United States Bankruptcy Court
Central District of California
Northern Division
Ronald A Clifford III, Presiding
Courtroom 201 Calendar

Tuesday, June 2, 2026 **Hearing Room 201**

9:00 AM
9: - **Chapter 0**

#0.00 Unless ordered otherwise, appearances for matters may be made in-person **in Courtroom 201 at 1415 State Street, Santa Barbara, California, 93101**, by video through ZoomGov, or by telephone through ZoomGov. If appearing through ZoomGov, parties in interest may connect to the video and audio feeds, free of charge, using the connection information provided below. Individuals may participate by ZoomGov video and audio using a personal computer (equipped with camera, microphone and speaker), or a handheld mobile device. Individuals may opt to participate by audio only using a telephone (standard telephone charges may apply).

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Docket 0

Tentative Ruling:

United States Bankruptcy Court
Central District of California
Northern Division
Ronald A Clifford III, Presiding
Courtroom 201 Calendar

Tuesday, June 2, 2026 **Hearing Room 201**

9:00 AM
CONT... **Chapter 0**

- NONE LISTED -

United States Bankruptcy Court
Central District of California
Northern Division
Ronald A Clifford III, Presiding
Courtroom 201 Calendar

Tuesday, June 2, 2026 **Hearing Room 201**

9:00 AM

9:23-11193 LEKISHIA RECHELLE MOFFET WHITE **Chapter 13**

#1.00 Hearing re: [109] Notice of Motion and Motion for Relief from the Automatic Stay Under 11 U.S.C. § 362 (with supporting declarations) (REAL PROPERTY) RE: 2800 West Hill Street, Oxnard, CA 93035

Docket 109

Tentative Ruling:

June 2, 2026

Appearances waived. The Motion is denied for the reasons stated *infra*. Movant to lodge a conforming order within 7 days.

Fonte Holdings, Inc. ("Movant") seeks a lifting of the automatic stay pursuant to 11 U.S.C. § 362(d)(1) in relation to the real property located at 2800 West Hill Street, Oxnard, CA 93035 (the "Property") of Lekishia Rechelle Moffet White (the "Debtor") on the grounds that the Debtor has failed to make postpetition mortgage payments as they became due under the *2nd Amended Chapter 13 Plan* (the "Plan"). *See* Docket No. 111, *Motion for Relief from Stay Under 11 U.S.C. § 362* (the "Motion"), pp. 3-4.

In addition to lifting the stay, Movant requests relief to (1) proceed under applicable nonbankruptcy law to enforce its remedies to foreclose upon and obtain possession of the Property, (2) waiver of the 14-day stay pursuant to Fed. R. Bankr. P. 4001(a)(3) [superseded by Fed. R. Bankr. P. 4001(a)(4), and (3) if relief from stay is not granted, adequate protection be ordered. *See id.,* p. 5.

The Motion and notice thereof were served upon the Debtor via U.S. Mail First class, postage prepaid on April 27, 2026, notifying the Debtor that pursuant to this Court's Local Rule 9013-1(d), any opposition to the Motion must be filed and served no less than fourteen (14) days prior to the hearing on the Motion. *See id*. at *Proof of Service of Document*, p. 12.

On May 12, 2026, the Debtor filed *Debtor's Opposition to Motion for Relief from Automatic Stay as to Real Property* (the "Opposition"). *See* Docket No. 113. In the Opposition, the Debtor acknowledges that postpetition petition payments are not

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CONT... LEKISHIA RECHELLE MOFFET WHITE **Chapter 13**

current. *See id*., p. 1. The Debtor fell behind on postpetition mortgage payments due to medical hardship and the "Debtor is actively exploring multiple ways to bring the loan current, including (a) sale of the Property, (b) renting out the Property to increase income, and (c) seeking modification of Debtor's confirmed Chapter 13 plan." *See id.*, pp. 1-2, ¶ 4.

Legal Standard

Pursuant to 11 U.S.C. § 362(d)(1), "[o]n request of a party in interest and after notice and a hearing, the court shall grant relief from the stay provided under subsection (a) of this section, such as by terminating, annulling, modifying, or conditioning such stay [] for cause, including the lack of adequate protection of an interest in property of such party in interest." Failure to make postpetition mortgage payments as they become due in a Chapter 13 case may constitute "cause" for relief from the automatic stay under § 362(d)(1). *See In re Marks*, 2012 WL 6554705, at *11 (9th Cir. BAP Dec. 14, 2012), *aff'd*, 624 F. App'x 963 (9th Cir. 2015) (citing *In re Ellis*, 60 B.R. 432, 435 (9th Cir. BAP 1985).

Movant requests relief from stay under 11 U.S.C. § 362(d)(3) but provides no grounds for relief under 11 U.S.C. § 362(d)(3). *See* Docket No. 111, pp. 3-5. Rather, Movant provides grounds for relief under 11 U.S.C. § 362(d)(1) but does not request for relief under 11 U.S.C. § 362(d)(1). *See id.* It is unclear to the Court what subsection of 11 U.S.C. § 362(d) Movant intends to proceed under. The Debtor has also not been given proper notice of which subsection Movant intends to proceed under.

Therefore, the Motion is denied without prejudice.

Party Information

Debtor(s):

LEKISHIA RECHELLE MOFFETT — Represented By
Cynthia L Gonzalez

Trustee(s):

Elizabeth (ND) F Rojas (TR) — Pro Se

United States Bankruptcy Court
Central District of California
Northern Division
Ronald A Clifford III, Presiding
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Tuesday, June 2, 2026 **Hearing Room 201**

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9:25-10477 Alfredo J Garcia **Chapter 13**

#2.00 Hearing

RE: [45] Notice of motion and motion for relief from the automatic stay with supporting declarations PERSONAL PROPERTY RE: 2019 BMW 7 Series 740i Sedan 4D, VIN: WBA7E2C50KB217877 . (Hong, Rosemary)

Docket 45

***** VACATED *** REASON: Order on Stipulation Granting Motion entered 5/29/2026.**

Tentative Ruling:

- NONE LISTED -

Party Information

Debtor(s):

Alfredo J Garcia — Represented By Kenneth H J Henjum

Trustee(s):

Elizabeth (ND) F Rojas (TR) — Pro Se

9:00 AM

9:25-11352 Westside Tow and Transport Inc. **Chapter 11**

#3.00 HearingRE: [154] Notice of motion and motion for relief from the automatic stay with supporting declarations PERSONAL PROPERTY RE: 2019 Peterbilt 389 truck, VIN 1NPXL49X7KD611838, with headramp, serial number FLNA40421, and 2020 Cotrrell trailer, VIN 5E0AA1646LG416101 .

Docket 154

Tentative Ruling:

June 2, 2026

Appearances required.

On May 7, 2026, PNC Equipment Finance, LLC ("Movant"), filed that *Motion for Relief from the Automatic Stay Under 11 U.S.C. § 362 (Personal Property)* (the "Motion") seeking to lift the automatic stay pursuant to 11 U.S.C. §§ 362(d)(1) and (d)(2) in relation to a 2019 Peterbilt 389 truck and 2020 Cottrell trailer (collectively, the "Property") of Westside Tow and Transport Inc. (the "Debtor") on the grounds that (1) Movant's interest in the Property is not adequately protected by an adequate equity cushion and the fair market value of the Vehicle is declining, (2) proof of insurance regarding the Property has not been provided to Movant, and (3) pursuant to 11 U.S.C. § 362(d)(2)(A), the Debtor has no equity in the Property; and, pursuant to 11 U.S.C. § 362(d)(2)(B), the Property is not necessary for an effective reorganization. *See* Docket No. 154, pp. 3-4.

In addition to lifting the stay, Movant requests (1) relief to proceed under applicable nonbankruptcy law to enforce its remedies to repossess and sell the Property, (2) waiver of the 14-day stay prescribed by Fed. R. Bankr. P. 4001(a)(3) [superseded by Fed. R. Bankr. Proc. 4001(a)(4)], and (3) if relief is not granted, the Court order adequate protection. *See id*., p. 5.

Notice

Pursuant to Fed. R. Bankr. P. 4001(a)(1) "[a] motion under §362(d) for relief from the automatic stay—or a motion under §363(e) to prohibit or condition the use, sale, or lease of property—must comply with Rule 9014. The motion must be served on: (A)

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CONT... Westside Tow and Transport Inc. **Chapter 11**

the following, as applicable: • a committee elected under §705 or appointed under § 1102; • the committee's authorized agent; or • the creditors included on the list filed under Rule 1007(d) if the case is a Chapter 9 or Chapter 11 case and no committee of unsecured creditors has been appointed under §1102; and (B) any other entity the court designates."

The Motion was filed on May 7, 2026, and served upon the Debtor via U.S. Mail, first class, postage prepaid on the same date. *See* Docket No. 154, *Proof of Service of Document*, p. 12. Movant purports to serve the Debtor's largest unsecured creditors using that *List of Creditors Who Have the 20 Largest Unsecured Claims and Are Not Insiders* (the "List"). *See id.,* pp. 13-14. However, several creditors on the List have since filed proof of claims with updated mailing addresses. Therefore, service was not proper on all of the Debtor's 20 largest unsecured creditors.

The Motion is denied without prejudice for improper service.

Opposition

On May 19, 2026, the Debtor filed *Westside Tow and Transport, Inc.'s Opposition to PNC Equipment Finance, LLC's Motion for Relief from Automatic Stay* (the "Opposition"). *See* Docket No. 165. In the Opposition, the Debtor asserts that the Motion should be denied because (1) it is not supported by credible evidence of the fair market value of the Property, (2) the Property is insured and the Debtor will provide evidence of such insurance, and (3) the Property is necessary for reorganization. *See id.*

Analysis

11 U.S.C. § 362(d)(1)

Pursuant to 11 U.S.C. § 362(d)(1), "[o]n request of a party in interest and after notice and a hearing, the court shall grant relief from the stay provided under subsection (a) of this section, such as by terminating, annulling, modifying, or conditioning such stay for cause, including the lack of adequate protection of an interest in property of such party in interest." Beyond the lack of adequate protection, "cause" is determined on a case-by-case basis. *See In re MacDonald*, 755 F.2d 715, 717 (9th Cir. 1985). The failure of a debtor to make post-petition payments on a secured obligation may constitute cause. *See In re Watson*, 286 B.R. 594, 604 (Bankr. D. NJ 2002). Courts

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CONT... Westside Tow and Transport Inc. **Chapter 11**

have held that the failure of a debtor to maintain insurance over a secured creditor's collateral works as a failure to adequately protect the secured creditor in said collateral, and such lack of adequate protection constitutes cause to lift the stay. *See In re El Patio, Ltd.*, 6 BR 518, 522 (Bankr. C.D. Cal. 1980); *see also In re DB Capital Holdings, LLC*, 454 B.R. 804, 817 (Bankr. Colo. 2011); *In re Olayer*, 577 B.R. 464, 472 (Bankr. W.D. Pa. 2017) ("The failure to maintain adequate insurance to protect the value of estate assets is a breach of the debtor's fundamental obligations, needlessly expenses the estate to the risk of a catastrophic loss, and may constitute sufficient cause for stay relief.").

Here, Movant asserts a secured claim against the Property in the amount of $87,181.33. *See* Docket No. 154, p. 8. Movant asserts that the Debtor is in arrears in the amount of $66,055.68. *See id*. It appears that the Debtor's last monthly payment of $5,504.64 was received by Movant in April of 2025. *See id*.

Movant contends that the fair market value of the Property is $175,000 based upon "[i]nternal remarketing valuation based on comparable sales". *See id.* Movant further contends that the Property is "cross-collateralized with the contract for the 2022 Peterbilt with 2023 Cotrell for which a Motion for relief from stay is being filed herewith, which is severely underwater. There is no equity when combining both amounts owing". *See id*., p. 9.

Movant provides no evidence in support of the $175,000 fair market valuation or the valuation of the entire collateral package.

According to that *Schedule A/B Assets – Real and Personal Property*, as amended on October 28, 2025, the Debtor values the Property at $195,500. *See* Docket No. 44, p. 4. In the Opposition, the Debtor asserts that "based on the Debtor's Schedule B filed in this bankruptcy case under penalty of perjury, the fair market value of the 2019 Peterbilt 389 truck as repaired is $215,000.00." *See* Docket No. 165, *Declaration of Peter W. Wambaa*, p. 10, ¶ 4. The Court has been presented with three different values of the Property. What value is the Court to use? At this point, the Court cannot calculate Movant's equity cushion.

As an additional argument, Movant contends that proof of insurance regarding the Property has not been provided to Movant. *See* Docket No. 154, p. 10. Is the Property currently insured? The Debtor asserts the Property is insured, but provides

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CONT... Westside Tow and Transport Inc. **Chapter 11**

no certificate of insurance. *See* Docket No. 165, *Declaration of Peter W. Wambaa*, p. 11, ¶ 6. If not, the failure to insure the Property is grounds for granting stay relief under 11 U.S.C. § 362(d)(1).

11 U.S.C. § 362(d)(2)

Pursuant to 11 U.S.C. § 362(d)(2), "[o]n request of a party in interest and after notice and a hearing, the court shall grant relief from the stay provided under subsection (a) of this section, such as by terminating, annulling, modifying, or conditioning such stay with respect to a stay of an act against property under subsection (a) of this section, if (A) the debtor does not have an equity in such property and (B) such property is not necessary to an effective reorganization." *In re Preuss*, 15 B.R. 896, 897 (B.A.P. 9th Cir. 1981).

Movant asserts through the Motion that its secured claim in this matter, the Property of which serves as collateral for said claim, totals $87,181.33 as of April 14, 2026. *See* Docket No. 154, p. 8. As indicated above, Movant further asserts that the fair market value of the Property is $175,000. However, Movant provides no evidence of the purported value of the Property or the value of the entire collateral package.

Assuming arguendo, that the Court uses the $175,000 valuation, there is equity in the Property and the Motion fails under 11 U.S.C. § 362(d)(2).

Party Information

Debtor(s):

Westside Tow and Transport Inc. Represented By
Tamar Terzian

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9:25-11352 Westside Tow and Transport Inc. **Chapter 11**

#4.00 HearingRE: [155] Notice of motion and motion for relief from the automatic stay with supporting declarations PERSONAL PROPERTY RE: 2022 Peterbilt 389 truck, VIN 1NPXL49X9ND790I45, with headramp, serial number G001737901, and 2023 Cotrrell CX09 car carrier, VIN 5E0AA1642PG737901 .

Docket 155

Tentative Ruling:

June 2, 2026

Appearances required.

