



UNITED STATES BANKRUPTCY COURT
Eastern District of California
Honorable Jennifer E. Niemann
Hearing Date: Wednesday, November 20, 2024
Department A – Courtroom #11
Fresno, California

Unless otherwise ordered, all matters before the Honorable Jennifer E. Niemann shall be simultaneously: (1) **In Person** at, Courtroom #11 (Fresno hearings only), (2) via **ZoomGov Video**, (3) via **ZoomGov Telephone**, and (4) via **CourtCall**. You may choose any of these options unless otherwise ordered or stated below.

All parties who wish to appear at a hearing remotely must sign up by 4:00 p.m. **one business day** prior to the hearing. Information regarding how to sign up can be found on the **Remote Appearances** page of our website at <https://www.caeb.uscourts.gov/Calendar/CourtAppearances>. Each party who has signed up will receive a Zoom link or phone number, meeting I.D., and password via e-mail.

If the deadline to sign up has passed, parties who wish to appear remotely must contact the Courtroom Deputy for the Department holding the hearing.

Please also note the following:

- Parties in interest may connect to the video or audio feed free of charge and should select which method they will use to appear when signing up.
- Members of the public and the press appearing by ZoomGov may only listen in to the hearing using the zoom telephone number. Video appearances are not permitted.
- Members of the public and the press may not listen in to trials or evidentiary hearings, though they may appear in person in most instances.

To appear remotely for law and motion or status conference proceedings, you must comply with the following guidelines and procedures:

1. Review the [Pre-Hearing Dispositions](#) prior to appearing at the hearing.
2. Parties appearing via CourtCall are encouraged to review the [CourtCall Appearance Information](#).

If you are appearing by ZoomGov phone or video, please join at least 10 minutes prior to the start of the calendar and wait with your microphone muted until the matter is called.

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INSTRUCTIONS FOR PRE-HEARING DISPOSITIONS

Each matter on this calendar will have one of three possible designations: No Ruling, Tentative Ruling, or Final Ruling. These instructions apply to those designations.

No Ruling: All parties will need to appear at the hearing unless otherwise ordered.

Tentative Ruling: If a matter has been designated as a tentative ruling it will be called, and all parties will need to appear at the hearing unless otherwise ordered. The court may continue the hearing on the matter, set a briefing schedule, or enter other orders appropriate for efficient and proper resolution of the matter. The original moving or objecting party shall give notice of the continued hearing date and the deadlines. The minutes of the hearing will be the court's findings and conclusions.

Final Ruling: Unless otherwise ordered, there will be no hearing on these matters. The final disposition of the matter is set forth in the ruling and it will appear in the minutes. The final ruling may or may not finally adjudicate the matter. If it is finally adjudicated, the minutes constitute the court's findings and conclusions.

Orders: Unless the court specifies in the tentative or final ruling that it will issue an order, the prevailing party shall lodge an order within 14 days of the final hearing on the matter.

THE COURT ENDEAVORS TO PUBLISH ITS RULINGS AS SOON AS POSSIBLE. HOWEVER, CALENDAR PREPARATION IS ONGOING AND THESE RULINGS MAY BE REVISED OR UPDATED AT ANY TIME PRIOR TO 4:00 P.M. THE DAY BEFORE THE SCHEDULED HEARINGS. PLEASE CHECK AT THAT TIME FOR POSSIBLE UPDATES.

1. [24-12709](#)-A-11 **IN RE: KEWEL MUNGER**
[WJH-10](#)

MOTION TO EMPLOY CARL R. REFUERZO AS SPECIAL COUNSEL
11-6-2024 [\[94\]](#)

KEWEL MUNGER/MV
RILEY WALTER/ATTY. FOR DBT.

TENTATIVE RULING: This matter will proceed as scheduled.

DISPOSITION: Granted.

ORDER: The minutes of the hearing will be the court's findings and conclusions. The Moving Party will submit a proposed order after the hearing.

This motion was filed and served on at least 14 days' notice prior to the hearing date pursuant to Local Rule of Practice ("LBR") 9014-1(f)(2) and will proceed as scheduled. Unless opposition is presented at the hearing, the court intends to enter the respondents' defaults and grant the motion. If opposition is presented at the hearing, the court will consider the opposition and whether further hearing is proper pursuant to LBR 9014-1(f)(2). The court will issue an order if a further hearing is necessary.

Debtor in possession Kewel K. Munger dba Munger Investments ("DIP") moves pursuant to 11 U.S.C. § 327(e) for authorization to employ Whitney, Thompson & Jeffcoach, LLP ("Special Counsel") to serve as special counsel during the pendency of the chapter 11 case. Doc. #94.

Section 1107 of the Bankruptcy Code gives DIP all the rights and powers of a trustee and requires DIP perform all the functions and duties of a trustee, subject to certain exceptions not applicable here. 11 U.S.C. § 1107. Section 327(e) of the Bankruptcy Code permits DIP to employ, with court approval, for a specified purpose, an attorney that has represented the debtor, "if in the best interest of the estate, and if such attorney does not represent or hold any interest adverse to the debtor or to the estate with respect to the matter on which such attorney is to be employed." 11 U.S.C. § 327(e).

DIP believes employing Special Counsel is necessary and essential because DIP is in need of specialized legal services pertaining to clearing up title issues of the estate's real property. Decl. of Kewel K. Munger, Doc. #96. DIP has selected Special Counsel for employment because of the experience and knowledge of Special Counsel's members and associates whose knowledge regarding title issues are beyond the scope of DIP's knowledge. Id. DIP seeks to pay Special Counsel for services rendered from the assets of the estate on an hourly basis at the respective hourly rates of Special Counsel as other billable professionals. Decl. of Carl R. Refuerzo, Doc. #97

Special Counsel has represented DIP regarding certain real property matters since April 7, 2022. Refuerzo Decl., Doc. #97. As of the petition date on September 17, 2024, Special Counsel was owed \$6,135.00. Id. Special Counsel will be employed in a limited scope to clear up title to DIP's real property and related matters, and Special Counsel's employment is not intended to cover services for the estate beyond real property matters. Id.

The court finds that Special Counsel does not hold or represent an interest adverse to the estate with respect to the real property matters on which Special Counsel is to be employed. Munger Decl., Doc. #96; Refuerzo Decl., Doc. #97. DIP requires Special Counsel's services for DIP's real property matters. Id.

Accordingly, pending opposition being raised at the hearing, the court is inclined to GRANT this motion. The arrangement between DIP and Special Counsel is reasonable in this instance. The order authorizing employment of Accountant shall specify that any compensation or reimbursement from the estate is subject to the court's approval pursuant to 11 U.S.C. § 330(a).

2. [24-11422](#)-A-12 **IN RE: IGNACIO/CASAMIRA SANCHEZ**
[CAE-1](#)

CONTINUED STATUS CONFERENCE RE: CHAPTER 12 VOLUNTARY PETITION
5-27-2024 [[1](#)]

PETER FEAR/ATTY. FOR DBT.

