California, 90210 (“Property”), on the following terms:

- A. The Property shall be sold to Buyer for \$5,500,000, on the terms and conditions set forth in the Purchase Agreement, Exhibit 2 to the Motion, Dckt. 66, and as further provided in this Order.
- B. The sale proceeds shall first be applied to closing costs, real estate commissions, prorated real property taxes and assessments, liens, and other customary and contractual costs and expenses incurred to effectuate the sale.
- C. The Property is sold free and clear of the lien of California TD as Trustee, and the following persons as Holders/Beneficiaries/Secured Parties: The Juliet Alcasid Family Trust; Igya Demirci; Andrew L. Jones Defined Benefit Plan; Andrew Louis Jones, Trustee of The Groundhog Trust dated Feb 2, 2022 and any Amendments Thereto; and Private Money Solutions, Inc., Creditor asserting a secured claim, pursuant to 11 U.S.C. § 363(f)(2), with the lien of such creditor attaching to the proceeds. Debtor in Possession shall hold the sale proceeds; after payment of the closing costs, other secured claims, and amount provided in this order; pending further order of the court.
- D. Debtor in Possession is authorized to execute any and all documents reasonably necessary to effectuate the sale.

E. Debtor in Possession is authorized to pay a real estate broker's commission in an amount not more than **XXXXXX** percent of the actual purchase price upon consummation of the sale. The **XXXXXX** percent commission shall be paid to Debtor's in Possession broker, Jason Oppenheim of the Oppenheim Group.

IT IS FURTHER ORDERED that the fourteen-day stay of enforcement provided in Federal Rule of Bankruptcy Procedure 6004(h) is waived for cause.

No other relief is granted.

FINAL RULINGS

9. [22-22625-E-7](#)

JASON/CHRISTINE EATMON
Bruce Dwiggin

TRUSTEE'S FINAL REPORT
11-25-24 [\[141\]](#)

Final Ruling: No appearance at the January 23, 2025 hearing is required.

The Hearing on the Trustee's Final Report is dismissed without prejudice.

Geoffrey Richards ("the Chapter 7 Trustee") having filed an *Ex Parte* Motion to Dismiss the pending Hearing on January 7, 2025, Dckt. 149; no prejudice to the responding party appearing by the dismissal of the Hearing; the Chapter 7 Trustee having the right to request dismissal pursuant to Federal Rule of Civil Procedure 41(a)(2) and Federal Rules of Bankruptcy Procedure 9014 and 7041; and the dismissal being consistent with the opposition filed by Daniel and Roseanne Lockwood ("Creditor"); the *Ex Parte* Motion is granted, the Chapter 7 Trustee's Hearing on the Final Report is dismissed without prejudice, and the court removes this Hearing from the calendar.

The court shall issue an order substantially in the following form holding that:

Findings of Fact and Conclusions of Law are stated in the Civil Minutes for the hearing.

The Hearing on the Trustee's Final Report filed by Geoffrey Richards ("the Chapter 7 Trustee") having been presented to the court, the Chapter 7 Trustee having requested that the Hearing itself be dismissed pursuant to Federal Rule of Civil Procedure 41(a)(2) and Federal Rules of Bankruptcy Procedure 9014 and 7041, Dckt. 149, and upon review of the pleadings, evidence, arguments of counsel, and good cause appearing,

IT IS ORDERED that the Hearing on the Trustee's Final Report is dismissed without prejudice.

Final Ruling: No appearance at the January 23, 2025 hearing is required.

Local Rule 9014-1(f)(1) Motion—No Opposition Filed.

Sufficient Notice Provided. The Proof of Service states that the Motion and supporting pleadings were served on Chapter 7 Trustee, creditors, and Office of the United States Trustee on December 12, 2024. By the court’s calculation, 42 days’ notice was provided. 28 days’ notice is required.

The Motion to Avoid Judicial Lien has been set for hearing on the notice required by Local Bankruptcy Rule 9014-1(f)(1). Failure of the respondent and other parties in interest to file written opposition at least fourteen days prior to the hearing as required by Local Bankruptcy Rule 9014-1(f)(1)(B) is considered to be the equivalent of a statement of nonopposition. *Cf. Ghazali v. Moran*, 46 F.3d 52, 53 (9th Cir. 1995) (upholding a court ruling based upon a local rule construing a party’s failure to file opposition as consent to grant a motion). Further, because the court will not materially alter the relief requested by the moving party, an actual hearing is unnecessary. *See Law Offices of David A. Boone v. Derham-Burk (In re Eliapo)*, 468 F.3d 592, 602 (9th Cir. 2006). Therefore, the defaults of the non-responding parties and other parties in interest are entered. Upon review of the record, there are no disputed material factual issues, and the matter will be resolved without oral argument. The court will issue its ruling from the parties’ pleadings.

The Motion to Avoid Judicial Lien is granted.

This Motion requests an order avoiding the judicial lien of Portfolio Recovery Associates, LLC (“Creditor”) against property of the debtor, Thu Yen Huynh and Hong Duy Vuong (“Debtor”) commonly known as 2901 Highgate Lane, Tracy, California (“Property”).

A judgment was entered against Debtor in favor of Creditor in the amount of \$2,802.40. Exhibit A, Dckt. 39. An abstract of judgment was recorded with San Joaquin County on August 2, 2023, that encumbers the Property. *Id.*

Pursuant to Debtor’s Schedule A, the subject real property has an approximate value of \$600,000.00 as of the petition date. Schedule A at 10, Docket 1. The unavoidable consensual liens that total \$243,021.00 as of the commencement of this case are stated on Debtor’s Schedule D. Am. Schedule D at 8, Docket 14. Debtor has claimed an exemption pursuant to California Code of Civil Procedure § 704.730 in the amount of \$400,000.00 on Schedule C. Am. Schedule C at 4, Docket 14.

After application of the arithmetical formula required by 11 U.S.C. § 522(f)(2)(A), there is no equity to support the judicial lien. Therefore, the fixing of the judicial lien impairs Debtor’s exemption of the real property, and its fixing is avoided subject to 11 U.S.C. § 349(b)(1)(B).

ISSUANCE OF A COURT-DRAFTED ORDER

An order substantially in the following form shall be prepared and issued by the court:

Findings of Fact and Conclusions of Law are stated in the Civil Minutes for the hearing.

The Motion to Avoid Judicial Lien pursuant to 11 U.S.C. § 522(f) filed by Thu Yen Huynh and Hong Duy Vuong (“Debtor”) having been presented to the court, and upon review of the pleadings, evidence, arguments of counsel, and good cause appearing,

IT IS ORDERED that the judgment lien of Portfolio Recovery Associates, LLC, California Superior Court for San Joaquin County Case No. STK-CV-LCCR-2022-0007387, recorded on August 2, 2023, Document No. 2023-060618, with the San Joaquin County Recorder, against the real property commonly known as 2901 Highgate Lane, Tracy, California, is avoided in its entirety pursuant to 11 U.S.C. § 522(f)(1), subject to the provisions of 11 U.S.C. § 349 if this bankruptcy case is dismissed.