On May 7, 2026, PNC Equipment Finance, LLC ("Movant"), filed that *Motion for Relief from the Automatic Stay Under 11 U.S.C. § 362 (Personal Property)* (the "Motion") seeking to lift the automatic stay pursuant to 11 U.S.C. §§ 362(d)(1) and (d)(2) in relation to a 2022 Peterbilt 389 truck and 2023 Cottrell CX09 trailer (collectively, the "Property") of Westside Tow and Transport Inc. (the "Debtor") on the grounds that (1) Movant's interest in the Property is not adequately protected by an adequate equity cushion and the fair market value of the Vehicle is declining, (2) proof of insurance regarding the Property has not been provided to Movant, and (3) pursuant to 11 U.S.C. § 362(d)(2)(A), the Debtor has no equity in the Property; and, pursuant to 11 U.S.C. § 362(d)(2)(B), the Property is not necessary for an effective reorganization. *See* Docket No. 155, pp. 3-4.

In addition to lifting the stay, Movant requests (1) relief to proceed under applicable nonbankruptcy law to enforce its remedies to repossess and sell the Property, (2) waiver of the 14-day stay prescribed by Fed. R. Bankr. P. 4001(a)(3) [superseded by Fed. R. Bankr. Proc. 4001(a)(4)], and (3) if relief is not granted, the Court order adequate protection. *See id*., p. 5.

Notice

Pursuant to Fed. R. Bankr. P. 4001(a)(1) "[a] motion under §362(d) for relief from the automatic stay—or a motion under §363(e) to prohibit or condition the use, sale, or lease of property—must comply with Rule 9014. The motion must be served on: (A)

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CONT... Westside Tow and Transport Inc. **Chapter 11**

the following, as applicable: • a committee elected under §705 or appointed under § 1102; • the committee's authorized agent; or • the creditors included on the list filed under Rule 1007(d) if the case is a Chapter 9 or Chapter 11 case and no committee of unsecured creditors has been appointed under §1102; and (B) any other entity the court designates."

The Motion was filed on May 7, 2026, and served upon the Debtor via U.S. Mail, first class, postage prepaid on the same date. *See* Docket No. 155, *Proof of Service of Document*, p. 12. Movant purports to serve the Debtor's largest unsecured creditors using that *List of Creditors Who Have the 20 Largest Unsecured Claims and Are Not Insiders* (the "List"). *See id.,* pp. 13-14. However, several creditors on the List have since filed proof of claims with updated mailing addresses. Therefore, service was not proper on all of the Debtor's 20 largest unsecured creditors.

The Motion is denied without prejudice for improper service.

Opposition

On May 19, 2026, the Debtor filed *Westside Tow and Transport, Inc.'s Opposition to PNC Equipment Finance, LLC's Motion for Relief from Automatic Stay* (the "Opposition"). *See* Docket No. 164. In the Opposition, the Debtor asserts that the Motion should be denied because (1) it is not supported by credible evidence of the fair market value of the Property, (2) the Property is insured and the Debtor will provide evidence of such insurance, and (3) the Property is necessary for reorganization. *See id.*

Analysis

11 U.S.C. § 362(d)(1)

Pursuant to 11 U.S.C. § 362(d)(1), "[o]n request of a party in interest and after notice and a hearing, the court shall grant relief from the stay provided under subsection (a) of this section, such as by terminating, annulling, modifying, or conditioning such stay for cause, including the lack of adequate protection of an interest in property of such party in interest." Beyond the lack of adequate protection, "cause" is determined on a case-by-case basis. *See In re MacDonald*, 755 F.2d 715, 717 (9th Cir. 1985). The failure of a debtor to make post-petition payments on a secured obligation may constitute cause. *See In re Watson*, 286 B.R. 594, 604 (Bankr. D. NJ 2002). Courts

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CONT... Westside Tow and Transport Inc. **Chapter 11**

have held that the failure of a debtor to maintain insurance over a secured creditor's collateral works as a failure to adequately protect the secured creditor in said collateral, and such lack of adequate protection constitutes cause to lift the stay. *See In re El Patio, Ltd.*, 6 BR 518, 522 (Bankr. C.D. Cal. 1980); *see also In re DB Capital Holdings, LLC*, 454 B.R. 804, 817 (Bankr. Colo. 2011); *In re Olayer*, 577 B.R. 464, 472 (Bankr. W.D. Pa. 2017) ("The failure to maintain adequate insurance to protect the value of estate assets is a breach of the debtor's fundamental obligations, needlessly expenses the estate to the risk of a catastrophic loss, and may constitute sufficient cause for stay relief.").

Here, Movant asserts a secured claim against the Property in the amount of $251,631.09. *See* Docket No. 155, p. 8. Movant asserts that the Debtor is in arrears in the amount of $78,387.72. *See id*. It appears that the Debtor's last monthly payment of $6,532.31 was received by Movant in April of 2025. *See id*.

Movant contends that the fair market value of the Property is $215,000 based upon "[i]nternal remarketing valuation based on comparable sales". *See id.* Movant provides no evidence in support of the $215,000 fair market valuation.

According to that *Schedule A/B Assets – Real and Personal Property*, as amended on October 28, 2025, the Debtor values part of the Property, that is the 2022 Peterbilt, with a "2020 Cottrell 5E0AA164XLG303901" (which is either not part of this Motion or improperly identified on Schedule A/B) at $291,000. *See* Docket No. 44, p. 4. In the Opposition, the Debtor asserts that "based on the Debtor's Schedule B filed in this bankruptcy case under penalty of perjury, the fair market value of the 2019 Peterbilt 389 truck as repaired is $215,000.00." *See* Docket No. 165, *Declaration of Peter W. Wambaa*, p. 10, ¶ 4. The Court has been presented with three different values of the Property. What value is the Court to use? At this point, the Court cannot calculate Movant's equity cushion.

As an additional argument, Movant contends that proof of insurance regarding the Property has not been provided to Movant. *See* Docket No. 155, p. 10. Is the Property currently insured? The Debtor asserts the Property is insured, but does not provide a certificate of insurance. *See* Docket No. 164, *Declaration of Peter W. Wambaa*, p. 11, ¶ 6. If not, the failure to insure the Property is grounds for granting stay relief under 11 U.S.C. § 362(d)(1).

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CONT... Westside Tow and Transport Inc. **Chapter 11**

11 U.S.C. § 362(d)(2)

Pursuant to 11 U.S.C. § 362(d)(2), "[o]n request of a party in interest and after notice and a hearing, the court shall grant relief from the stay provided under subsection (a) of this section, such as by terminating, annulling, modifying, or conditioning such stay with respect to a stay of an act against property under subsection (a) of this section, if (A) the debtor does not have an equity in such property and (B) such property is not necessary to an effective reorganization." *In re Preuss*, 15 B.R. 896, 897 (B.A.P. 9th Cir. 1981).

Movant asserts through the Motion that its secured claim in this matter, the Property of which serves as collateral for said claim, totals $251,631.09 as of April 14, 2026. *See* Docket No. 155, p. 8. As indicated above, Movant further asserts that the fair market value of the Property is $215,000. However, Movant provides no evidence of the purported value of the Property.

Party Information

Debtor(s):

Westside Tow and Transport Inc. Represented By
Tamar Terzian

United States Bankruptcy Court
Central District of California
Northern Division
Ronald A Clifford III, Presiding
Courtroom 201 Calendar

Tuesday, June 2, 2026 **Hearing Room 201**

9:00 AM

9:26-10220 Humberto Ignacio Miranda and Genoveva Miranda **Chapter 13**

#5.00 Hearing re: [11] Amended notice of motion and motion for relief from the automatic stay with supporting declarations REAL PROPERTY RE: 1007 Mika Way, Oxnard, CA 93030

Docket 26

***** VACATED *** REASON: Case dismissed 5/14/2026.**

Tentative Ruling:

- NONE LISTED -

Party Information

Debtor(s):

Humberto Ignacio Miranda	Represented By Joaquin Rene Nolet

Joint Debtor(s):

Genoveva Miranda	Represented By Joaquin Rene Nolet

Movant(s):

2005 Amended Dickran Trust dated	Represented By Brent D George

Trustee(s):

Elizabeth (ND) F Rojas (TR)	Pro Se

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9:26-10248 Michael Anthony Moore **Chapter 13**

#6.00 CONT'D Hearing re: [16] Notice of motion and motion for relief from the automatic stay with supporting declarations REAL PROPERTY RE: residential property: 2775 Summer Ranch Road, Paso Robles, CA 93446

fr. 4-7-26,

Docket 16

Tentative Ruling:

June 2, 2026

Appearances waived.

The Debtor's case was dismissed at the confirmation hearing on May 14, 2026. Therefore, the matter is vacated.

April 7, 2026

Appearances required.

Background

Richard J. Moore, as Trustee of the Moore Marital Trust UA DTD 12/23/1986 ("Movant") seeks a lifting of the automatic stay pursuant to 11 U.S.C. §§ 362(d)(1) and (d)(4) in relation to the real property located at 2775 Summer Ranch Road, Paso Robles, CA 93446 (the "Property") of Michael Anthony Moore (the "Debtor") on the grounds that (1) Movant's interest in the Property is not adequately protected, (2) the bankruptcy case was filed in bad faith, and (3) pursuant to 11 U.S.C. § 362(d)(4), the Debtor's filing of the bankruptcy petition was part of a scheme to delay, hinder, or defraud creditors. *See* Docket No. 16, *Notice of Motion and Motion for Relief from the Automatic Stay Under 11 U.S.C § 362 (Real Property)* (the "Motion"), pp. 3-4.

In addition to lifting the stay, Movant requests (1) relief to proceed under applicable nonbankruptcy law to enforce its remedies to foreclose upon and obtain possession of

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CONT... Michael Anthony Moore **Chapter 13**

the Property, (2) confirmation that there is no stay in effect, (3) that the stay be annulled retroactive to the bankruptcy petition date and that any postpetition actions taken by Movant to enforce its remedies regarding the Property shall not constitute a violation of the stay, (4) that the co-debtor stay of 11 U.S.C. § 1201(a) or § 1301(a) be terminated, modified or annulled as to the co-debtor, on the same terms and conditions as to the Debtor, (5) waiver of the 14-day stay pursuant to Fed. R. Bankr. P. 4001(a)(3), (6) that a designated law enforcement officer may evict the Debtor and any other occupant from the Property regardless of any future bankruptcy filing concerning the Property for a period of 180 days from the hearing on this Motion without further notice or compliance, (7) that the order be binding and effective in any bankruptcy case commenced by or against any debtor who claims any interest in the Property for a period of 180 days from the hearing of this Motion without further notice or upon recording a copy of this order or giving appropriate notice of its entry in compliance with applicable nonbankruptcy law, (8) that the order be binding and effective in any future bankruptcy case, no matter who the debtor may be without further notice or upon recording of a copy of this order or giving appropriate notice of its entry in compliance with applicable nonbankruptcy law, (9) that upon entry of the order, for purposes of Cal. Civ. Code § 2923.5, the Debtor be deemed a borrower as defined in Cal. Civ. Code § 2920.5(c)(2)(C), and (10) that if relief from stay is not granted, adequate protection shall be ordered . *See id*. at p. 5.

Notice

Under this Court's Local Rule 4001-1(1)(C)(iii), the motion, notice of hearing, and all supporting documents must be served by the moving party in the time and manner prescribed in LBR 9013-1(d) on any applicable co-debtor where relief is sought from the co-debtor stay under 11 U.S.C. §§ 1201 or 1301.

The Motion and notice thereof were served upon the Debtor via U.S. Mail First class, postage prepaid on March 16, 2026, notifying the Debtor that pursuant to this Court's Local Rule 9013-1(d), any opposition to the Motion must be filed and served no less than fourteen (14) days prior to the hearing on the Motion. *See id*. at *Proof of Service of Document*, p. 12.

The Motion was not, however, served on any co-debtor other than the Debtor, including Marlena Moore. *See id.*

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CONT... Michael Anthony Moore **Chapter 13**

Pursuant to this Court's Local Rule 9013-1(h), "if a party does not timely file and serve documents, the court may deem this to be consent to the granting or denial of the motion, as the case may be." Neither the Debtor, nor any other party served with the Motion has timely filed an opposition to the Motion. The Court therefore takes the default of all non-responding parties, including the Debtor.

As no co-debtor other than the Debtor was served with the Motion, the Motion is denied to the extent it seeks relief against any co-debtor that is not the Debtor.

Analysis

11 U.S.C. § 362(d)(1) – Lack of Adequate Protection

Movant asserts that its interest in the Property is not adequately protected. Pursuant to 11 U.S.C. § 362(d)(1), "[o]n request of a party in interest and after notice and a hearing, the court shall grant relief from the stay provided under subsection (a) of this section, such as by terminating, annulling, modifying, or conditioning such stay [] for cause, including the lack of adequate protection of an interest in property of such party in interest." 11 U.S.C. § 362(d)(1). While the term "adequate protection" is not defined in the Code, 11 U.S.C. § 361 sets forth three non-exclusive examples of what may constitute adequate protection: 1) periodic cash payments equivalent to decrease in value, 2) an additional or replacement lien on other property, or 3) other relief that provides the indubitable equivalent. *See In re Mellor*, 734 F.2d 1396, 1400 (9th Cir. 1984).

"Equity cushion" is defined as the value in the property, above the amount owed to the creditor with a secured claim, that will shield that interest from loss due to any decrease in the value of the property during the time the automatic stay remains in effect. *Id.* at 1397. "Equity," as opposed to "equity cushion," is the value, above all secured claims against the property that can be realized from the sale of the property for the benefit of the unsecured creditors. *Id.*
"Although the existence of an equity cushion as a method of adequate protection is not specifically mentioned in § 361, it is the classic form of protection for a secured debt justifying the restraint of lien enforcement by a bankruptcy court." *Id.* (internal citations omitted). "In fact, it has been held that the existence of an equity cushion

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CONT... Michael Anthony Moore **Chapter 13**

alone can provide adequate protection." *Id.* (internal citations omitted). "A sufficient equity cushion has been found to exist although not a single mortgage payment had been made." *Id.* (internal citations omitted). "A 20% cushion has been held to be an adequate protection for a secured creditor." *Id.* at 1401. (internal citations omitted).

Here, Movant first contends that its interest in the Property is not adequately protected because there is not a sufficient equity cushion. Movant asserts a secured claim against the Property in the amount of $374,584.76. *See* Docket No. 16, p. 7. The Debtor scheduled a secured claim against the Property in favor of JP Morgan Chase Bank Home Loans in the amount of $171,471. *See* Docket No. 12, *Schedule D: Creditors Who Have Claims Secured by Property*, p. 10. It is not clear what the order of priority of the secured liens against the Property is. As of the petition date of February 24, 2026, Movant asserts that the fair market value of the Property was $700,000.00 per an appraisal dated April 18, 2024. *See id*., *Exhibit 10*. In the worst-case scenario, even using the stale appraisal of $700,000, Movant has a 22% equity cushion in the Property. This 22% equity cushion provides adequate protection to Movant under *In re Mellor*.