NO RULING.

3. [24-11422](#)-A-12 **IN RE: IGNACIO/CASAMIRA SANCHEZ**
[FW-10](#)

CONTINUED MOTION TO CONFIRM CHAPTER 12 PLAN
9-4-2024 [[81](#)]

CASAMIRA SANCHEZ/MV
PETER FEAR/ATTY. FOR DBT.
RESPONSIVE PLEADING

NO RULING.

4. [24-11545](#)-A-11 **IN RE: RIDGELINE CAPITAL INVESTMENTS, LLC**
[MMW-1](#)

MOTION FOR RELIEF FROM AUTOMATIC STAY
10-21-2024 [[150](#)]

METRO R.E. 2023-2024, LLC/MV
MICHAEL BERGER/ATTY. FOR DBT.
MICHAEL WINTRINGER/ATTY. FOR MV.
RESPONVIE PLEADING

TENTATIVE RULING: This matter will proceed as scheduled.

DISPOSITION: Granted pursuant to 11 U.S.C. § 362(d)(3) only.

ORDER: The minutes of the hearing will be the court's findings and conclusions. The Moving Party shall submit a proposed order after the hearing.

This motion was set for hearing on at least 28 days' notice prior to the hearing date pursuant to Local Rule of Practice ("LBR") 9014-1(f)(1). The debtor timely filed written opposition on November 6, 2024. Doc. #164. The failure of creditors, the U.S. Trustee, or any other party in interest to file written opposition at least 14 days prior to the hearing as required by LBR 9014-1(f)(1)(B) may be deemed a waiver of any opposition to the granting of the motion. Cf. Ghazali v. Moran, 46 F.3d 52, 53 (9th Cir. 1995). Therefore, the defaults of the non-responding parties in interest are entered.

Secured creditor Metro R.E. 2023-2024, LLC ("Movant") moves for relief from stay under 11 U.S.C. §§ 362(d)(1), (d)(2) and (d)(3) to enforce its lien upon residential real property located at 45200 Oak Manor Court, Temecula, California 92590 (the "Property"). Doc. #150.

PROCEDURAL MATTERS

Federal Rules of Bankruptcy Procedure ("Rule") 4001(a)(1) and 9014(b) require service of a motion for relief from the automatic stay to be made pursuant to Rule 7004. Service of the motion on Ridgeline Capital Investments, LLC ("Debtor") does not satisfy Rule 7004. Rule 7004(b)(3) provides that service upon a domestic unincorporated association be mailed "to the attention of an officer, managing or general agent, or to any other agent authorized by appointment or law to receive service of process[.]" Fed. R. Bankr. P. 7004(b)(3). The certificate of service filed in connection with this motion does not show that Debtor, which is a limited liability company, was served to the attention of anyone. Rather, the motion was served on (i) counsel for Debtor, (ii) Debtor but not to the attention of an agent as required by Rule 7004(b)(3), and (iii) Debtor's managing member, Shaun Michael Reynolds, but not in Mr. Reynold's capacity as an agent of Debtor. Doc. #156. However, Debtor filed a timely written response to the motion and did not object to improper service. Because Debtor received notice of the motion, timely opposed the motion, and did not object to improper service, the court waives improper service of the motion.

As a further procedural matter, the notice of hearing filed in connection with this motion does not comply with LBR 9014-1(d)(3)(B)(i), which requires the notice include the names and addresses of persons who must be served with any opposition. The notice of hearing filed in connection with this motion also does not comply with LBR 9014-1(d)(3)(B)(iii), which requires the notice to advise respondents that they can determine whether the matter has been resolved without oral argument or whether the court has issued a tentative ruling by viewing the court's website at www.caeb.uscourts.gov after 4:00 p.m. the day before the hearing, and that parties appearing telephonically must view the pre-hearing dispositions prior to the hearing. The court encourages counsel for the moving party to review the local rules to ensure compliance in future matters or those matters may be denied without prejudice for failure to comply with the local rules. The rules can be accessed on the court's website at <https://www.caeb.uscourts.gov/LocalRulesAndGeneralOrders>.

As an informative matter, Movant incorrectly completed Section 6 of the court's mandatory Certificate of Service form. In Section 6 & 7, the declarant marked that service was effectuated by Rule 5 and Rules 7005, 9036 Service. Doc. #156. However, as noted above, Rules 4001(a)(1) and 9014(b) require service of a motion to for relief from the automatic stay be made pursuant to Rule 7004. In Section 6 & 7, the declarant should have checked the appropriate box under Section 6A & 7A for Rule 7004 Service in addition to Section 6B and 7A for Rule 5 Service.

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EVIDENTIARY OBJECTIONS

Movant filed several evidentiary objections to the Declaration of Shaun Michael Reynolds (Doc. #165) filed in support of Debtor's opposition to the motion and supporting exhibits (Doc. #166). Doc. #173. The court is inclined to make the following rulings on Movant's evidentiary objections:

Declaration of Shaun Michael Reynolds, Doc. #165

Statement Location	Basis for Objection	Ruling
2:15-18 (Paragraph 6)	Legal conclusions lack foundation and constitute impermissible opinion testimony (FRE 601, 602, 701, 702); improper hearsay (FRE 802)	Sustained in part and overruled in part. The appraisal attached as Exhibit 1 needs to be supported by a declaration of the appraiser, which is not done, so the objection to admission of the appraisal is sustained. However, Mr. Reynolds, as Debtor's representative, may testify as to whether Debtor disputes Movant's valuation of the Property. Movant's objection is overruled as to the following statement: "Debtor disputes Metro's argument that the fair market value of the Property is \$3,000,000.00."
2:19-21 (Paragraph 7)	Legal conclusions lack foundation and constitute impermissible opinion testimony (FRE 601, 602, 701, 702); improper hearsay (FRE 802)	Overruled. Mr. Reynolds, as Debtor's representative, may testify as to whether Debtor believes that the value of the Property was \$3.0 million on the petition date as Movant asserts.
3:5-7 and 12 (Paragraph 10)	Legal conclusions lack foundation and constitute impermissible opinion testimony (FRE 601, 602, 701, 702); improper hearsay (FRE 802)	Overruled. Mr. Reynolds, as Debtor's representative, may testify as to whether Debtor believes that the value of the Property is other than \$3.0 million as Movant asserts.
3:14-16 (Paragraph 11)	Legal conclusions lack foundation and constitute impermissible opinion testimony (FRE 601, 602, 701, 702); improper hearsay (FRE 802)	Overruled. Mr. Reynolds, as Debtor's representative, may testify as to whether Debtor believes that the value of the Property is other than \$3.0 million as Movant asserts.