The Motion is denied under 11 U.S.C. § 362(d)(1) insofar as it seeks relief due to a lack of equity.

11 U.S.C. § 362(d)(1) - Bad Faith

Movant asserts that the Debtor did not file the bankruptcy case in good faith. "The debtor's lack of good faith in filing a bankruptcy petition has often been used as cause for removing the automatic stay." *In re Arnold*, 806 F.2d 937, 939 (9th Cir. 1986). "The existence of good faith depends on an amalgam of factors and not upon a specific fact." *See id.* "The bankruptcy court should examine the debtor's financial status, motives, and the local economic environment." *Id.*

The Ninth Circuit cited the Ninth Circuit Bankruptcy Appellate Panel regarding bad faith as follows: If it is obvious that a debtor is attempting unreasonably to deter and harass creditors in their bona fide efforts to realize upon their securities, good faith does not exist. But if it is apparent that the purpose is not to delay or defeat creditors but rather to put an end to long delays, administration expenses ... to mortgage foreclosures, and to invoke the operation of the [bankruptcy law] in the spirit

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CONT... Michael Anthony Moore **Chapter 13**

indicated by Congress in the legislation ... good faith cannot be denied. *See id.*

"Good faith is lacking only when the debtor's actions are a clear abuse of the bankruptcy process." *See id.* (citing *In re Thirtieth Place, Inc.*, 30 B.R. 503, 505 (9th Cir. BAP 1983) (quotation omitted).

Financial Status

On that *Schedule A/B: Property*, the Debtor lists the Property, valued at $803,300.00, as his only asset, and reports no other personal property. *See* Docket No. 12. The Debtor reports only two secured creditors, JP Morgan Chase Bank Home Loans with a deed of trust claim in the amount of $171,471.00, and a second creditor listed as "Total" with a claim in the amount of $265,000, which appears to be Movant. *See id*., *Schedule D: Creditors Who Have Claims Secured by Property.* On that *Schedule E/F: Creditors Who Have Unsecured Claims*, the Debtor lists five creditors with a total of $32,385.00 in unsecured claims. *See id.* The Debtor reports a monthly income of $5,010.00 and monthly expenses of $2,934.00. *See id*., *Schedule I: Your Monthly Income; Schedule J: Your Expenses.* On that *Chapter 13 Plan*, the Debtor proposes to make 60 monthly payments of $2,070.20 totaling $124,212.00. *See* Docket No. 10. The Debtor proposes to pay unsecured creditors 0% of the total amount of unsecured claims. *See id*., p. 3. The Chapter 13 plan has not been confirmed. The Plan appears unconfirmable on its face. What precisely must be paid to Movant, and when, under the Plan? What is the monthly cost of servicing all secured claims against the Property over the life of the Plan?

Motive

The Debtor previously filed a Chapter 13 bankruptcy case on April 25, 2023 (the "Prior Case"), which Prior Case was dismissed through that *Order Dismissing Chapter 13 Case and Vacating Motions as Moot*. *See* Case No. 9:23-bk-10318-RC, Docket No. 165. In the Prior Case, the Debtor and Movant executed that *Settlement Agreement* (the "Agreement") on September 10, 2024. *See id.* at Docket No. 155, *Exhibit A*, pp. 4-16. On December 3, 2024, the Court granted Movant's Motion to Compromise in *that Order Granting Motion to Approve Compromise of Controversy Pursuant to Bankruptcy Rule 9019*. *See id.*, *Exhibit 2*. The Court order provided that "[t]he Settlement Agreement and this related Order thereupon shall remain in effect

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CONT... Michael Anthony Moore **Chapter 13**

pursuant to 11 USC 349(b)."

Under the Agreement, the parties acknowledged the Orange County Superior Court (the "State Court") judgment of $816,106.03 for Movant and the deed against the Property for $246,026.51. *See id*. The Debtor agreed to "voluntarily sell the Property with the proceeds of the sale to be disbursed solely to the Creditor" at a price that satisfied the first and second liens. *See id*. The Agreement further provided that "Debtors agree to vacate the Property and leave the Property in broom-swept condition within 30 days of a fully-executed Agreement. Debtors agree to vacate all other occupants and remove all of their personal property and animals." *See id.* The Agreement provided that in the event of the Debtor's default on monthly payments, Creditor may file the stipulated judgment and resume formal collection proceedings, including foreclosure of the Property. *See id*.

At bottom, the Property was not sold, and Movant moved to foreclose on its deed of trust against the Property when the instant bankruptcy case was filed. It appears that the Property is the Debtor's residence. The Debtor would like to keep the Property it seems, and repay Movant, at least on its claim against the Property. The problem, as the Court sees things, is that the Debtor cannot exit bankruptcy with their current income and expenses. The Debtor is certainly in breach of the Agreement, but breaching a contract alone does not constitute bad faith.

11 U.S.C. § 362(d)(4)

Movant asserts that the bankruptcy was filed in bad faith as part of a scheme to hinder, delay, or defraud creditors because the Property is the subject of multiple bankruptcy filings. To obtain relief under § 362(d)(4), the court must find the following three elements are present: (1) the debtor's bankruptcy filing was part of a scheme; (2) the object of the scheme was to delay, hinder or defraud creditors; and (3) the scheme must involve either (a) the transfer of some interest in the real property without the secured creditor's consent or court approval, or (b) multiple bankruptcy filings affecting the property. *In re Dorsey*, 476 B.R. 261, 265–66 (Bankr. C.D. Cal. 2012) citing *First Yorkshire Holdings, Inc. v. Pacifica L 22, LLC. (In re First Yorkshire Holdings, Inc.)*, 470 B.R. 864, 870–871 (9th Cir. BAP 2012).

Movant asserts that "[p]ursuant to 11 U.S.C. 362(d)(4), the Debtor's filing of the

bankruptcy petition was part of a scheme to delay, hinder, or defraud creditors that involved multiple bankruptcy cases affected the property." *See* Docket No. 16, p. 4. As indicated above, the Debtor has one prior bankruptcy filing. The Prior Case was filed on April 25, 2023, and dismissed pursuant to that *Order Dismissing Chapter 13 Case and Vacating Motions as Moot*. *See* Docket No. 165, Case No. 9:23-bk-10318-RC.

A Scheme

As indicated above, the Debtor and Movant executed the Settlement Agreement, and the Debtor breached that agreement. Upon the Debtor's default, Movant proceeded with a foreclosure sale of the Property, pursuant to the terms of the Settlement Agreement. On the day that the foreclosure sale was scheduled, the Debtor, hastily and without including any schedules, filed for Chapter 13 bankruptcy to delay the foreclosure sale and avoid enforcement of the Settlement Agreement. The Court searches for a scheme. Has there been a transfer of the Property? There have been two (2) bankruptcy filings affecting the Property, but years apart.

Delaying, Hindering or Defrauding Creditors

As indicated above, the Debtor's bankruptcy filing was an effort to stop the foreclosure sale of the Property and avoid his obligations under the Settlement Agreement. In the Prior Case, the Debtor concealed $1,000,000.00 or more in order avoid his debt obligations. In the Prior Case, the Debtor and Movant reached a settlement agreement that this Court approved. The Debtor breached that Settlement Agreement and then filed this second bankruptcy petition. There is some delay of Movant's efforts, but the Court searches for fraud.

Multiple Bankruptcy Filings Affecting the Property

The Property has been the subject of two bankruptcy filings. The Court also recalls the Debtor's concealment in the Prior Case. As discussed above, the Court questioned the Debtor's veracity and unwillingness to name the person the Debtor supposedly gave $1,000,000.00 to. Still, the cases are years apart.

[FN 1] There is no evidence before this Court that the property was listed for sale at

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CONT... Michael Anthony Moore **Chapter 13**

$1,400,000.00. All that is provided to this Court are print outs from Zillow with a "Pre-Foreclosure/Auction" estimate of $1,400,000.00. *See id*., at *Exhibit 9*.

Party Information

Debtor(s):

Michael Anthony Moore	Pro Se

Movant(s):

Richard Moore, as Trustee	Represented By Jill David

Trustee(s):

Elizabeth (ND) F Rojas (TR)	Pro Se

9:00 AM
9:26-10483 Kelsi Lorraine Sanders **Chapter 7**

#7.00 HearingRE: [11] Notice of motion and motion for relief from the automatic stay with supporting declarations REAL PROPERTY RE: 5742 Camino Deville, Camarillo, California 93012 .

Docket 11

Tentative Ruling:

June 2, 2026

Appearances waived. The Motion is denied for improper service. Movant to lodge a conforming order within 7 days.

Carrington Mortgage Services, LLC ("Movant") seeks a lifting of the automatic stay pursuant to 11 U.S.C. §§ 362(d)(1) and (d)(2) in relation to the residential real property located at 5742 Camino Deville, Camarillo, California 93012 (the "Property") of Kelsi Lorraine Sanders (the "Debtor") on the grounds that (1) Movant's interest in the Property is not protected by an adequate equity cushion, and (2) pursuant to 11 U.S.C. § 362(d)(2)(A), the Debtor has no equity in the Property and pursuant to 11 U.S.C. § 362(d)(2)(B) the Property is not necessary for an effective reorganization. *See* Docket No. 11, *Motion for Relief from the Automatic Stay Under 11 U.S.C. § 362 – Real Property* (the "Motion").

In addition to lifting the stay, Movant requests relief to (1) proceed under applicable nonbankruptcy law to enforce its remedies to foreclose upon and obtain possession of the Property, (2) at its option, offer, provide and enter into a potential forbearance agreement or other loan workout/loss mitigation agreement by contacting the Debtor, and (3) waiver of the 14-day stay pursuant to Fed. R. Bankr. P. 4001(a)(3) [superseded by Fed. R. Bankr. P. 4001(a)(4)]. *See id.*, p. 5. **[FN 1]**

The Motion and notice thereof were served upon the Debtor via U.S. Mail First class, postage prepaid on April 30, 2026, at "2690 Anchor Ave, Port Hueneme, CA 9304". *See id*. at *Proof of Service of Document*, p. 12. The Debtor's mailing address is "2690 Anchor [A]ve, Port Hueneme, CA 93041". *See* Docket No. 1, p. 2. Therefore, the Debtor was served at an incomplete address and notice is improper.

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CONT... Kelsi Lorraine Sanders **Chapter 7**

Legal Standard

Pursuant to 11 U.S.C. § 362(d)(1), "[o]n request of a party in interest and after notice and a hearing, the court shall grant relief from the stay provided under subsection (a) of this section, such as by terminating, annulling, modifying, or conditioning such stay [] for cause, including the lack of adequate protection of an interest in property of such party in interest." 11 U.S.C. § 362(d)(1). While the term "adequate protection" is not defined in the Code, 11 U.S.C. § 361 sets forth three non-exclusive examples of what may constitute adequate protection: 1) periodic cash payments equivalent to decrease in value, 2) an additional or replacement lien on other property, or 3) other relief that provides the indubitable equivalent. *See In re Mellor*, 734 F.2d 1396, 1400 (9th Cir. 1984). "Equity cushion" is defined as the value in the property, above the amount owed to the creditor with a secured claim, that will shield that interest from loss due to any decrease in the value of the property during the time the automatic stay remains in effect. *Id.* at 1397. "Equity," as opposed to "equity cushion," is the value, above all secured claims against the property that can be realized from the sale of the property for the benefit of the unsecured creditors. *Id.*

"Although the existence of an equity cushion as a method of adequate protection is not specifically mentioned in § 361, it is the classic form of protection for a secured debt justifying the restraint of lien enforcement by a bankruptcy court." *Id.* (internal citations omitted). "In fact, it has been held that the existence of an equity cushion alone, can provide adequate protection." *Id.* (internal citations omitted). "A sufficient equity cushion has been found to exist although not a single mortgage payment had been made." *Id.* (internal citations omitted). "A 20% cushion has been held to be an adequate protection for a secured creditor." *Id.* at 1401. (internal citations omitted).

Pursuant to 11 U.S.C. § 362(d)(2), "[o]n request of a party in interest and after notice and a hearing, the court shall grant relief from the stay provided under subsection (a) of this section, such as by terminating, annulling, modifying, or conditioning such stay with respect to a stay of an act against property under subsection (a) of this section, if (A) the debtor does not have an equity in such property and (B) such property is not necessary to an effective reorganization." "Since reorganization is not relevant in Chapter 7, the only issue is whether there is equity in the property." *In re Preuss*, 15 B.R. 896, 897 (9th Cir. BAP 1981).

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CONT... Kelsi Lorraine Sanders **Chapter 7**

Analysis

Here, Movant first contends that arrearages total $25,126.43, which represents seven (7) unpaid payments of $3,589.49 each (as of the date of the Motion) with a payment of $3,589.49 becoming due May 1, 2026. *See* Docket No. 11, p. 8.

Movant further alleges that its interest in the Property is not adequately protected. Movant asserts a secured claim against the Property in the amount of $661,351.38. *See id.,* p. 7. As of the petition date of April 8, 2026, Movant asserts that the fair market value of the Property is $798,700 per the Debtor's schedules. *See id.,* at *Exhibit 4.* Movant asserts that it maintains an equity cushion in the Property. *See id.,* p. 8. The equity cushion in the Property exceeding Movant's liens is asserted to be $137,348.62 or 17% of the fair market value of the Property, which is below the standard held to adequately protect a creditor under *In re Mellor*. *See id.* Including costs of sale of $63,896 or 8%, the Debtor's equity in the Property is $73,452.62. *Id.*

Cause has been shown sufficient to lift the automatic stay pursuant to 11 U.S.C. § 362(d)(1) as Movant's interest is not adequately protected.

Cause has not been shown to lift the automatic stay pursuant to 11 U.S.C. § 362(d)(2) as the Debtor has equity in the property.

Conclusion

The Court denies the Motion as notice is improper.

[FN 1] Movant checks the box "[s]ee attached continuation page for other relief requested." *See id.* However, there is no continuation page attached.

Party Information

Debtor(s):

Kelsi Lorraine Sanders Pro Se

Trustee(s):

Jeremy W. Faith (TR) Pro Se

United States Bankruptcy Court
Central District of California
Northern Division
Ronald A Clifford III, Presiding
Courtroom 201 Calendar

Tuesday, June 2, 2026 **Hearing Room 201**

9:00 AM

CONT... Kelsi Lorraine Sanders **Chapter 7**

9:00 AM

9:26-10258 Jennifer Jazmin Anguiano and Steven Anguiano Cazun **Chapter 7**

#8.00 Hearing re: [9] Notice of motion and motion for relief from the automatic stay with supporting declarations PERSONAL PROPERTY RE: 2025 Nissan Rogue

Docket 9

Tentative Ruling:

June 2, 2026

Appearances waived. The Motion is granted pursuant to 11 U.S.C. §§ 362(d)(1) and (d)(2), including the request to waive Fed. R. Bankr. P. 4001(a)(4), for the reasons stated *infra.* Movant to lodge a conforming order within 7 days.

On April 29, 2026, Global Lending Services, LLC ("Movant") filed that *Motion for Relief from the Automatic Stay Under 11 U.S.C. § 362* (the "Motion") seeking to lift the automatic stay pursuant to 11 U.S.C. §§ 362(d)(1) and (d)(2) in relation to a 2025 Nissan Rogue (the "Vehicle") of Jennifer Jazmin Anguiano and Steven Anguiano Cazun (the "Debtors") on the grounds that (1) Movant's interest in the Vehicle is not protected by an adequate equity cushion and the fair market value of the Vehicle is declining, (2) proof of insurance regarding the Vehicle has not been provided to Movant, (3) the Debtors filed a statement of intention that indicates the Debtors intend to surrender the Vehicle, and (4) pursuant to 11 U.S.C. § 362(d)(2)(A), the Debtors have no equity in the Vehicle; and, pursuant to 11 U.S.C. § 362(d)(2)(B), the Vehicle is not necessary for an effective reorganization. *See* Docket No. 9, pp. 3-4.

In addition to lifting the stay, Movant requests (1) relief to proceed under applicable nonbankruptcy law to enforce its remedies to repossess and sell the Vehicle, and (2) waiver of the 14-day stay prescribed by Fed. R. Bankr. P. 4001(a)(3) [superseded by Fed. R. Bankr. P. 4001(a)(4)]. *See id*., p. 5.

The Motion and notice thereof were served upon the Debtors via U.S. Mail First class, postage prepaid on April 29, 2026, notifying the Debtors that pursuant to this Court's Local Rule 9013-1(d), any opposition to the Motion must be filed and served no less than fourteen (14) days prior to the hearing on the Motion. *See id*., *Proof of Service of Document*. Pursuant to this Court's Local Rule 9013-1(h), "if a party does not timely file and serve documents, the court may deem this to be consent to the granting or

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CONT... Jennifer Jazmin Anguiano and Steven Anguiano Cazun **Chapter 7**

denial of the motion, as the case may be." Neither the Debtors, nor any other party served with the Motion have timely filed an opposition to the Motion. The Court therefore takes the default of all non-responding parties, including the Debtors.

Analysis

11 U.S.C. § 362(d)(2)

Pursuant to 11 U.S.C. § 362(d)(2), "[o]n request of a party in interest and after notice and a hearing, the court shall grant relief from the stay provided under subsection (a) of this section, such as by terminating, annulling, modifying, or conditioning such stay with respect to a stay of an act against property under subsection (a) of this section, if (A) the debtor does not have an equity in such property and (B) such property is not necessary to an effective reorganization." "Since reorganization is not relevant in Chapter 7, the only issue is whether there is equity in the property." *In re Preuss*, 15 B.R. 896, 897 (9th Cir. BAP 1981).

Movant first contends that its interest in the Vehicle is not adequately protected. Movant asserts a secured claim against the Vehicle in the amount of $41,734.63 as of March 10, 2026. *See* Docket No. 9, p. 8. According to the J.D. Power Used Cars/Trucks report, the Vehicle has a fair market value of $25,800. *See id.*, at *Exhibit 4*. As there exists no equity in the Vehicle, and because the instant case is one under Chapter 7, the Motion is granted pursuant to 11 U.S.C. § 362(d)(2).

11 U.S.C. § 362(d)(1)

Pursuant to 11 U.S.C. § 362(d)(1), "[o]n request of a party in interest and after notice and a hearing, the court shall grant relief from the stay provided under subsection (a) of this section, such as by terminating, annulling, modifying, or conditioning such stay for cause, including the lack of adequate protection of an interest in property of such party in interest." Beyond the lack of adequate protection, "cause" is determined on a case-by-case basis. *See In re MacDonald*, 755 F.2d 715, 717 (9th Cir. 1985). The failure of a debtor to make post-petition payments on a secured obligation may constitute cause. *See In re Watson*, 286 B.R. 594, 604 (Bankr. D. NJ 2002). Courts have held that the failure of a debtor to maintain insurance over a secured creditor's collateral works as a failure to adequately protect the secured creditor in said

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CONT... Jennifer Jazmin Anguiano and Steven Anguiano Cazun **Chapter 7**

collateral, and such lack of adequate protection constitutes cause to lift the stay. *See In re El Patio, Ltd.*, 6 BR 518, 522 (Bankr. C.D. Cal. 1980); *see also In re DB Capital Holdings, LLC*, 454 B.R. 804, 817 (Bankr. Colo. 2011); *In re Olayer*, 577 B.R. 464, 472 (Bankr. W.D. Pa. 2017) ("The failure to maintain adequate insurance to protect the value of estate assets is a breach of the debtor's fundamental obligations, needlessly expenses the estate to the risk of a catastrophic loss, and may constitute sufficient cause for stay relief.").

Here, Movant asserts a secured claim against the Vehicle in the amount of $41,734.63. *See* Docket No. 9, p. 8. Movant asserts that the Debtors are in arrears in the amount of $3,000.10. *See id.* It appears that the Debtors' last monthly payment of $902.02 was received by Movant on January 21, 2026. *See id*. Additionally, the Debtors filed that *Statement of Intention for Individuals Filing Under Chapter 7* that indicates that the Debtors intend to surrender the Vehicle. *See id.* at *Exhibit 5*, p. 1.

The Debtors' delinquency, coupled with the Debtors' failure to maintain insurance on the Vehicle and the Debtors' intention to surrender the Vehicle, constitute cause to lift the automatic stay pursuant to 11 U.S.C. § 362(d)(1).

Party Information

Debtor(s):

Jennifer Jazmin Anguiano — Represented By Paul C Nguyen

Joint Debtor(s):

Steven Anguiano Cazun — Represented By Paul C Nguyen

Trustee(s):

David Keith Gottlieb (TR) — Pro Se

9:00 AM
9:26-10526 3040 Gibraltar Rd. Acquisitions, LLC **Chapter 11**

#9.00 HearingRE: [9] Notice of motion and motion for relief from the automatic stay with supporting declarations REAL PROPERTY RE: 3040 Gibraltar Road, Santa Barbara, CA 93105 .

Docket 9

Tentative Ruling:

June 2, 2026

Appearances required.

Background

On April 14, 2026, Emanuel Leal Rojas, Juan Flores, and Elena Leal (collectively, the "Petitioning Creditors") filed an involuntary petition (the "Petition") under Chapter 11 of Title 11 of the United States Code against 3040 Gibraltar Rd. Acquisitions, LLC (the "Alleged Debtor"). *See* Docket No. 1. On April 15, 1016, the Court issued that *Summons and Notice of Status Conference in an Involuntary Bankruptcy Case* (the "Summons") which set a status conference for June 3, 2026, at 1:00 p.m., and a deadline to oppose the entry of an order for relief. *See* Docket No. 4. On April 16, 2026, the Petitioning Creditors filed that *Certificate of Service*, which indicates that the Petition, errata, and the Summons were served upon the Alleged Debtor on April 16, 2026. *See* Docket No. 6. **[FN 1]**

To date, the Alleged Debtor has not filed an opposition to the entry of an order for relief, an answer, or any other documents or motions in this case. The Alleged Debtor does not appear to be represented by counsel.

The Court has not entered an order for relief to date.

Motion

AAA Dream Investment, LLC, its successor and/or assignees ("Movant") seeks a lifting of the automatic stay pursuant to 11 U.S.C. § 362(d)(1) in relation to the real

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CONT... 3040 Gibraltar Rd. Acquisitions, LLC **Chapter 11**

property located at 3040 Gibralter Road, Santa Barbara, CA 93105 (the "Property") of the Alleged Debtor on the grounds that (1) Movant's interest in the Property is not adequately protected because proof of insurance regarding the Property has not been provided to Movant, despite the Debtor's obligation to insure the collateral under the terms of Movant's contract with the Debtor, (2) the Debtor failed to make payments on the loan to Movant before the loan matured on August 1, 2024, (3) the Debtor failed to pay property taxes, and (4) the Debtor has failed to secure the Property. *See* Docket No. 9, *Motion for Relief from the Automatic Stay Under 11 U.S.C. 362 – Real Property* (the "Motion"), pp. 3-4; *Memorandum of Points and Authorities*, p. 5.

In addition to lifting the stay, Movant requests (1) that it may proceed under applicable nonbankruptcy law to enforce its remedies to foreclose upon and obtain possession of the Property, (2) waiver of the 14-day stay provided under Fed. R. Bankr. P. 4001(a)(3) [superseded by Fed. R. Bankr. P. 4001(a)(4)], and (3) if relief from stay is not granted, adequate protection be ordered. *See id.*, p. 5.

Notice

Pursuant to this Court's Local Rule 4001-1(c)(1)(C), the Motion must be served upon the "(i) The debtor and debtor's attorney (if any); (ii) The trustee or interim trustee (if any); (iii) Any applicable codebtor where relief is sought from the codebtor stay under 11 U.S.C. §§ 1201 or 1301; (iv) If relief is sought as to property of the estate, the holder of a lien or encumbrance against the subject property that is known to the movant, scheduled by the debtor, or appears in the public record; and (v) Any other party entitled to notice under FRBP 4001." Pursuant to Fed. R. Bankr. P. 4001(a)(1)(A), the Motion must be served upon "the creditors included on the list filed under Rule 1007(d) if the case is a Chapter 9 or Chapter 11 case and no committee of unsecured creditors has been appointed under §1102". During the gap period between the filing of the involuntary petition and entry of the order for relief, "relief from the automatic stay must be requested by an appropriate motion pursuant to 11 U.S.C. § 362(d), Fed.R.Bankr.P. 4001(a), and Local Bankruptcy Rules 4001–1 and 9014–1. That motion must be served on [the Debtor] and its attorney. The court will also require that the motion be served on the United States Trustee, the petitioning

creditors and their attorney, and any other party in interest requesting special notice." *In re E.D. Wilkins Grain Co.*, 235 B.R. 647, 651 (Bankr. E.D. Cal. 1999).

The Motion and notice thereof were served upon (1) the United States trustee, and counsel for the Petitioning Creditors via NEF on May 5, 2026, and (2) the Alleged Debtor, the Petitioning Creditors, and the Santa Barbara County Tax Collector via U.S. Mail First class, postage prepaid on May 5, 2026, notifying the parties that pursuant to this Court's Local Rule 9013-1(d), any opposition to the Motion must be filed and served no less than fourteen (14) days prior to the hearing on the Motion. *See id.*, *Proof of Service of Document*, p. 12. **[FN 2]**

Pursuant to this Court's Local Rule 9013-1(h), "if a party does not timely file and serve documents, the court may deem this to be consent to the granting or denial of the motion, as the case may be." Neither the Alleged Debtor, nor any other party served with the Motion has timely filed an opposition to the Motion. The Court therefore takes the default of all non-responding parties, including the Alleged Debtor.

Analysis

11 U.S.C. § 362(d)(1) - Lack of Adequate Protection

Pursuant to 11 U.S.C. § 362(d)(1), "[o]n request of a party in interest and after notice and a hearing, the court shall grant relief from the stay provided under subsection (a) of this section, such as by terminating, annulling, modifying, or conditioning such stay [] for cause, including the lack of adequate protection of an interest in property of such party in interest." 11 U.S.C. § 362(d)(1). "Adequate protection is, essentially, protection for the creditor to assure its collateral is not depreciating or diminishing in value and is evaluated on a case-by-case basis. The secured creditor 'must, therefore, prove this decline in value—or the threat of a decline—in order to establish a prima facie case.' The erosion, or threatened erosion, of a secured creditor's position 'may be shown through evidence of declining property values, the increasing amount of the secured debt through interest accruals or otherwise, the non-payment of taxes or other senior liens, failure to insure the property, failure to maintain the property, or other factors that may jeopardize the creditor's present position.'" *In re DB Capital Holdings, LLC*, 454 B.R. 804, 817 (Bankr. D. Colo. 2011)(quoting *In re Elmira Litho,*

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CONT... 3040 Gibraltar Rd. Acquisitions, LLC **Chapter 11**

Inc., 174 B.R. 892, 902 (Bankr. S.D.N.Y. 1994) and *In re Anthem Communities*, 267 B.R. 867, 870-871 (Bankr. D. Colo. 2001)).

While the term "adequate protection" is not defined in the Code, 11 U.S.C. § 361 sets forth three non-exclusive examples of what may constitute adequate protection: 1) periodic cash payments equivalent to decrease in value, 2) an additional or replacement lien on other property, or 3) other relief that provides the indubitable equivalent. *See In re Mellor*, 734 F.2d 1396, 1400 (9th Cir. 1984). "Equity cushion" is defined as the value in the property, above the amount owed to the creditor with a secured claim, that will shield that interest from loss due to any decrease in the value of the property during the time the automatic stay remains in effect. *Id.* at 1397. "Equity," as opposed to "equity cushion," is the value, above all secured claims against the property that can be realized from the sale of the property for the benefit of the unsecured creditors. *Id.*

"Although the existence of an equity cushion as a method of adequate protection is not specifically mentioned in § 361, it is the classic form of protection for a secured debt justifying the restraint of lien enforcement by a bankruptcy court." *Id.* (internal citations omitted). "In fact, it has been held that the existence of an equity cushion alone, can provide adequate protection." *Id.* (internal citations omitted). "A sufficient equity cushion has been found to exist although not a single mortgage payment had been made." *Id.* (internal citations omitted). "A 20% cushion has been held to be an adequate protection for a secured creditor." *Id.* at 1401. (internal citations omitted).

Equity Cushion

Movant and the Alleged Debtor entered into that *Secured Note* (the "Note") on January 24, 2024, in the amount of $2,450,000. *See* Docket No. 9, at *Exhibit 1.* The Note is secured by that *Deed of Trust, Assignment of Leases and Rents, and Security Agreement* on the Property. *See id.*, at *Exhibit 2.* Movant asserts that the Alleged Debtor defaulted on the Note, which matured on August 1, 2024, and Movant has a claim in the amount of $3,325,309.38 as of April 15, 2026. *See id., Declaration of Trang Do*, pp. 2-3, ¶ 8.