Statement Location	Basis for Objection	Ruling
3:22-27 (Paragraph 13)	Legal conclusions lack foundation and constitute impermissible opinion testimony (FRE 601, 602, 701, 702); improper hearsay (FRE 802)	Sustained in part and overruled in part. The letter from the broker attached as Exhibit 2 needs to be supported by a declaration of the broker, which is not done, so the objection to admission of the letter from the broker is sustained. However, Mr. Reynolds, as Debtor's representative, may testify as to what actions Debtor is taking with respect to the Property. Movant's objection is overruled as to the following statements: "The Debtor is maintaining the Property, which preserves or increases its value for the benefit of Movant. Debtor continues to market the Property, and anticipates receiving written offers for the Property prior to the hearing on the Relief From Stay Motion."

Exhibits in support of Declaration of Shaun Michael Reynolds, Doc. #166

Exhibit	Basis for Objection	Ruling
Exhibit 1 (Appraisal)	Improper hearsay (FRE 802)	Sustained. The appraisal attached as Exhibit 1 needs to be supported by a declaration of the appraiser, which was not done.
Exhibit 1 (Letter from broker)	Legal conclusions lack foundation and constitute impermissible opinion testimony (FRE 601, 602, 701, 702); improper hearsay (FRE 802)	Sustained. The letter from the broker attached as Exhibit 2 needs to be supported by a declaration of the broker, which was not done.

RELEVANT FACTUAL BACKGROUND

Debtor is single asset real estate debtor whose primary asset is an interest in the Property. Doc. ##1, 19. Debtor purchased the Property on or about March 23, 2022 for \$2,607,000. Decl. of Robert Keilch, Doc. #155. On or about March 18, 2022, Debtor and Revolution Realty Capital, LLC ("Revolution") entered into a promissory note in the original amount of \$2,486,250.00 that was secured by a first deed of trust on the Property (the "Loan"). Keilch Decl., Doc. #155; Exs. A & B, Doc. #152. The Loan matured on April 1, 2023. Keilch Decl., Doc. #155; Ex. A, Doc. #152.

The Loan was assigned to various entities, including CAFL 2021-RTL1 Issuer, LLC ("CAF Issuer"), who held the Loan when the Loan matured on April 1, 2023. Keilch Decl., Doc. #155; Exs. C-G, Doc. #152. Debtor failed to pay the amounts due on April 1, 2023, and CAF Issuer and Debtor entered into a forbearance agreement by which all amounts due on the Loan were to be paid by September 30, 2023. Keilch Decl., Doc. #155; Ex. H, Doc. #152. The Loan was subsequently assigned to Movant. Keilch Decl., Doc. #155; Exs. I & J, Doc. #152.

Debtor failed to pay the Loan in full by September 30, 2023. Keilch Decl., Doc. #155. On December 4, 2023, Movant recorded a notice of default and

election to sell. Keilch Decl., Doc. #155; Ex. K, Doc. #152. On or about February 23, 2024, at Debtor's request, Movant and Debtor entered into a forbearance agreement by which all amounts due on the Loan were to be paid by April 26, 2024. Keilch Decl., Doc. #155; Ex. L, Doc. #152. Debtor failed to pay the Loan in full by April 26, 2024 and, on May 6, 2024, Movant recorded a notice of sale setting a trustee's sale for June 5, 2024. Keilch Decl., Doc. #155; Ex. M, Doc. #152. This bankruptcy case was filed on June 4, 2024, to prevent the foreclosure of Debtor's real property by Movant. Decl. of Shaun Michael Reynolds, Doc. #165.

As of the petition date, Movant asserts it was owed at least \$2,897,902.38. Keilch Decl., Doc. #155. Post-petition through October 7, 2024, Movant asserts it has incurred additional interest in the amount of \$146,832.52 plus legal fees and costs in the amount of \$32,373.61. Id. According to Movant, interest on the Loan continues to accrue at the rate of \$36,634.80 per month. Id. According to Debtor, Debtor can offer monthly adequate protection payments to Movant in the amount of \$15,600.00 per month, commencing on December 15, 2024, contributed by Debtor's managing member. Reynolds Decl., Doc. #165.

Movant further asserts that Debtor currently owes at least \$80,480.38 in unpaid real property taxes, with the first installment of the 2024-25 tax bill due on December 10, 2024 in the amount of \$16,654.64. Keilch Decl., Doc. #155. Debtor is aware of the delinquent real property taxes and intends to pay those taxes in full upon a sale of the Property. Reynolds Decl., Doc. #165. Debtor is actively marketing the Property. Id.

According to an appraisal submitted by Movant, the Property was worth \$3 million as of the petition date. Decl. of Derek W. Parkes, Doc. #154; Ex. N, Doc. #152. From July 4, 2022 to October 17, 2024, the date the declaration of Mr. Keilch was signed, the Property has been listed for sale as follows:

- (i) 7/4/2022 – 11/18/2022: list price \$3,999,000
- (ii) 5/4/2023 – 6/21/2023: list price \$4,300,000
- (iii) 8/10/2023 – 9/10/2024
 - 8/10/2023: list price \$4,300,000
 - 9/8/2023: reduced to \$4,299,000
 - 9/12/2023: pending sale
 - 9/27/2023: contingent sale
 - 9/30/2023: re-listed at \$4,299,000
 - 10/5/2023: reduced to \$4,298,000
 - 10/15/2023: increased to \$4,300,000
 - 12/22/2023: reduced to \$4,290,000
 - 2/18/2024: reduced to \$4,183,000
 - 3/26/2024: contingent sale
 - 5/18/2024: pending sale
 - 5/21/2024: contingent sale
 - 9/7/2024: re-listed at \$4,183,000
- (iv) 9/14/2024 – 10/17/2024: list price \$3,995,000

Keilch Decl., Doc. #155. Debtor does not dispute Movant's representation of the sale history for the Property.

During the bankruptcy case, Debtor moved to sell the Property free and clear of liens for a purchase price of \$3.7 million and pay a real estate broker in connection with that sale. Motion, Doc. #49. However, that motion was withdrawn before the court ruled on the motion. Notice, Doc. #109. According to Debtor, the buyers for that sale withdrew their offer. Reply, Doc. #140. Debtor currently does not generate any income from the Property and is relying on a

sale of the Property to generate the income needed to pay creditors. Discl. Stmt., Doc. #98.

On September 3, 2024, Debtor filed a liquidating plan of reorganization and supporting disclosure statement. Doc. ##98, 99. The court subsequently denied approval of the disclosure statement. Order, Doc. #147.

Analysis under section 11 U.S.C. § 362(d) (1)

11 U.S.C. § 362(d) (1) allows the court to grant relief from the stay for cause, including the lack of adequate protection. "Because there is no clear definition of what constitutes 'cause,' discretionary relief from the stay must be determined on a case by case basis." In re Mac Donald, 755 F.2d 715, 717 (9th Cir. 1985).