On the one hand, Movant asserts that the fair market value of the Property is $6,913,700 pursuant to Zillow, and, on the other hand asserts that "Movant is not sure this value is correct as the Property is currently incomplete and under construction.".

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CONT... 3040 Gibraltar Rd. Acquisitions, LLC **Chapter 11**

See id., p. 8, ¶ 11; *Declaration of Raquel Veloz*, pp. 1-2, ¶ 3, at *Exhibit A; Declaration of Trang Do*, p. 4, ¶ 15. The Court does not generally accept a Zillow printout as sufficient evidence of the fair market value of property. *See In re Tabor*, 583 B.R. 155, 169 (Bankr. N.D. Ill. 2018) (Zillow is "inherently unreliable"); *In re Darosa*, 442 B.R. 173, 177 (Bankr. D. Mass. 2010); *In re Phillips*, 491 B.R. 255, 260 (Bankr.D.Nev.2013); *In re Cocreham*, 2013 WL 4510694, at *3 (Bankr. E.D. Cal. Aug. 23, 2013).

If not the asserted Zillow value, what is the value the Court is to use? Movant has provided no other evidence of value in support of its own Motion.

Assuming arguendo, the Court accepts the Zillow valuation, the Movant enjoys an equity cushion of $3,588,390.62 or 51.9%, which is sufficient to adequately protect Movant under *in re Mellor.*

Failure to Protect and Insure

Courts have held that the failure of a debtor to maintain insurance over a secured creditor's collateral works as a failure to adequately protect the secured creditor in said collateral, and such lack of adequate protection constitutes cause to lift the stay. *See In re El Patio, Ltd.*, 6 BR 518, 522 (Bankr. C.D. Cal. 1980); *see also In re DB Capital Holdings, LLC*, 454 B.R. 804, 817 (Bankr. Colo. 2011); *In re Olayer*, 577 B.R. 464, 472 (Bankr. W.D. Pa. 2017) ("The failure to maintain adequate insurance to protect the value of estate assets is a breach of the debtor's fundamental obligations, needlessly expenses the estate to the risk of a catastrophic loss, and may constitute sufficient cause for stay relief.").

Movant asserts that the Property is a parcel of property "currently under construction and potentially exposed to the elements and third parties." *See* Docket No. 9, *Declaration of Trang Do*, p. 3, ¶ 14. Movant further asserts that "[p]roof of insurance regarding the Property has not been provided to Movant, despite the Debtor's obligation to insure the collateral under the terms of Movant's contract with the Debtor." *See id.*, p. 10, ¶ 13.

Movant has requested confirmation from the Alleged Debtor and the Petitioning Creditors that the Property is secure and insured, but "no substantive response has

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CONT... 3040 Gibraltar Rd. Acquisitions, LLC **Chapter 11**

been received to date." *See id., Declaration of Trang Do*, p. 3, ¶¶ 12, 14. Is the Property currently insured? What are the specific security concerns related to the Property? Is the Property currently secured?

Failure to Pay Real Property Taxes

"[F]ailure to pay real property taxes may constitute a basis for finding lack of adequate protection." *In re Valdez*, 324 B.R. 296, 301–02 (Bankr. S.D. Tex. 2005); *In re James River Assocs*., 148 B.R. 790, 796 (E.D. Va. 1992) (failure to maintain insurance on the property, keep taxes current, or filing in bad faith solely to forestall creditors, could be independent forms of relief under § 362(d)(1)).

Movant contends that the "Debtor is delinquent to the Santa Barbara County Tax Collector on its property taxes in the amount of $91,444.04." *See* Docket No. 9, *Declaration of Trang Do*, p. 3, ¶ 13; *Exhibit 3.*

The Debtor's failure to pay property taxes combined with the Debtor's failure to insure the Property is grounds for granting stay relief under 11 U.S.C. § 362(d)(1).

[FN 1] On April 17, 2026, the clerk's office issued that Notice to Filer of Error and/or Deficient Document that indicates that the incorrect docket event was used to file the document and the mandatory LBR proof of service was not used. *See* Docket No. 7. The Petitioning Creditors have not corrected the error to date. However, it appears that service of the Petition and the Summons upon the Alleged Debtor was completed on April 16, 2026. *See* Docket No. 6, p. 2.

[FN 2] Paragraph 2 of that *Proof of Service of Document* indicates that "[s]ervice information continued on attached page". *See id.* However, there is no attached page.

Party Information

Debtor(s):

3040 Gibraltar Rd. Acquisitions, Pro Se

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9:26-10626 Christopher C. Jacobs and Lauryn Taylor **Chapter 7**

#10.00 HearingRE: [14] Notice of motion and motion for relief from the automatic stay with supporting declarations PERSONAL PROPERTY RE: 2019 BMW I3 .

Docket 14

Tentative Ruling:

June 2, 2026

Appearances waived. The Motion is granted pursuant to 11 U.S.C. § 362(d)(1) for the reasons stated *infra*. The request to waive Fed. R. Bankr. P. 4001(a)(4) is denied.

On May 11, 2026, CoastHills Credit Union ("Movant") filed that *Motion for Relief from the Automatic Stay Under 11 U.S.C. § 362* (the "Motion") seeking to lift the automatic stay pursuant to 11 U.S.C. § 362(d)(1) in relation to a 2019 BMW I3 (the "Vehicle") of Christopher C. Jacobs and Lauryn Taylor (the "Debtors") on the grounds that (1) Movant's interest in the Vehicle is not protected by an adequate equity cushion, and (2) the fair market value of the Vehicle is declining and payments are not being made to Movant sufficient to protect Movant's interest against that decline. *See* Docket No. 14, p. 3.

In addition to lifting the stay, Movant requests (1) relief to proceed under applicable nonbankruptcy law to enforce its remedies to repossess and sell the Vehicle, and (2) waiver of the 14-day stay provided under Fed. R. Bankr. P. 4001(a)(3) [superseded by Fed. R. Bankr. P. 4001(a)(4)]. *See id*., p. 5.

The Motion and notice thereof were served upon the Debtors via U.S. Mail First class, postage prepaid on May 11, 2026, notifying the Debtors that pursuant to this Court's Local Rule 9013-1(d), any opposition to the Motion must be filed and served no less than fourteen (14) days prior to the hearing on the Motion. *See id*., *Proof of Service of Document*, p. 12. Pursuant to this Court's Local Rule 9013-1(h), "if a party does not timely file and serve documents, the court may deem this to be consent to the granting or denial of the motion, as the case may be." Neither the Debtors, nor any other party served with the Motion have timely filed an opposition to the Motion. The Court

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CONT... Christopher C. Jacobs and Lauryn Taylor **Chapter 7**

therefore takes the default of all non-responding parties, including the Debtors.

Analysis

Pursuant to 11 U.S.C. § 362(d)(1), "[o]n request of a party in interest and after notice and a hearing, the court shall grant relief from the stay provided under subsection (a) of this section, such as by terminating, annulling, modifying, or conditioning such stay for cause, including the lack of adequate protection of an interest in property of such party in interest." Beyond the lack of adequate protection, "cause" is determined on a case-by-case basis. *See In re MacDonald*, 755 F.2d 715, 717 (9th Cir. 1985). The failure of a debtor to make post-petition payments on a secured obligation may constitute cause. *See In re Watson*, 286 B.R. 594, 604 (Bankr. D. NJ 2002).

Here, Movant asserts a secured claim against the Property in the amount of $27,786.11. *See* Docket No. 14, p. 8. Movant asserts that the Debtors are in arrears in the amount of $2,380.30. *See id.* It appears that the Debtors' last monthly payment of $596.06 was received by Movant on February 11, 2026. *See id.*

In light of the Debtors' failure to make post-petition payments, and the ever-eroding equity in the Vehicle due to the lack of payments, cause exists to lift the automatic stay pursuant to 11 U.S.C. § 362(d)(1).

Fed. R. Bankr. P. 4001(a)

The Court will not waive the 14-day stay under Fed. R. Bankr. P. 4001(a)(4) as no analysis has been provided by Movant as to why such relief is warranted.

Party Information

Debtor(s):

Christopher C. Jacobs — Represented By Kenneth H J Henjum

Joint Debtor(s):

Lauryn Taylor — Represented By Kenneth H J Henjum

United States Bankruptcy Court
Central District of California
Northern Division
Ronald A Clifford III, Presiding
Courtroom 201 Calendar

Tuesday, June 2, 2026 **Hearing Room 201**

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CONT... Christopher C. Jacobs and Lauryn Taylor **Chapter 7**

Trustee(s):

David Keith Gottlieb (TR) Pro Se

9:00 AM

9:26-10639 Marissa Nicole Payton **Chapter 7**

#11.00 HearingRE: [7] Notice of motion and motion for relief from the automatic stay with supporting declarations UNLAWFUL DETAINER RE: 5501 Driftwood Street, Oxnard, CA 93035 . (Sutter, Randall)

Docket 7

Tentative Ruling:

June 2, 2026

Appearances waived. The Motion is granted pursuant to 11 U.S.C. §§ 362(d)(1) and (d)(2), with all relief requested therein. Movant to lodge a conforming order within 7 days.

Robin Plain, Authorized Agent of Property Owner Mark Melnicoff ("Movant") seeks relief as to the residential property located at 5501 Driftwood Street, Oxnard, CA 93035 (the "Premises") through an order pursuant to (1) 11 U.S.C. § 362(b)(22) and (23) on the grounds that there is no stay in effect, and (2) 11 U.S.C. §§ 362(d)(1) and 362(d)(2) on the grounds that 'cause' exists as to the debtor Marissa Nicole Payton (the "Debtor") because the Debtor has no right to continued occupancy of the Premises. *See Motion for Relief from the Automatic Stay or for An Order Confirming That Automatic Stay Does Not Apply Under 11 U.S.C. § 362(l)* (the "Motion") (Docket No. 7).

Background

On February 18, 2025, Reginald Payton commenced an action against Mark Melnicoff and Rebecca Sue Vizcarro to quiet title as to the Premises and neighboring address 5503 Driftwood Street (the "Quiet Title Action"). *See id.*, at *Exhibit B,* pp. 2-3. On April 17, 2025, during the pendency of the Quiet Title Action, Movant caused a notice to quit to be served on the Debtor, Reginald Payton, Teresa Payton, and all other occupants of the Premises (collectively, the "Defendants"). *See id.*, at *Exhibit B,* pp. 7-8; *Exhibit G*. An initial unlawful detainer judgment (the "Initial Judgment") was entered in favor of the Defendants on May 8, 2025. *See id.*, at *Exhibit D.* The Initial Judgment provided that the Defendants were entitled to possession of the Premises, and "[n]o valid rental agreement exists between Plaintiff and Defendants." *See id.*, p.

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CONT... Marissa Nicole Payton **Chapter 7**

2, ¶¶ 4, 9.

On June 23, 2025, Robin Plain filed a *Complaint for Unlawful Detainer* (the "Unlawful Detainer Action"). *See id.,* at *Exhibit A.* The Quiet Title Action, the Unlawful Detainer Action, and a related unlawful detainer action were consolidated with the Quiet Title Action being the lead case (hereinafter, the "Consolidated Case"). *See id.* at *Exhibit B,* pp. 1, 8. On April 17, 2026, the state court issued a *Final Statement of Decision Following Court Trial* (the "Decision") in the Consolidated Case. *See id.*, at *Exhibit B.* The Decision provided that Mark Melnicoff was the legal owner of the Premises and 5503 Driftwood Street. *See id.,* at p. 14. On April 21, 2026, the state court held a status conference in the Consolidated Action and set a "Court Trial – Unlawful Detainer" for May 4, 2026. *See id.*, at *Exhibit C.* The Debtor filed a petition for relief under Chapter 7 of Title 11 of the United States Code on April 30, 2026 (the "Petition Date").

Motion

Under 11 U.S.C. § 362(b)(22) and (23), Movant contends that there is no stay in effect because (1) the Debtor has not filed and served on Movant the certification required under 11 U.S.C. § 362(l)(1), (2) the Debtor or adult dependent of the Debtor has not deposited with the clerk any rent that would become due during the 30-day period after the filing of the petition, and (3) the Debtor or adult dependent of the Debtor has not filed and served on Movant the further certification required under 11 U.S.C. § 362(l)(2) that the entire monetary default that gave rise to the judgment has been cured. *See id.*, p. 3.

Under 11 U.S.C. § 362(d)(1), Movant contends that: (1) the Debtor's right to possession of the Premises should be terminated because lease payments have not been made after the filing of the bankruptcy petition; and (2) pursuant to 11 U.S.C. § 362(d)(2)(A), the Debtor has no equity in the Premises, and pursuant to 11 U.S.C. § 362(d)(2)(B), the Premises are not necessary for reorganization. *See id.,* pp. 3-4.

In addition to lifting the stay, Movant requests relief to (1) proceed under applicable nonbankruptcy law to enforce its remedies to foreclose upon and obtain possession of the Premises, (2) confirmation that there is no stay in effect, (3) the 14-day stay prescribed by FRBP 4001(a)(3) [superseded by FRBP 4001(a)(4)] be waived, (4) a designated law enforcement officer may evict the Debtor and any other occupant from

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CONT... Marissa Nicole Payton **Chapter 7**

the Premises regardless of any future bankruptcy filing concerning the Property for a Premises of 180 days from the hearing of this motion: without further notice, (5) the order be binding and effective in any bankruptcy case commenced by or against any debtor who claims any interest in the Premises for a period of 180 days from the hearing of this Motion: without further notice, (6) the order be binding in any other bankruptcy case purporting to affect the Premises filed not later than 2 years after the date of entry of such order, except that a debtor in a subsequent case may move for relief from the order based upon changed circumstances or for good cause shown, after notice and hearing, and (7) the order be binding and effective in any bankruptcy case commenced by or against the Debtor for a period of 180 days, so that no further automatic stay shall arise in that case as to the Premises. *See id.*, p. 5.

Notice

The Motion and notice thereof were served upon the Debtor via U.S. Mail First class, postage prepaid on May 12, 2026, notifying the Debtor that pursuant to this Court's Local Rule 9013-1(d), any opposition to the Motion must be filed and served no less than fourteen (14) days prior to the hearing on the Motion. *See id., Proof of Service of Document*, p. 11. Pursuant to this Court's Local Rule 9013-1(h), "if a party does not timely file and serve documents, the court may deem this to be consent to the granting or denial of the motion, as the case may be." Neither the Debtor, nor any other party served with the Motion has timely filed an opposition to the Motion. The Court therefore takes the default of all non-responding parties, including the Debtor.

Analysis

11 U.S.C. § 362(b)(22)

Pursuant to 11 U.S.C. § 362(b), the filing of a bankruptcy petition does not operate as a stay in certain enumerated exceptions, including— "(22) subject to subsection (l), under subsection (a)(3), of the continuation of any eviction, unlawful detainer action, or similar proceeding by a lessor against a debtor involving residential property in which the debtor resides as a tenant under a lease or rental agreement and with respect to which the lessor has obtained before the date of the filing of the bankruptcy petition, a judgment for possession of such property against the debtor;. . ." 11 U.S.C. § 362(l)(1) provides "[e]xcept as otherwise provided in this subsection, subsection (b)(22) shall apply on the date that is 30 days after the date on which the bankruptcy

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CONT... Marissa Nicole Payton **Chapter 7**

petition is filed, if the debtor files with the petition and serves upon the lessor a certification under penalty of perjury that-- (A) under nonbankruptcy law applicable in the jurisdiction, there are circumstances under which the debtor would be permitted to cure the entire monetary default that gave rise to the judgment for possession, after that judgment for possession was entered; and (B) the debtor (or an adult dependent of the debtor) has deposited with the clerk of the court, any rent that would become due during the 30-day period after the filing of the bankruptcy petition."

"If, within the 30-day period after the filing of the bankruptcy petition, the debtor (or an adult dependent of the debtor) complies with paragraph (1) and files with the court and serves upon the lessor a further certification under penalty of perjury that the debtor (or an adult dependent of the debtor) has cured, under nonbankruptcy law applicable in the jurisdiction, the entire monetary default that gave rise to the judgment under which possession is sought by the lessor, subsection (b)(22) shall not apply, unless ordered to apply by the court under paragraph (3)." 11 U.S.C. § 362(l)(2).

Here, there is no evidence that Movant obtained a judgment for possession before the Petition Date. In fact, it appears that the unlawful detainer trial was set for May 4, 2026, but stopped by the Debtor's filing of this case. *See* Docket No. 7, at *Exhibit C.* Therefore, 11 U.S.C. § 362(b)(22) does not apply.

11 U.S.C. § 362(d)(1)

Pursuant to 11 U.S.C. § 362(d)(1), "[o]n request of a party in interest and after notice and a hearing, the court shall grant relief from the stay provided under subsection (a) of this section, such as by terminating, annulling, modifying, or conditioning such stay for cause, including the lack of adequate protection of an interest in property of such party in interest." Beyond the lack of adequate protection, "cause" is determined on a case-by-case basis. *See In re MacDonald*, 755 F.2d 715, 717 (9th Cir. 1985).

As to "cause" under 11 U.S.C. § 362, Movant asserts that "[r]egular lease payments have not been made after the bankruptcy petition was filed" and "[t]he Debtor does not have an interest in the Property that can be assumed or assigned under 11 U.S.C. § 365." *See* Docket 7, p. 9. Schedule G does not identify the lease agreement with Movant, therefore, it appears that the Debtor does not intend to assume any lease associated with the Premises. *See* Docket No. 1, *Schedule G: Executory Contracts*

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CONT... Marissa Nicole Payton **Chapter 7**

and Unexpired Leases, p. 1. The Debtor lists $1,200 as a rental or homeownership expense on her Schedule J. *See id., Schedule J:Your Expenses*, p. 1. However, there is no valid rental agreement between Movant and the Debtor. *See* Docket No. 7, at *Exhibit D*. A debtor may assume only a lease that is still in existence; a lease which has been terminated or which has expired is not capable of being assumed. *See* 11 U.S.C. § 365; *see also In re Acorn Invs.,* 8 B.R. 506, 510 (Bankr. S.D. Cal. 1981); *In re G. Force Investments, Inc.*, 442 B.R. 646, 64 (Bankr. N.D. Ohio 2010). Further, the failure to pay post-petition lease payments on real property lease may constitute cause to lift the stay under 11 U.S.C. § 362(d)(1). *See In re Rocchio*, 125 B.R. 345, 347 (Bankr. D. RI 1991); *see also In re Touloumis*, 170 B.R. 825 (Bankr. S.D.N.Y. 1994); 11 U.S.C. § 365(d)(3)(A).

As the Debtor has failed to make lease payments to Movant post-petition, there is no existing lease agreement to assume, and the Debtor is not the owner of the Premises, the Motion is granted pursuant to 11 U.S.C. § 362(d)(1).

11 U.S.C. § 362(d)(2)

Pursuant to 11 U.S.C. § 362(d)(2), "[o]n request of a party in interest and after notice and a hearing, the court shall grant relief from the stay provided under subsection (a) of this section, such as by terminating, annulling, modifying, or conditioning such stay with respect to a stay of an act against property under subsection (a) of this section, if (A) the debtor does not have an equity in such property and (B) such property is not necessary to an effective reorganization." "Since reorganization is not relevant in Chapter 7, the only issue is whether there is equity in the property." *In re Preuss*, 15 B.R. 896, 897 (9th Cir. BAP 1981).

As there exists no equity in the Premises for the Debtor, and because the instant case is one under Chapter 7, the Motion is granted pursuant to 11 U.S.C. § 362(d)(2).

Party Information

Debtor(s):

Marissa Nicole Payton — Represented By
Daniel A Higson

United States Bankruptcy Court
Central District of California
Northern Division
Ronald A Clifford III, Presiding
Courtroom 201 Calendar

Tuesday, June 2, 2026 **Hearing Room 201**

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CONT... Marissa Nicole Payton **Chapter 7**

Trustee(s):

David Keith Gottlieb (TR) Pro Se

United States Bankruptcy Court
Central District of California
Northern Division
Ronald A Clifford III, Presiding
Courtroom 201 Calendar

Tuesday, June 2, 2026 **Hearing Room 201**

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9:26-10641 Reginald Levon Payton and Teresa Ann Payton **Chapter 7**

#12.00 HearingRE: [9] Notice of motion and motion for relief from the automatic stay with supporting declarations UNLAWFUL DETAINER RE: 5501 Driftwood Street, Oxnard, CA 93035 . (Sutter, Randall)

Docket 9

Tentative Ruling:

June 2, 2026

Appearances required. The Motion is granted pursuant to 11 U.S.C. §§ 362(d)(1) and (d)(2), with all relief requested therein. Movant to lodge a conforming order within 7 days.

Robin Plain, Authorized Agent of Property Owner Mark Melnicoff ("Movant") seeks relief as to the residential property located at 5501 Driftwood Street, Oxnard, CA 93035 (the "Premises") through an order pursuant to (1) 11 U.S.C. § 362(b)(22) and (23) on the grounds that there is no stay in effect, and (2) 11 U.S.C. §§ 362(d)(1) and 362(d)(2) on the grounds that 'cause' exists as to the debtors Reginald Levon Payton and Teresa Ann Payton (the "Debtors") because the Debtors have no right to continued occupancy of the Premises. *See Motion for Relief from the Automatic Stay or for An Order Confirming That Automatic Stay Does Not Apply Under 11 U.S.C. § 362(l)* (the "Motion") (Docket No. 9).

Background

On February 18, 2025, Reginald Payton commenced an action against Mark Melnicoff and Rebecca Sue Vizcarro to quiet title as to the Premises and neighboring address 5503 Driftwood Street (the "Quiet Title Action"). *See id.*, at *Exhibit B,* pp. 2-3. On April 17, 2025, during the pendency of the Quiet Title Action, Movant caused a notice to quit to be served on the Debtors, Marrisa Payton, and all other occupants of the Premises (collectively, the "Defendants"). *See id.*, at *Exhibit B,* pp. 7-8; *Exhibit G*. An initial unlawful detainer judgment (the "Initial Judgment") was entered in favor of the Defendants on May 8, 2025. *See id.*, at *Exhibit D.* The Initial Judgment provided that the Defendants were entitled to possession of the Premises, and "[n]o valid rental

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CONT... Reginald Levon Payton and Teresa Ann Payton **Chapter 7**

agreement exists between Plaintiff and Defendants." *See id.*, p. 2, ¶¶ 4, 9.

On June 23, 2025, Robin Plain filed a Complaint for Unlawful Detainer (the "Unlawful Detainer Action"). *See id.,* at *Exhibit A.* The Quiet Title Action, the Unlawful Detainer Action, and a related unlawful detainer action were consolidated with the Quiet Title Action being the lead case (hereinafter, the "Consolidated Case"). *See id.,* at *Exhibit B,* pp. 1, 8. On April 17, 2026, the state court issued a *Final Statement of Decision Following Court Trial* (the "Decision") in the Consolidated Case. *See id.*, at *Exhibit B.* The Decision provided that Mark Melnicoff was the legal owner of the Premises and 5503 Driftwood Street. *See id.,* at p. 14. On April 21, 2026, the state court held a status conference in the Consolidated Action and set a "Court Trial – Unlawful Detainer" for May 4, 2026. *See id.*, at *Exhibit C.* The Debtors filed a petition for relief under Chapter 7 of Title 11 of the United States Code on April 30, 2026 (the "Petition Date").

Motion

Under 11 U.S.C. § 362(b)(22) and (23), Movant contends that there is no stay in effect because (1) the Debtors have not filed and served on Movant the certification required under 11 U.S.C. § 362(l)(1), (2) the Debtors or adult dependent of the Debtors have not deposited with the clerk any rent that would become due during the 30-day period after the filing of the petition, and (3) the Debtors or adult dependent of the Debtors have not filed and served on Movant the further certification required under 11 U.S.C. § 362(l)(2) that the entire monetary default that gave rise to the judgment has been cured. *See id.*, p. 3.

Under 11 U.S.C. § 362(d)(1), Movant contends that: (1) the Debtors' right to possession of the Premises should be terminated because lease payments have not been made after the filing of the bankruptcy petition; and (2) pursuant to 11 U.S.C. § 362(d)(2)(A), the Debtors have no equity in the Premises, and pursuant to 11 U.S.C. § 362(d)(2)(B), the Premises are not necessary for reorganization. *See id.,* pp. 3-4.

In addition to lifting the stay, Movant requests relief to (1) proceed under applicable nonbankruptcy law to enforce its remedies to foreclose upon and obtain possession of the Premises, (2) confirmation that there is no stay in effect, (3) the 14-day stay prescribed by FRBP 4001(a)(3) [superseded by FRBP 4001(a)(4)] be waived, (4) a designated law enforcement officer may evict the Debtors and any other occupant

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CONT... Reginald Levon Payton and Teresa Ann Payton **Chapter 7**

from the Premises regardless of any future bankruptcy filing concerning the Property for a Premises of 180 days from the hearing of this motion: without further notice, (5) the order be binding and effective in any bankruptcy case commenced by or against any debtor who claims any interest in the Premises for a period of 180 days from the hearing of this Motion: without further notice, (6) the order be binding in any other bankruptcy case purporting to affect the Premises filed not later than 2 years after the date of entry of such order, except that a debtor in a subsequent case may move for relief from the order based upon changed circumstances or for good cause shown, after notice and hearing, and (7) the order be binding and effective in any bankruptcy case commenced by or against the Debtors for a period of 180 days, so that no further automatic stay shall arise in that case as to the Premises. *See id.*, p. 5.

Notice

The Motion and notice thereof were served upon the Debtors via U.S. Mail First class, postage prepaid on May 12, 2026, notifying the Debtors that pursuant to this Court's Local Rule 9013-1(d), any opposition to the Motion must be filed and served no less than fourteen (14) days prior to the hearing on the Motion. *See id., Proof of Service of Document*, p. 11.

Opposition

On May 19, 2026, the Debtors filed that *Response to Motion Regarding the Automatic Stay* (the "Opposition"). *See* Docket No. 11. In the Opposition, the Debtors assert that they "claim an ownership interest in the subject real property, the extent of which should be determined by the Bankruptcy Court." *See id.*, p. 2. Specifically, the Debtors assert that the state court merely issued a statement of decision and not a final judgment with a preclusive effect. *See id.*

Analysis

11 U.S.C. § 362(b)(22)

Pursuant to 11 U.S.C. § 362(b), the filing of a bankruptcy petition does not operate as a stay in certain enumerated exceptions, including— "(22) subject to subsection (l), under subsection (a)(3), of the continuation of any eviction, unlawful detainer action, or similar proceeding by a lessor against a debtor involving residential property in which the debtor resides as a tenant under a lease or rental agreement and with respect

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CONT... Reginald Levon Payton and Teresa Ann Payton **Chapter 7**

to which the lessor has obtained before the date of the filing of the bankruptcy petition, a judgment for possession of such property against the debtor;. . ." 11 U.S.C. § 362(l)(1) provides "[e]xcept as otherwise provided in this subsection, subsection (b)(22) shall apply on the date that is 30 days after the date on which the bankruptcy petition is filed, if the debtor files with the petition and serves upon the lessor a certification under penalty of perjury that-- (A) under nonbankruptcy law applicable in the jurisdiction, there are circumstances under which the debtor would be permitted to cure the entire monetary default that gave rise to the judgment for possession, after that judgment for possession was entered; and (B) the debtor (or an adult dependent of the debtor) has deposited with the clerk of the court, any rent that would become due during the 30-day period after the filing of the bankruptcy petition."

"If, within the 30-day period after the filing of the bankruptcy petition, the debtor (or an adult dependent of the debtor) complies with paragraph (1) and files with the court and serves upon the lessor a further certification under penalty of perjury that the debtor (or an adult dependent of the debtor) has cured, under nonbankruptcy law applicable in the jurisdiction, the entire monetary default that gave rise to the judgment under which possession is sought by the lessor, subsection (b)(22) shall not apply, unless ordered to apply by the court under paragraph (3)." 11 U.S.C. § 362(l)(2).

Here, there is no evidence that Movant obtained a judgment for possession before the Petition Date. In fact, it appears that the unlawful detainer trial was set for May 4, 2026, but stopped by the Debtors' filing of this case. *See* Docket No. 9, at *Exhibit C.* Therefore, 11 U.S.C. § 362(b)(22) does not apply.

11 U.S.C. § 362(d)(1)

Pursuant to 11 U.S.C. § 362(d)(1), "[o]n request of a party in interest and after notice and a hearing, the court shall grant relief from the stay provided under subsection (a) of this section, such as by terminating, annulling, modifying, or conditioning such stay for cause, including the lack of adequate protection of an interest in property of such party in interest." Beyond the lack of adequate protection, "cause" is determined on a case-by-case basis. *See In re MacDonald*, 755 F.2d 715, 717 (9th Cir. 1985).