As an initial matter, Movant valued Property at \$3 million as of the petition date, June 4, 2024. Pursuant to Paccom Leasing Corp. v. Dieco Elecs., Inc. (In re Dieco Elecs., Inc.), 139 B.R. 945, 947 (B.A.P. 9th Cir. 1992), the valuation of the Property for adequate protection purposes should be the date on which Movant filed its motion for relief from stay, October 21, 2024, not the petition date. Movant has not presented any evidence as to the value of the Property as of October 21, 2024.

Second, the court has sustained Movant's evidentiary objection to Debtor's appraisal dated May 9, 2023, which also is not the appropriate date for valuing the Property for purposes of this motion. However, Debtor asserts that the value of the Property is greater than \$3 million as of the petition date.

Because neither party has provided a current value of the Property and based on the dispute over the value of the Property, a determination of "cause" to lift the automatic stay pursuant to 11 U.S.C. § 362(d) (1) requires an evidentiary hearing.

Analysis under section 11 U.S.C. § 362(d) (2)

11 U.S.C. § 362(d) (2) allows the court to grant relief from the stay if the debtor does not have any equity in such property and such property is not necessary to an effective reorganization.

With respect to relief from stay under 11 U.S.C. § 362(d) (2), relief from stay is granted only if both: Debtor has no equity in the real property and the real property is not necessary for a reorganization. Based on the proposed plan of reorganization filed on September 3, 2024, the Property is necessary for Debtor's reorganization, so relief from stay not appropriate under 11 U.S.C. § 362(d) (2) if Debtor has equity in the Property.

As explained above, neither party has provided a current value of the Property and there is a dispute over the value of the Property, so determination of whether Debtor has any equity in the Property requires an evidentiary hearing. Thus, the court will not grant relief from the automatic stay pursuant to 11 U.S.C. § 362(d) (2) at this time.

Analysis under section 11 U.S.C. § 362(d) (3)

With a single asset real estate bankruptcy case, relief from stay is granted unless within 90 days after the bankruptcy case is filed, the debtor has either: (1) "filed a plan of reorganization that has a reasonable probability of being confirmed within a reasonable time"; or (2) commenced monthly interest payments at the non-default rate of interest on the value of the creditor's

interest in the real property. 11 U.S.C. § 362(d)(3). Ninety days after the petition date was September 3, 2024.

Here, while Debtor has filed a chapter 11 liquidating plan, confirmation of that plan relies on a sale of the Property to buyers who have withdrawn their offer. Debtor concedes that, as of November 6, 2024, there are no current accepted offers to purchase the Property. Reynolds Decl., Doc. #165. In addition, the court has denied approval of the disclosure statement accompanying Debtor's proposed plan. Order, Doc. #147. No new disclosure statement has been filed by Debtor. Thus, Debtor's proposed plan does not have a reasonable probability of being confirmed within a reasonable time.

In addition, Debtor has not commenced monthly interest payments to Movant at the non-default rate of interest on the value of Movant's interest in the Property. Debtor proposes to commence monthly interest payments to Movant starting on December 15, 2024 in the amount of \$15,600.00. Reynolds Decl., Doc. #165. Even though there is a dispute over the value of the Property, the court will assume for purposes of calculating the appropriate monthly interest payment required under 11 U.S.C. § 362(d)(3) that Movant's interest in the Property is \$3 million, which is Movant's asserted value and a value less than Debtor's asserted value. Using the \$3 million value of the Property and the non-default annual rate of interest in the promissory note of 7.99%, the court calculates that the monthly interest payment to Movant at the non-default rate of interest required to maintain the automatic stay under 11 U.S.C. § 362(d)(3) would be \$19,975.00.

Because Debtor has not, within 90 days of the petition date, filed a plan of reorganization with a reasonable probability of being confirmed within a reasonable time or commenced monthly interest payments to Movant on the value of Movant's interest in the Property at the non-default rate of interest, the court is inclined to grant relief from the automatic stay pursuant to 11 U.S.C. § 362(d)(3).

Conclusion

For the reasons set forth above, the motion will be granted pursuant to 11 U.S.C. § 362(d)(3) to permit Movant to dispose of its collateral pursuant to applicable law and to use the proceeds from its disposition to satisfy its claim. No other relief is awarded.

5. [24-11967](#)-A-11 **IN RE: LA HACIENDA MOBILE ESTATES, LLC**
[CAE-1](#)

CONTINUED STATUS CONFERENCE RE: CHAPTER 11 VOLUNTARY PETITION
5-9-2024 [\[1\]](#)

GREGORY TAYLOR/ATTY. FOR DBT.

NO RULING.

6. [24-11967](#)-A-11 **IN RE: LA HACIENDA MOBILE ESTATES, LLC**
[FW-6](#)

CONTINUED MOTION FOR ORDER AUTHORIZING ESTIMATION OF CLAIMS
10-2-2024 [[277](#)]

LA HACIENDA MOBILE ESTATES, LLC/MV
GREGORY TAYLOR/ATTY. FOR DBT.
RESPONSIVE PLEADING
WITHDRAWN

FINAL RULING: There will be no hearing on this matter.

DISPOSITION: Dropped from calendar.

NO ORDER REQUIRED.

Movant withdrew the motion on November 8, 2024. Doc. #352.

7. [24-11967](#)-A-11 **IN RE: LA HACIENDA MOBILE ESTATES, LLC**
[MHW-3](#)

CONTINUED CHAPTER 11 CHAPTER 11 DISCLOSURE STATEMENT FILED BY DEBTOR
LA HACIENDA MOBILE ESTATES, LLC
9-6-2024 [[243](#)]

GREGORY TAYLOR/ATTY. FOR DBT.
RESPONSIVE PLEADING

NO RULING.

8. [24-11967](#)-A-11 **IN RE: LA HACIENDA MOBILE ESTATES, LLC**
[OHS-3](#)

CONTINUED MOTION FOR RELIEF FROM AUTOMATIC STAY
8-30-2024 [[224](#)]

TRAILS END UNITED FOR CHANGE/MV
GREGORY TAYLOR/ATTY. FOR DBT.
MARC LEVINSON/ATTY. FOR MV.

NO RULING.

9. [24-11967](#)-A-11 **IN RE: LA HACIENDA MOBILE ESTATES, LLC**
[OHS-4](#)

CONTINUED MOTION TO DISMISS CASE AND/OR MOTION TO TERMINATE EXCLUSIVITY
10-1-2024 [[266](#)]

TRAILS END UNITED FOR CHANGE/MV
GREGORY TAYLOR/ATTY. FOR DBT.
MARC LEVINSON/ATTY. FOR MV.
RESPONSIVE PLEADING

NO RULING.

10. [24-12295](#)-A-11 **IN RE: BURT ELECTRIC & COMMUNICATIONS, INC.**
[YW-3](#)

CONTINUED MOTION TO VALUE COLLATERAL OF KAPITUS, LLC
8-14-2024 [[31](#)]

BURT ELECTRIC & COMMUNICATIONS, INC./MV
LEONARD WELSH/ATTY. FOR DBT.
WITHDRAWN

FINAL RULING: There will be no hearing on this matter.

DISPOSITION: Dropped from calendar.

NO ORDER REQUIRED.

Movant withdrew the motion on November 6, 2024. Doc. #99.

1. [21-11103](#)-A-7 **IN RE: ANDERSON LAND SERVICES, INC.**
[DMG-3](#)

MOTION FOR COMPENSATION FOR D. MAX GARDNER, TRUSTEES ATTORNEY(S)
10-23-2024 [\[42\]](#)

LEONARD WELSH/ATTY. FOR DBT.
D. GARDNER/ATTY. FOR MV.

FINAL RULING: There will be no hearing on this matter.

DISPOSITION: Granted.

ORDER: The Moving Party shall submit a proposed order in conformance with the ruling below.

This motion was set for hearing on at least 28 days' notice prior to the hearing date pursuant to Local Rule of Practice ("LBR") 9014-1(f)(1). The failure of creditors, the debtor, the U.S. Trustee, or any other party in interest to file written opposition at least 14 days prior to the hearing as required by LBR 9014-1(f)(1)(B) may be deemed a waiver of any opposition to the granting of the motion. Cf. Ghazali v. Moran, 46 F.3d 52, 53 (9th Cir. 1995). Further, because the court will not materially alter the relief requested by the moving party, an actual hearing is unnecessary. See Boone v. Burk (In re Eliapo), 468 F.3d 592 (9th Cir. 2006). Therefore, the defaults of the above-mentioned parties in interest are entered and the matter will be resolved without oral argument. Upon default, factual allegations will be taken as true (except those relating to amount of damages). Televideo Sys., Inc. v. Heidenthal, 826 F.2d 915, 917 (9th Cir. 1987). Constitutional due process requires a moving party make a *prima facie* showing that they are entitled to the relief sought, which the movant has done here.

D. Max Gardner, Attorney as Law, ("Movant"), attorney for chapter 7 trustee Jeffrey M. Vetter ("Trustee"), requests allowance of final compensation and reimbursement for expenses for services rendered from July 19, 2023 through November 20, 2024. Doc. #42. Movant provided legal services valued at \$5,043.50, and requests compensation for that amount. Doc. #42. Movant requests reimbursement for expenses in the amount of \$160.75. Doc. #42. This is Movant's first and final fee application. Trustee consents to the amount requested in Movant's application. Doc. #44.

Section 330(a)(1) of the Bankruptcy Code authorizes "reasonable compensation for actual, necessary services rendered" and "reimbursement for actual, necessary expenses" to a "professional person." 11 U.S.C. § 330(a)(1). In determining the amount of reasonable compensation to be awarded to a professional person, the court shall consider the nature, extent, and value of such services, taking into account all relevant factors. 11 U.S.C. § 330(a)(3).

Movant's services included, without limitation: (1) providing counsel to Trustee as to the administration of the chapter 7 case; (2) reviewing and preparing motion to approve settlement with California Petroleum Group, Inc.; and (3) preparing and filing employment and fee applications. Decl. of D. Max Gardner, Doc. #45; Ex. A, Doc. #46. The court finds the compensation and reimbursement sought are reasonable, actual, and necessary.

This motion is GRANTED on a final basis. The court allows final compensation in the amount of \$5,043.50 and reimbursement for expenses in the amount of \$160.75. Trustee is authorized to make a combined payment of \$5,204.25, representing compensation and reimbursement, to Movant. Trustee is authorized to pay the amount allowed by this order from available funds only if the estate is administratively solvent and such payment is consistent with the priorities of the Bankruptcy Code.

2. [23-12203](#)-A-7 **IN RE: DUSTIN/SARAH SMITH**
[FW-3](#)

OBJECTION TO CLAIM OF TIPPY LAND HOLDING LLC, CLAIM NUMBER 4
10-7-2024 [\[63\]](#)

PETER FEAR/MV
ERIC ESCAMILLA/ATTY. FOR DBT.
GABRIEL WADDELL/ATTY. FOR MV.

FINAL RULING: There will be no hearing on this matter.

DISPOSITION: Sustained.

ORDER: The Moving Party shall submit a proposed order in conformance with the ruling below.

This objection was set for hearing on at least 44 days' notice prior to the hearing date pursuant to Local Rule of Practice ("LBR") 3007-1(b)(1). The failure of the claimant, the U.S. Trustee, or any other party in interest to file written opposition at least 14 days prior to the hearing as required by LBR 3007-1(b)(1)(A) may be deemed a waiver of any opposition to the sustaining of the objection. Cf. Ghazali v. Moran, 46 F.3d 52, 53 (9th Cir. 1995). Further, because the court will not materially alter the relief requested by the moving party, an actual hearing is unnecessary. See Boone v. Burk (In re Eliapo), 468 F.3d 592 (9th Cir. 2006). Therefore, the defaults of the above-mentioned parties in interest are entered and the matter will be resolved without oral argument. Upon default, factual allegations will be taken as true (except those relating to amount of damages). Televideo Sys., Inc. v. Heidenthal, 826 F.2d 915, 917 (9th Cir. 1987). Constitutional due process requires a moving party make a *prima facie* showing that they are entitled to the relief sought, which the movant has done here.

Peter L. Fear ("Trustee"), the chapter 7 trustee in this bankruptcy case, objects to the treatment of claim no. 4 (the "Claim") filed by Tippy Land Holding, LLC ("Claimant") as a priority claim. Doc. #63. Trustee does not object to treating Claimant's claim as a general nonpriority unsecured claim in the amount of \$5,083.38. Id. Claimant asserts a Claim in the amount of \$5,083.38, of which \$3,000.00 is deemed to have priority pursuant to 11 U.S.C. § 507(a)(7). Ex. A, Doc. #65.

11 U.S.C. § 507(a)(7) provides: "The following expenses and claims have priority in the following order: . . . (7) Seventh, allowed unsecured claims of individuals, to the extent of \$3,350.00 for each such individual, arising from the deposit, before the commencement of the case, of money in connection with the purchase, lease, or rental of property, or the purchase of services for the personal, family, or household use of such individuals, that were not delivered or provided." 11 U.S.C. § 507(a)(7).

By its express terms, 11 U.S.C. § 507(a)(7) does not apply to the Claim in three ways. First, Claimant is a limited liability company and 11 U.S.C. § 507(a)(7) only applies to allowed unsecured claims filed by individuals. Decl. of Peter L. Fear, Doc. #67; Ex. A, Doc. #65. Second, 11 U.S.C. § 507(a)(7) only relates to claims that rise from a deposit, and the Claim relates to unpaid rent and related fees. Id. Third, 11 U.S.C. § 507(a)(7) only relates to transactions that were for the personal, family or household use of such individuals, and Claimant's Claim relates to a commercial lease for a business. Fear Decl., Doc. #67. Therefore, Creditor's Claim is not entitled to priority pursuant to 11 U.S.C. § 507(a)(7) and should be treated only as a general nonpriority unsecured claim.