"Courts evaluate several non-exclusive factors to determine if cause exists to permit

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CONT... Reginald Levon Payton and Teresa Ann Payton **Chapter 7**

pending litigation to continue in another forum [including:]

(1) Whether the relief will result in a partial or complete resolution of the issues;

(2) The lack of any connection with or interference with the bankruptcy case;

(3) Whether the foreign proceeding involves the debtor as a fiduciary;

(4) Whether a specialized tribunal has been established to hear the particular cause of action and whether that tribunal has the expertise to hear such cases;

(5) Whether the debtor's insurance carrier has assumed full financial responsibility for defending the litigation;

(6) Whether the action essentially involves third parties, and the debtor functions only as a bailee or conduit for the goods or proceeds in question;

(7) Whether the litigation in another forum would prejudice the interests of other creditors, the creditor's committee and other interested parties;

(8) Whether the judgment claim arising from the foreign action is subject to equitable subordination;

(9) Whether movant's success in the foreign proceeding would result in a judicial lien avoidable by the debtor under Section 522(f);

(10) The interests of judicial economy and the expeditious and economical determination of litigation for the parties;

(11) Whether the foreign proceedings have progressed to the point where the parties are prepared for trial; and

(12) The impact of the stay and the 'balance of the hurt.'"

Id. (citing *In re Curtis*, 40 B.R. 795, 799-800 (Bankr. D. Ut. 1984); *In re Plumberex Specialty Prods., Inc.*, 311 B.R. 551, 559 (Bankr. C.D. Cal. 2004); *In re Sonnax Indus., Inc.*, 907 F.2d 1280, 1286 (2d Cir. 1990); *In re Smith*, 389 B.R. 902, 918-919 (Bankr. D. Nev. 2008).

As to "cause" under 11 U.S.C. § 362, Movant asserts that "[r]egular lease payments

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CONT... Reginald Levon Payton and Teresa Ann Payton **Chapter 7**

have not been made after the bankruptcy petition was filed" and "[t]he Debtor does not have an interest in the Property that can be assumed or assigned under 11 U.S.C. § 365." *See* Docket 9, p. 9. Schedule G does not identify any lease agreement with Movant, therefore, it appears that the Debtors do not intend to assume any lease associated with the Premises. *See* Docket No. 1, *Schedule G: Executory Contracts and Unexpired Leases*, p. 1. The Debtors list $1,500 as a rental or homeownership expense on their Schedule J. *See id., Schedule J:Your Expenses*, p. 1. However, there is no valid rental agreement between Movant and the Debtors, so it is unclear as to what this lease expense relates to. *See* Docket No. 9, at *Exhibit D*. A debtor may assume only a lease that is still in existence; a lease which has been terminated or which has expired is not capable of being assumed. *See* 11 U.S.C. § 365; *see also In re Acorn Invs.,* 8 B.R. 506, 510 (Bankr. S.D. Cal. 1981); *In re G. Force Investments, Inc.*, 442 B.R. 646, 64 (Bankr. N.D. Ohio 2010). Further, the failure to pay post-petition lease payments on real property lease may constitute cause to lift the stay under 11 U.S.C. § 362(d)(1). *See In re Rocchio*, 125 B.R. 345, 347 (Bankr. D. RI 1991); *see also In re Touloumis*, 170 B.R. 825 (Bankr. S.D.N.Y. 1994); 11 U.S.C. § 365(d)(3)(A).

In the Opposition, the Debtors assert that the Decision was "not a Final Judgment and Order, the bankruptcy court is allowed to review, litigate and independently decide who owns the property at 5501/5503 Driftwood Street, Oxnard, California 93035. Relief from Stay should be denied so as to allow the Debtors to file an adversary action in the bankruptcy court so to litigate this ownership issue." *See* Docket No. 11, p. 6. As the Debtors conceded, this Court *is allowed to review, litigate and independently decide* who owns the Property. This Court is not required to relitigate who owns the Property. Why would this Court start the litigation anew when the state court held a full trial and issued the comprehensive Decision? It seems that the Debtors are attempting to relitigate the case here with no explanation as to why.

The Decision was issued under Cal. Rules of Court, Rule 3.1590 on April 17, 2026. *See* Docket No. 9, at *Exhibit B.* Pursuant to Cal. Rules of Court, Rule 3.150:

> (f) Preparation and service of proposed statement of decision and judgment
>
> If a party requests a statement of decision under (d), the court must,

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CONT... Reginald Levon Payton and Teresa Ann Payton **Chapter 7**

within 30 days of announcement or service of the tentative decision, prepare and serve a proposed statement of decision and a proposed judgment on all parties that appeared at the trial, unless the court has ordered a party to prepare the statement. A party that has been ordered to prepare the statement must within 30 days after the announcement or service of the tentative decision, serve and submit to the court a proposed statement of decision and a proposed judgment. If the proposed statement of decision and judgment are not served and submitted within that time, any other party that appeared at the trial may within 10 days thereafter: (1) prepare, serve, and submit to the court a proposed statement of decision and judgment or (2) serve on all other parties and file a notice of motion for an order that a statement of decision be deemed waived.

(g) Objections to proposed statement of decision

Any party may, within 15 days after the proposed statement of decision and judgment have been served, serve and file objections to the proposed statement of decision or judgment.

The Decision further provides that "Defendants are ordered to prepare and circulate an order and a judgment consistent with the foregoing for the Court's signature." *See* Docket No. 9, at *Exhibit B*, p. 14. The Debtors filed for bankruptcy on April 30, 2026. *See* Docket No. 1. It appears to this Court that it is likely there is no final judgment because the Debtors filed for bankruptcy before the judgment could be entered. Why should the Court not enter relief from stay for the state court to enter judgment?

The Court here will lift the stay to allow judgment to be entered in the state court regarding Phase 1 of the Consolidated Case, and to complete Phase 2. The state court's resolution of the Consolidated Case will resolve the issues as between the Debtors and Movant regarding the Premises. There is a connection between the Consolidated Case and the instant bankruptcy case in that the Debtors assert an ownership interest in the Premises, however the Court finds that any interference in allowing the Consolidated Case to proceed would only resolve issues that may be pertinent to the instant bankruptcy case. The Debtors are not fiduciaries in the Consolidated Case, and the state court is not a specialized tribunal. There is no

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CONT... Reginald Levon Payton and Teresa Ann Payton **Chapter 7**

insurance carrier that will assume financial responsibility for any judgment in the Consolidated Case, and the Debtors are not bailees. This Court's lifting of the stay to allow the Consolidated Case to reach judgment in Phase 1 and Phase 2 would not prejudice parties-in-interest, as whether the Debtors own the Premises is an important issue that affects what are, and what are not assets of the Debtors' bankruptcy estate. The Phase 1 portion of the Consolidated Case is nearly completed, requiring just entry of a judgment in-line with the Decision, and the state court is prepared to hear Phase 2. The Consolidated Case has been pending for more than a year now, has partially been tried, and the balance of the matter is close to, or ready for trial. Expediency and judicial economy favor a lifting of the stay to allow the Consolidated Case to conclude. The balance of the hurt here in doing what the Debtors ask, a retrying of the Consolidated Case in this Court from scratch, would harm creditors, the Debtors, and Movant in terms of delay and cost.

The Motion is granted pursuant to 11 U.S.C. § 362(d)(1). Should Movant obtain a judgment in its favor in Phase 2 of the Consolidated Case, they may proceed under applicable nonbankruptcy law to enforce their remedies to foreclose upon and obtain possession of the Premises. Further, upon Movant obtaining a judgment allowing it to evict the Debtors from the Premises through Phase 2 of the Consolidated Case, a designated law enforcement officer may evict the Debtors and any other occupant from the Premises regardless of any future bankruptcy filing concerning the Premises for 180 days from the hearing of the Motion.

The Debtors' *Schedule A/B: Property* provides that the value of the Premises is $0.00. *See* Docket No. 1, p. 13. By the Debtors' own admission, they have no equity in the Premises. As the instant case is a Chapter 7 case, the Motion is granted as to its cause under 11 U.S.C. § 362(d)(2).

The Court denies the request that it waive Fed. R. Bankr. P. 4001(a)(4).

Party Information

Debtor(s):

Reginald Levon Payton — Represented By
Daniel A Higson

United States Bankruptcy Court
Central District of California
Northern Division
Ronald A Clifford III, Presiding
Courtroom 201 Calendar

Tuesday, June 2, 2026 **Hearing Room 201**

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CONT... Reginald Levon Payton and Teresa Ann Payton **Chapter 7**

Joint Debtor(s):

Teresa Ann Payton — Represented By Daniel A Higson

Trustee(s):

Amy L Goldman (TR) — Pro Se

9:00 AM

9:26-10557 Deborah Ann Cleaveland and Thomas Arthur Cleaveland **Chapter 13**

#13.00 HearingRE: [20] Amended Motion (related document(s): 15 Notice of Motion and Motion in Individual Case for Order Imposing a Stay or Continuing the Automatic Stay as the Court Deems Appropriate Debtors' Residence . filed by Debtor Deborah Ann Cleaveland, Joint Debtor Thomas Arthur Cleaveland)

Docket 20

Tentative Ruling:

June 2, 2026

Appearances required.

Background

On September 24, 2025, Deborah Ann Cleaveland and Thomas Arthur Cleaveland (the "Debtors") filed a petition for relief under Chapter 13 of Title 11 of the United States Code, *pro se*. *See* Case No. 9:25-bk-11268-RC (the "First Case"). On December 9, 2025, the Debtors filed that *Substitution of Attorney* indicating that Martha A. Warriner was new counsel of record. *See* the First Case, Docket No. 23. The First Case was dismissed on December 11, 2025, for, *inter alia*, failure to make plan payments. *See* First Case, Docket No. 26.

On January 27, 2026, the Debtors filed a further petition for relief under Chapter 13 of Title 11 of the United States Code, again, *pro se*. *See* Case No. 9:26-bk-10096-RC (the "Second Case"). On February 24, 2026, the Debtors filed *Debtor's Motion for Voluntary Dismissal of Chapter 13 Case.* *See* Docket No. 12. Subsequently, on February 24, 2026, that *Order and Notice of Dismissal Arising from Debtor's Request for Voluntary Dismissal of Chapter 13 [11 U.S.C. § 1307(B)]* was entered. *See* Docket No. 13.

On April 20, 2026 (the "Petition Date"), the Debtors filed a further skeletal, voluntary petition for relief under Chapter 13 of Title 11 of the United States Code, once again, *pro se*. *See* Case No. 9:26-bk-10557-RC (this "Case") (hereinafter all citations to the Docket will refer to this Case unless otherwise specified). On May 4, 2026, the

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CONT... Deborah Ann Cleaveland and Thomas Arthur Cleaveland **Chapter 13**

Debtors filed that *Original Chapter 13 Plan* (the "Plan") and their delinquent schedules. *See* Docket Nos. 10-12. On May 11, 2026, the Debtors filed that *Substitution of Attorney* indicating that Martha A. Warriner was new counsel of record. *See* Docket No. 14.

On May 14, 2026, the Debtors filed that *Emergency Motion to Impose Automatic Stay* and *Application for Order Setting Hearing on Shortened Notice. See* Docket Nos. 15-17. On May 14, 2026, the Debtors filed that *Notice of Motion and Motion in Individual Case for Order Imposing a Stay or Continuing the Automatic Stay as the Court Deems Appropriate* (the "Motion") seeking to continue the automatic stay as to all creditors related to a parcel of real property located at 917 Nonchalant Drive, Simi Valley, CA 93065 (the "Property") pursuant to 11 U.S.C. § 362(c)(4). *See* Docket No. 20. The Debtors contend that this Case was filed in good faith, there is a substantial change in the financial affairs of the Debtors, and so the presumption of bad faith under 11 U.S.C. § 362(c)(4)(D) is overcome. *See id.*, pp. 6-8.

On May 21, 2026, the Court entered that *Order Granting Application and Setting Hearing on Shortened Notice* (the "Order") setting a hearing on the Motion for June 2, 2026, at 9:00 a.m. (the "Hearing"). *See* Docket No. 21.

Notice

Pursuant to this Court's Local Rule 4001-1(d)(1), "[a] party in interest seeking an extension of the stay under 11 U.S.C. § 362(c)(3)(B) [] must file a motion and serve the motion, notice of hearing, and supporting documents as provided in subsection (c)(1) of this rule and upon all other parties in interest against whom extension or imposition of the stay is sought." The Order additionally provides that the Debtors must provide (1) telephonic notice of the Hearing on Joseph C. Delmotte, Sarah Arlene Dooley-Lewis, the Chapter 13 trustee Elizabeth Rojas, and the United States trustee (collectively, the "Parties") by May 22, 2026, at 5:00 p.m. (2) written notice of the Hearing and a copy of the Order via email on the Parties by May 22, 2026, at 5:00 p.m., and (3) a copy of the Motion, declarations, and supporting documents via email on the Parties by May 22, 2026, at 5:00 p.m.. *See* Docket No. 21. Any opposition and reply thereto may be made orally at the hearing. *See id.*, p. 3.

On May 22, 2026, the Debtors filed that *Declaration of Martha A. Warriner*

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CONT... Deborah Ann Cleaveland and Thomas Arthur Cleaveland **Chapter 13**

Regarding Notice of Hearing and Order Shortening Time (the "Notice"). *See* Docket No. 23. The Notice provides that a notice of the Hearing and the Order were emailed on May 21, 2026, to certain parties, but there is no proof provided that written notice of the Hearing and the Motion were emailed to anyone. The Motion therefore is denied for failure to comply with this Court's Order.

Opposition

On May 22, 2026, HSBC Bank USA, National Association, as Trustee for SG Mortgage Securities Trust 2006-OPT2, Asset-Backed Certificates, Series 2006-OPT2 ("HSBC") filed that *Opposition to Debtors' Motion for Order Imposing a Stay* (the "Opposition"). *See* Docket No. 24. In the Opposition, HSBC asserts that "as of May 22, 2026, Debtors have not filed either a Chapter 13 Plan or schedules to be able to determine whether Debtors' financial circumstances have undergone a substantial change since their most recent case was dismissed on January 27, 2026. In the absence of those documents, it is not possible to tell with any certainty what Debtors' financial status currently is, nor how it may have changed since dismissal of her last case." *See id.*, p. 2. Further, that "[i]t is unclear why a Chapter 13 Plan and schedules have not been filed to date, but the absence of those documents raises questions about whether it is in fact Debtors' intent to reorganize, or merely to stop the scheduled June 4, 2026 foreclosure sale." *See id.* **[FN 1]**

Analysis

Pursuant to 11 U.S.C. § 362(c)(4)(A), "if a single or joint case is filed by or against a debtor who is an individual under this title, and if 2 or more single or joint cases of the debtor were pending within the previous year but were dismissed, other than a case refiled under a chapter other than chapter 7 after dismissal under section 707(b), the stay under subsection (a) shall not go into effect upon the filing of the later case; and [] on request of a party in interest, the court shall promptly enter an order confirming that no stay is in effect." So long as the "factual predicate of § 362(c)(4)(A)(i) is satisfied, no stay arises with the filing of the third petition." *See In re Nelson*, 391 B.R. 437, 448 (9th Cir. BAP 2008)(internal citations omitted).