Accordingly, Trustee's objection is SUSTAINED. The Claim shall be treated as a general nonpriority unsecured claim in the amount of \$5,083.38.

3. [24-12229](#)-A-7 **IN RE: ARMANDO ALEJO AND MARIA PEREZ**
[PFT-1](#)

OPPOSITION RE: TRUSTEE'S MOTION TO DISMISS FOR FAILURE TO APPEAR AT
SEC. 341(A) MEETING OF CREDITORS
10-9-2024 [[16](#)]

JERRY LOWE/ATTY. FOR DBT.

FINAL RULING: There will be no hearing on this matter.

DISPOSITION: Conditionally denied.

ORDER: The court will issue the order.

The chapter 7 trustee's motion to dismiss is CONDITIONALLY DENIED.

The debtors shall attend the meeting of creditors rescheduled for December 12, 2024 at 3:00 p.m. If the debtors fail to do so, the chapter 7 trustee may file a declaration with a proposed order and the case may be dismissed without a further hearing.

The time prescribed in Federal Rules of Bankruptcy Procedure 1017(e)(1) and 4004(a) for the chapter 7 trustee and the U.S. Trustee to object to the debtors' discharge or file motions for abuse, other than presumed abuse, under 11 U.S.C. § 707, is extended to 60 days after the conclusion of the meeting of creditors.

MOTION TO COMPROMISE CONTROVERSY/APPROVE SETTLEMENT AGREEMENT WITH
COMMUNITY ANESTHESIA PROVIDERS MEDICAL GROUP
10-22-2024 [\[54\]](#)

IRMA EDMONDS/MV
RILEY WALTER/ATTY. FOR DBT.
PETER SAUER/ATTY. FOR MV.

FINAL RULING: There will be no hearing on this matter.

DISPOSITION: Granted.

ORDER: The Moving Party shall submit a proposed order in conformance
with the ruling below.

This motion was set for hearing on at least 28 days' notice prior to the hearing date pursuant to Local Rule of Practice ("LBR") 9014-1(f)(1). The failure of creditors, the debtor, the U.S. Trustee, or any other party in interest to file written opposition at least 14 days prior to the hearing as required by LBR 9014-1(f)(1)(B) may be deemed a waiver of any opposition to the granting of the motion. Cf. Ghazali v. Moran, 46 F.3d 52, 53 (9th Cir. 1995). Further, because the court will not materially alter the relief requested by the moving party, an actual hearing is unnecessary. See Boone v. Burk (In re Eliapo), 468 F.3d 592 (9th Cir. 2006). Therefore, the defaults of the above-mentioned parties in interest are entered and the matter will be resolved without oral argument. Upon default, factual allegations will be taken as true (except those relating to amount of damages). Televideo Sys., Inc. v. Heidenthal, 826 F.2d 915, 917 (9th Cir. 1987). Constitutional due process requires a moving party make a *prima facie* showing that they are entitled to the relief sought, which the movant has done here.

Irma Edmonds ("Trustee"), the chapter 7 trustee of the bankruptcy estate of Community Regional Anesthesia Medical Group, Inc. ("Debtor"), moves the court for an order pursuant to Federal Rule of Bankruptcy Procedure ("Rule") 9019 approving the compromise of all claims and disputes with Community Anesthesia Providers Medical Group ("CAP"). Doc. #54.

Among the assets of the estate is a claim against CAP for the recovery of two preferential transfers of \$132,804.84 and \$71,380.06 made by Debtor to CAP in the year preceding the bankruptcy filing. Tr.'s Decl. at ¶ 3, Doc. #56. CAP and Trustee have agreed to a settlement agreement and release of claims. Tr.'s Decl., Doc. #56; Ex. A, Doc. #57. CAP shall pay the sum of \$27,500.00 to Trustee in exchange for Trustee to release all claims against CAP. Id. Trustee will hold this payment in trust pending the approval of this settlement agreement. Id.

On a motion by the trustee and after notice and a hearing, the court may approve a compromise or settlement. Fed. R. Bankr. P. 9019. Approval of a compromise must be based upon considerations of fairness and equity. Martin v. Kane (In re A & C Props.), 784 F.2d 1377, 1381 (9th Cir. 1986). The court must consider and balance four factors: (1) the probability of success in the litigation; (2) the difficulties, if any, to be encountered in the matter of 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 with a proper deference to their reasonable views.

Woodson v. Fireman's Fund Ins. Co. (In re Woodson), 839 F.2d 610, 620 (9th Cir. 1988).

It appears from the moving papers that Trustee has considered the standards of A & C Properties and Woodson. Doc. #54. Oji Oji, M.D. has provided satisfactory proof that the payment of \$132,804.84 was made more than one year prior to the filing of Debtor's bankruptcy petition. Id.; Tr.'s Decl., Doc. #56. With respect to the \$71,380.06 payment, Trustee believes that this payment to CAP was made by Debtor's clinical director to himself as an insider and a lawsuit would be meritorious. However, the settlement with CAP obviates the need to litigate the estate's claims. Id. The settlement provides the estate with money for the alleged preference payment without the expense of litigation costs, uncertainty as to the outcome, or issues in the matter of collection and is in the best interests of the creditors. Id. Trustee believes in her business judgment that the settlement is fair, reasonable, and obtains an economically advantageous result for the estate. Id. The court concludes that the Woodson factors balance in favor of approving the compromise, and the compromise is in the best interests of the creditors and the estate.

Accordingly, it appears that the compromise pursuant to Rule 9019 is a reasonable exercise of Trustee's business judgment. The court may give weight to the opinions of the trustee, the parties, and their attorneys. In re Blair, 538 F.2d 849, 851 (9th Cir. 1976). No opposition has been filed. Furthermore, the law favors compromise and not litigation for its own sake. Id. Accordingly, the motion is GRANTED, and the settlement between Trustee and CAP is approved.

5. 23-11240-A-7 **IN RE: PEER SERVICES INC.**
FW-2

MOTION FOR COMPENSATION BY THE LAW OFFICE OF FEAR WADDELL, P.C. TRUSTEES
ATTORNEY(S)
10-18-2024 [54]

HAGOP BEDOYAN/ATTY. FOR DBT.
GABRIEL WADDELL/ATTY. FOR MV.

FINAL RULING: There will be no hearing on this matter.

DISPOSITION: Granted.

ORDER: The Moving Party shall submit a proposed order in conformance with the ruling below.

This motion was set for hearing on at least 28 days' notice prior to the hearing date pursuant to Local Rule of Practice ("LBR") 9014-1(f)(1). The failure of creditors, the debtor, the U.S. Trustee, or any other party in interest to file written opposition at least 14 days prior to the hearing as required by LBR 9014-1(f)(1)(B) may be deemed a waiver of any opposition to the granting of the motion. Cf. Ghazali v. Moran, 46 F.3d 52, 53 (9th Cir. 1995). Further, because the court will not materially alter the relief requested by the moving party, an actual hearing is unnecessary. See Boone v. Burk (In re Eliapo), 468 F.3d 592 (9th Cir. 2006). Therefore, the defaults of the above-mentioned parties in interest are entered and the matter will be resolved without oral argument. Upon default, factual allegations will be taken as true (except those relating to amount of damages). Televideo Sys., Inc. v. Heidenthal, 826 F.2d 915, 917 (9th Cir. 1987). Constitutional due process requires a moving party make a *prima facie* showing that they are entitled to the relief sought, which the movant has done here.

Fear Waddell, P.C., ("Movant"), attorney for chapter 7 trustee Peter L. Fear ("Trustee"), requests allowance of final compensation and reimbursement for expenses for services rendered from September 15, 2023 through October 17, 2024. Doc. #54. Movant provided legal services valued at \$6,507.00, and requests compensation for that amount. Doc. #54. Movant requests reimbursement for expenses in the amount of \$134.69. Doc. #54. This is Movant's first and final fee application. Trustee consents to the amount requested in Movant's application. Decl. of Peter L. Fear, Doc. #57.

Section 330(a)(1) of the Bankruptcy Code authorizes "reasonable compensation for actual, necessary services rendered" and "reimbursement for actual, necessary expenses" to a "professional person." 11 U.S.C. § 330(a)(1). In determining the amount of reasonable compensation to be awarded to a professional person, the court shall consider the nature, extent, and value of such services, taking into account all relevant factors. 11 U.S.C. § 330(a)(3).

Movant's services included, without limitation: (1) providing counsel to Trustee as to the administration of the chapter 7 case; (2) analyzing accounts receivable and preparing and resolving seven demand letters regarding same; (3) reviewing proofs of claim; and (4) preparing and filing employment and fee applications. Decl. of Gabriel J. Waddell, Doc. #56; Ex. A & B, Doc. #58. The court finds the compensation and reimbursement sought are reasonable, actual, and necessary.

This motion is GRANTED on a final basis. The court allows final compensation in the amount of \$6,507.00 and reimbursement for expenses in the amount of \$134.69. Trustee is authorized to make a combined payment of \$6,641.69, representing compensation and reimbursement, to Movant. Trustee is authorized to pay the amount allowed by this order from available funds only if the estate is administratively solvent and such payment is consistent with the priorities of the Bankruptcy Code.

6. [24-12293](#)-A-7 **IN RE: CARLOS/SONIA SALAZAR**
[YW-1](#)

MOTION TO AVOID LIEN OF SELF-HELP ENTERPRISES
10-23-2024 [\[17\]](#)

SONIA SALAZAR/MV
LAUREN NAWORSKI/ATTY. FOR DBT.

FINAL RULING: There will be no hearing on this matter.

DISPOSITION: Granted.

ORDER: The Moving Party shall submit a proposed order in conformance with the ruling below.

This motion was set for hearing on at least 28 days' notice prior to the hearing date pursuant to Local Rule of Practice ("LBR") 9014-1(f)(1). The failure of creditors, the U.S. Trustee, or any other party in interest to file written opposition at least 14 days prior to the hearing as required by LBR 9014-1(f)(1)(B) may be deemed a waiver of any opposition to the granting of the motion. Cf. Ghazali v. Moran, 46 F.3d 52, 53 (9th Cir. 1995). Further, because the court will not materially alter the relief requested by the moving party, an actual hearing is unnecessary. See Boone v. Burk (In re Eliapo), 468 F.3d 592 (9th Cir. 2006). Therefore, the defaults of the above-mentioned parties in interest are entered and the matter will be resolved without oral

argument. Upon default, factual allegations will be taken as true (except those relating to amount of damages). Televideo Sys., Inc. v. Heidenthal, 826 F.2d 915, 917 (9th Cir. 1987). Constitutional due process requires a moving party make a *prima facie* showing that they are entitled to the relief sought, which the movant has done here.

Carlos Alberto Salazar and Sonia Salazar (together, "Debtors"), the debtors in this chapter 7 case, move pursuant to 11 U.S.C. § 522(f) and Federal Rules of Bankruptcy Procedure 4003(d) and 9014 to avoid the judicial lien of Self-Help Enterprises ("Creditor") on the residential real property commonly referred to as 1703 Somerset Street, Bakersfield, California 93311 (the "Property"). Doc. #17; Schedules C & D, Doc. #1.

In order to avoid a lien under 11 U.S.C. § 522(f)(1), the movant must establish four elements: (1) there must be an exemption to which the debtor would be entitled under § 522(b); (2) the property must be listed on the debtor's schedules as exempt; (3) the lien must impair the exemption; and (4) the lien must be either a judicial lien or a non-possessory, non-purchase money security interest in personal property listed in § 522(f)(1)(B). 11 U.S.C. § 522(f)(1); Goswami v. MTC Distrib. (In re Goswami), 304 B.R. 386, 390-91 (B.A.P. 9th Cir. 2003) (quoting In re Mohring, 142 B.R. 389, 392 (Bankr. E.D. Cal. 1992)).

Where the movant seeks to avoid multiple liens as impairing the debtor's exemption, the liens must be avoided in the reverse order of their priority. Bank of Am. Nat'l Tr. & Sav. Ass'n v. Hanger (In re Hanger), 217 B.R. 592, 595 (B.A.P. 9th Cir. 1997). Liens already avoided are excluded from the exemption-impairment calculation with respect to other liens. Id.; 11 U.S.C. § 522(f)(2)(B). The court "must approach lien avoidance from the back of the line, or at least some point far enough back in line that there is no nonexempt equity in sight." All Points Cap. Corp. v. Meyer (In re Meyer), 373 B.R. 84, 88 (B.A.P. 9th Cir. 2007). "[J]udicial liens are avoided in reverse order until the marginal lien, i.e., the junior lien supported in part by equity, is reached." Id.

Debtors filed their bankruptcy petition on August 8, 2024. Doc. #1. A judgment was entered against debtor Carlos Alberto Salazar in the amount of \$164,475.38 in favor of Creditor on February 27, 2024. Ex. E, Doc. #21. The abstract of judgment was recorded pre-petition in Kern County on June 3, 2024, as document number 224063494. Ex. E, Doc. #21. The lien attached to Debtors' interest in the Property located in Kern County. Decl. of Carlos Alberto Salazar, Doc. #20. The Property also is encumbered by a lien first deed of trust in the amount \$397,137.00. Schedule D, Doc. #1. There also is a senior judicial lien on the Property. The senior judicial lien was recorded in Kern County on April 11, 2024 for \$6,455.88. Ex. E, Doc. #27. Debtors claimed an exemption of \$196,730.00 in the Property under California Code of Civil Procedure § 704.730. Schedule C, Doc. #1. Debtors assert a market value for the Property as of the petition date at \$593,867.00. Schedule A/B, Doc. #1.

Applying the statutory formula:

Amount of Creditor's judicial lien		\$164,475.38
Total amount of all other liens on the Property (excluding junior judicial liens)	+	\$403,592.88
Amount of Debtors' claim of exemption in the Property	+	\$196,730.00
		\$764,798.26
Value of Debtors' interest in the Property absent liens	-	\$593,867.00
Amount Creditor's lien impairs Debtors' exemption		\$170,931.26

After application of the arithmetical formula required by § 522(f)(2)(A), the court finds there is insufficient equity to support Creditor's judicial lien. Therefore, the fixing of this judicial lien impairs Debtors' exemption in the Property and its fixing will be avoided.

Debtors have established the four elements necessary to avoid a lien under 11 U.S.C. § 522(f)(1). Accordingly, this motion is GRANTED. The proposed order shall state that Creditor's judicial lien is avoided on the subject Property only and include a copy of the abstract of judgment as an exhibit.

7. [24-12293](#)-A-7 **IN RE: CARLOS/SONIA SALAZAR**
[YW-2](#)

MOTION TO AVOID LIEN OF COMMERCIAL TRADE, INC.
10-23-2024 [\[23\]](#)

SONIA SALAZAR/MV
LAUREN NAWORSKI/ATTY. FOR DBT.

FINAL RULING: There will be no hearing on this matter.

DISPOSITION: Granted.

ORDER: The Moving Party shall submit a proposed order in conformance with the ruling below.

This motion was set for hearing on at least 28 days' notice prior to the hearing date pursuant to Local Rule of Practice ("LBR") 9014-1(f)(1). The failure of creditors, the U.S. Trustee, or any other party in interest to file written opposition at least 14 days prior to the hearing as required by LBR 9014-1(f)(1)(B) may be deemed a waiver of any opposition to the granting of the motion. Cf. Ghazali v. Moran, 46 F.3d 52, 53 (9th Cir. 1995). Further, because the court will not materially alter the relief requested by the moving party, an actual hearing is unnecessary. See Boone v. Burk (In re Eliapo), 468 F.3d 592 (9th Cir. 2006). Therefore, the defaults of the above-mentioned parties in interest are entered and the matter will be resolved without oral argument. Upon default, factual allegations will be taken as true (except those relating to amount of damages). Televideo Sys., Inc. v. Heidenthal, 826 F.2d 915, 917 (9th Cir. 1987). Constitutional due process requires a moving party make a *prima facie* showing that they are entitled to the relief sought, which the movant has done here.

Carlos Alberto Salazar and Sonia Salazar (together, "Debtors"), the debtors in this chapter 7 case, move pursuant to 11 U.S.C. § 522(f) and Federal Rules of Bankruptcy Procedure 4003(d) and 9014 to avoid the judicial lien of Commercial Trade, Inc. ("Creditor") on the residential real property commonly referred to as 1703 Somerset Street, Bakersfield, California 93311 (the "Property"). Doc. #23; Schedules C & D, Doc. #1.

In order to avoid a lien under 11 U.S.C. § 522(f)(1), the movant must establish four elements: (1) there must be an exemption to which the debtor would be entitled under § 522(b); (2) the property must be listed on the debtor's schedules as exempt; (3) the lien must impair the exemption; and (4) the lien must be either a judicial lien or a non-possessory, non-purchase money security interest in personal property listed in § 522(f)(1)(B). 11 U.S.C. § 522(f)(1); Goswami v. MTC Distrib. (In re Goswami), 304 B.R. 386, 390-91 (B.A.P. 9th Cir. 2003) (quoting In re Mohring, 142 B.R. 389, 392 (Bankr. E.D. Cal. 1992)).

Where the movant seeks to avoid multiple liens as impairing the debtor's exemption, the liens must be avoided in the reverse order of their priority. Bank of Am. Nat'l Tr. & Sav. Ass'n v. Hanger (In re Hanger), 217 B.R. 592, 595 (B.A.P. 9th Cir. 1997). Liens already avoided are excluded from the exemption-impairment calculation with respect to other liens. Id.; 11 U.S.C. § 522(f)(2)(B). The court "must approach lien avoidance from the back of the line, or at least some point far enough back in line that there is no nonexempt equity in sight." All Points Cap. Corp. v. Meyer (In re Meyer), 373 B.R. 84, 88 (B.A.P. 9th Cir. 2007). "[J]udicial liens are avoided in reverse order until the marginal lien, i.e., the junior lien supported in part by equity, is reached." Id.

Debtors filed their bankruptcy petition on August 8, 2024. Doc. #1. A judgment was entered against debtor Carlos Alberto Salazar dba Bear AG, LLC in the amount of \$6,455.88 in favor of Creditor on January 26, 2024. Ex. D, Doc. #27. The abstract of judgment was recorded pre-petition in Kern County on April 11, 2024, as document number 224040692. Ex. D, Doc. #27. The lien attached to Debtors' interest in the Property located in Kern County. Decl. of Carlos Alberto Salazar, Doc. #25. The Property also is encumbered by a lien first deed of trust in the amount \$397,137.00. Schedule D, Doc. #1. There is also a junior judicial lien that has been avoided. Doc. #17; pre-hearing disposition for matter #6 on this calendar (YW-1). Debtors claimed an exemption of \$196,730.00 in the Property under California Code of Civil Procedure § 704.730. Schedule C, Doc. #1. Debtors assert a market value for the Property as of the petition date at \$593,867.00. Schedule A/B, Doc. #1.

Applying the statutory formula:

Amount of Creditor's judicial lien		\$6,455.88
Total amount of all other liens on the Property (excluding junior judicial liens)	+	\$397,137.00
Amount of Debtors' claim of exemption in the Property	+	\$196,730.00
		\$600,322.88
Value of Debtors' interest in the Property absent liens	-	\$593,867.00
Amount Creditor's lien impairs Debtor's exemption		\$6,455.88

After application of the arithmetical formula required by § 522(f)(2)(A), the court finds there is insufficient equity to support Creditor's judicial lien. Therefore, the fixing of this judicial lien impairs Debtors' exemption in the Property and its fixing will be avoided.

Debtors have established the four elements necessary to avoid a lien under 11 U.S.C. § 522(f)(1). Accordingly, this motion is GRANTED. The proposed order shall state that Creditor's judicial lien is avoided on the subject Property only and include a copy of the abstract of judgment as an exhibit.