"[I]f, within 30 days after the filing of the later case, a party in interest requests the court may order the stay to take effect in the case as to any or all creditors (subject to

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CONT... Deborah Ann Cleaveland and Thomas Arthur Cleaveland **Chapter 13**

such conditions or limitations as the court may impose), after notice and a hearing, only if the party in interest demonstrates that the filing of the later case is in good faith as to the creditors to be stayed." 11 U.S.C. § 362(c)(4)(B). 11 U.S.C. § 362(c)(4)(D) further provides: "a case is presumptively filed not in good faith (but such presumption may be rebutted by clear and convincing evidence to the contrary)-- (i) as to all creditors if-- (I) 2 or more previous cases under this title in which the individual was a debtor were pending within the 1-year period;. . ."

To determine whether the moving party has established good faith under § 362(c)(4)(B), courts look at the totality of the circumstances. *See In re Hart*, 2013 WL 693013, at *1 (Bankr. D. Idaho Feb. 26, 2013)(citing *In re Elliot–Cook,* 357 B.R. 811, 814 (Bankr.N.D.Cal.2006)). The concept of what constitutes good faith is well defined by pre-BAPCPA case law as being a "totality of circumstances" test. *See In re Castaneda,* 342 B.R. 90, 94 (Bankr. S.D. Cal. 2006). The Court will utilize the "totality of circumstances" test to assist its determination of whether the Debtors filed this Case in good faith. In this circuit, the "totality of circumstances" test for determining whether a debtor filed a chapter 13 case in good faith includes: 1) whether debtor misrepresented facts in the petition or the plan, unfairly manipulated the Code or otherwise filed the current chapter 13 plan or petition in an inequitable manner; 2) debtor's history of filings and dismissals; 3) whether debtor only intended to defeat state court litigation; and 4) whether egregious behavior is present. *See id. (citing In re Leavitt,* 171 F.3d 1219, 1224 (9th Cir.1999)); see also *In re Villanueva,* 274 B.R. 836, 841 (9th Cir.BAP2002)(listing factors to evaluate whether a chapter 13 plan has been proposed in good faith).

The Debtors assert that the First Case was filed at "the advice of a company negotiating a loan modification of the PHH loan that the filing of a Chapter 13 petition would give them leverage in the negotiations." *See* Docket No. 20, *Memorandum of Points and Authorities*, p. 2. The Debtors further assert that "[w]hen those negotiations failed, the company told us that filing Chapter 13 would create leverage for a loan modification. We followed their advice and filed the first Chapter 13 case (9:25-bk-11268) on September 24, 2025, but the filing was premature. At the time, we were both dealing with health issues and did not have sufficient income to support the plan, so the case was dismissed on December 11, 2025." *See id., Declaration of Deborah A. Cleveland*, ¶ 7.

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CONT... Deborah Ann Cleaveland and Thomas Arthur Cleaveland **Chapter 13**

After the Dismissal of the First Case, the Debtors assert their "next step was to apply for a reverse mortgage on property that I own with my mother. We contacted Joe Chavez, a lender who had previously worked with us and asked if he could recommend a lender that specializes in reverse mortgages. He recommended another lender that we works [sic] with and we completed an application. A few days later we received an outline of the company's offer, which stated the initial funding of up to $315,000.00 in the first year." *See id.*, ¶ 9. "With a foreclosure sale date approaching, we filed our second Chapter 13 case on January 27, 2026. We expected to receive the reverse mortgage funds within 30 days and use them to fund the second Chapter 13 plan. Unfortunately, the loan process was delayed, and we asked the Court to dismiss the second case." *See id.*, ¶ 10.

As to good faith, the Debtors assert that they previously suffered serious health issues and they are now fully recovered, and working full time. *See id.*, ¶ 6. The Debtors were told that they "did not qualify for the reverse mortgage because my mother's credit score was too low. While she had always had good credit, apparently her advancing dementia caused her to forget to pay her bills. Instead, we were approved for a HUD loan for a much lower amount. The anticipated funds were reduced from $315,000.00 to $49,025.23, which was not sufficient to reinstate the PPH Loan." *See id.,* ¶ 11. The Debtors received $47,200, a portion of which they used to pay secured creditors. *See id.*, ¶ 12. "Because of our improved financial condition, we believe that we will be able to propose and confirm a feasible Chapter 13 plan, which will propose reinstatement of the PHH loan by the end of the first plan year." *See id.*

The Court has some concerns with the representations of the Debtors. The Debtors indicate that they received $47,200 in HUD funds, and provide a copy of a cashier's check in the amount of $47,200. *See id.*, at *Exhibit 5.* The Debtors provide a one-page printout from Wells Fargo showing a $45,600 deposit on May 8, 2026. *See id.*, at *Exhibit 3.* The printout has no name of the account holder. Is this the Debtors' account? Is the $45,600 deposit related to the HUD funds? If so, why were the funds not deposited for over a month? Why was the full amount not deposited?

The Debtors also submit Wells Fargo bank statements to provide evidence of regular income. These bank statements only go through March 16, 2026. *See id.,* at *Exhibit 4.* The most recent statement, dated March 16, 2026, shows total deposits of $3,692.54 and total withdrawals of $3,841.01. *See id.* How do the bank statements

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CONT... Deborah Ann Cleaveland and Thomas Arthur Cleaveland **Chapter 13**

reconcile with the Debtors' Schedules I and J that show $2,613.72 in net monthly income (monthly income of $10,043.54 less monthly expenses of $7,429.83)? *See* Docket No. 12, *Schedule I: Your Income; Schedule J: Your Expenses*. How do the Debtors have the financial ability to make the proposed $2,004.34 monthly Plan payment? *See* Docket No. 10.

[FN 1] The Court notes that the Plan and the Debtors' schedules were filed on May 4, 2026. *See* Docket Nos. 10-12.

Party Information

Debtor(s):

Deborah Ann Cleaveland	Represented By Martha A. Warriner

Joint Debtor(s):

Thomas Arthur Cleaveland	Represented By Martha A. Warriner

Trustee(s):

Elizabeth (ND) F Rojas (TR)	Pro Se

United States Bankruptcy Court
Central District of California
Northern Division
Ronald A Clifford III, Presiding
Courtroom 201 Calendar

Tuesday, June 2, 2026 **Hearing Room 201**

1:00 PM

9:23-10945 Jeffrey Dennis Peppard **Chapter 11**

#14.00 Hearing

RE: [293] Motion to Convert Case From Chapter 11 to 7. - The United States' Notice of Motion and Motion to Convert Chapter 11 Bankruptcy Case to Chapter 7; and Declaration of Robert L. Textor in Support Thereof Najah)

Docket 293

***** VACATED *** REASON: Continued to 6/16/2026 at 1:00PM per order enterd 5/18/2026.**

Tentative Ruling:

- NONE LISTED -

Party Information

Debtor(s):

Jeffrey Dennis Peppard — Represented By Jeffrey S Shinbrot

1:00 PM
9:24-10572 Thomas Anthony Ferro **Chapter 7**

#15.00 CONT'D Hearing re: [153] Cal-West Equities, Inc's objection to debtor's homestead exemption

fr. 12-9-25, 2-24-26, 5-5-26,

Docket 153
***** VACATED *** REASON: Continued to 6/16/2026 at 1:00PM per order entered 5/11/2026.**

Tentative Ruling:

February 24, 2026

Appearances required.

The Court's query for the parties is, does that *Order on Stipulation to Dismiss Debtor's Motion for an Order Determining that Debtor Has Not Received Homestead Exemption Proceeds or, in the Alternative, to Equitably Toll the Deadline for Thomas Ferro to Reinvest Homestead Exemption Proceeds* resolve the instant objection?

December 9, 2025

Appearances required.

On May 22, 2024, Thomas Anthony Ferro (the "Debtor") filed a voluntary petition for relief pursuant to Chapter 7 of Title 11 of the United States Code. *See* Docket No. 1, *Voluntary Petition for Individuals Filing for Bankruptcy*. The Debtor scheduled as an asset of the estate, real property located at 23448 W. Moon Shadows Drive, Malibu, CA (the "Property"). *See* Docket No. 1-1, *Schedule A/B: Property*, p. 1. The Debtor claimed an exemption in the Property in the amount of $699,426 pursuant to Cal. Code of Civ. P. § 704.730 (the "Exemption"). *See id.* at p. 10, *Schedule C: The Property You Claim as Exempt*. Through several stipulations between the Debtor and Cal-West Equities, Inc. ("Cal-West"), Cal-West's deadline to object to the Exemption was August 18, 2025. *See* Docket No. 149, *Order Approving Stipulation to Extend*

1:00 PM

CONT... Thomas Anthony Ferro **Chapter 7**

the Deadline for Cal-West Equities, Inc. to File an Objection to the Debtor's Homestead Exemption.

The Property was destroyed by a fire in early 2025.

On August 18, 2025, Cal-West filed *Cal-West Equites, Inc.'s Objection to Debtor's Homestead Exemption* (the "Objection"). *See* Docket No. 153. It appears to the Court that the sole objection to the Exemption is that Cal-West believes that California law requires the reinvestment of insurance proceeds into the Property, or another property that the Debtor will reside at. *See id.* at pp. 5-6.

On November 25, 2025, the Debtor filed *Debtor's Opposition to Objection to Homestead Exemption Filed by Cal-West Equities, Inc.*, wherein the Debtor confirms that the Property was destroyed in a fire in early 2025, and that the Property was insured against loss. *See* Docket No. 174, p. 2, lines 18-19. The Debtor states that $930,102.56 in insurance proceeds were received on August 15, 2025, representing a "partial" loss payout. *See id.* at p. 3, lines 1-3. The Debtor states that they "intend[] to use the insurance proceeds to rebuild the Property." *See id.* at p. 2, line 24.

The parties appear to agree that the Objection will not be ripe for decision prior to February 15, 2026. Without deciding the merits, the Court is willing to continue the hearing on the Objection to February 24, 2026, at 1:00 p.m. The Court calls the matter for hearing to confirm that the issue of reinvestment described in the Objection is the sole timely objection to the Exemption, meaning, any further briefing would relate solely to the topics of reinvestment and extensions of the time for reinvestment. If so, the Court will also limit any further briefing to those topics, as all other objections to the Exemption appear to have been waived.

Party Information

Debtor(s):

Thomas Anthony Ferro — Represented By
Debra Brand
Joseph Gerard McCarty

United States Bankruptcy Court
Central District of California
Northern Division
Ronald A Clifford III, Presiding
Courtroom 201 Calendar

Tuesday, June 2, 2026 **Hearing Room 201**

1:00 PM

CONT... Thomas Anthony Ferro **Chapter 7**

Trustee(s):

Jerry Namba (TR)

Represented By
Timothy J Yoo
John N Tedford IV
Carmela Pagay

1:00 PM
9:24-11215 La Verne Rambla, LLC **Chapter 7**

#16.00 Chapter 7 Trustee's Final Report, Application for Compensation and Application(s) for Compensation of Professionals filed on behalf of Trustee Jeremy Faith. The United States Trustee has reviewed the Chapter 7 Trustee's Final Report. Filed by United States Trustee. (united states trustee (pca))

Docket 179

Tentative Ruling:

June 2, 2026

Appearances waived.

Background

On October 23, 2024, La Verne Rambla, LLC (the "Debtor") filed a voluntary petition for relief pursuant to Chapter 7 of Title 11 of the United States Code. *See* Docket No. 1, *Voluntary Petition for Non-Individuals Filing for Bankruptcy*. Jeremy W. Faith (the "Trustee") is the duly appointed and acting Chapter 7 trustee. *See* Docket No. 3, *Notice of Chapter 7 Bankruptcy Case – No Proof of Claim Deadline*.

On January 3, 2025, the Court entered that *Order Granting Application by Chapter 7 Trustee to Employ Marshack Hays Wood LLP as General Counsel*, authorizing the Trustee's employment of Marshack Hays Wood LLP (the "Firm") as his insolvency counsel. *See* Docket No. 28. On January 30, 2025, the Court entered that *Order Approving Application of Chapter 7 Trustee, Jeremy W. Faith, for Authorization to Employ Grobstein Teeple LLP as Financial Advisors Effective December 10, 2025*, authorizing the Trustee's employment of Grobstein Teeple LLP (the "Accountants") as his financial advisor. *See* Docket No. 56.

On February 19, 2026, the Accountants filed that *First and Final Application for Compensation and Reimbursement of Expenses of Grobstein Teeple, LLP as Financial Advisors for the Chapter 7 Trustee* (the "Accountants' Application"), seeking allowance of fees in the amount of $9,942.50 and $102.84 in expenses for the

1:00 PM

CONT... La Verne Rambla, LLC **Chapter 7**

time period of December 10, 2024 through February 17, 2026, on a final basis, pursuant to 11 U.S.C. § 330. *See* Docket No. 175.

On February 25, 2026, the Firm filed that *First and Final Application for Allowance of Fees and Costs by Marshack Hays Wood LLP as General Counsel* (the "Firm's Application"), seeking allowance of fees in the amount of $130,344 and expenses of $3,500.20 for the time period of November 14, 2024 through February 25, 2026, on a final basis, pursuant to 11 U.S.C. § 330. *See* Docket No. 176.

On March 12, 2026, the Trustee filed that *Stipulation Between Jeremy W. Faith, Chapter 7 Trustee, Marshack Hays Wood LLP, and Grobstein Teeple, LLP Regarding Short Payment of Chapter 7 Professional Fees* (the "Stipulation"), whereunder the Trustee, the Firm, and the Accountants agree that any allowed fees and expenses are to be paid as follows:

The Firm - $36,165.57 in fees and $971.17 in expenses

The Accountants - $2,758.67 in fees and $28.53 in expenses

The Trustee - $49,006.81 in fees and $824.43 in expenses

See Docket No. 178.

On May 5, 2026, the Trustee filed *Trustee's Final Report* (the "Report"). *See* Docket No. 179. With proposed disbursements totaling $11 million, the Trustee seeks allowance of a statutory fee of $353,250 pursuant to 11 U.S.C. § 326(a). *See id.* at p. 2. Through the Report, the Trustee further seeks approval to distribute monies to the Firm, the Accountants, and on the Trustee's statutory fee pursuant to the terms of the Stipulation. *See id.* at p. 9. With monies on hand of $118,592.68, and after payment of the amounts set forth in the Stipulation, and the administrative claim of the Franchise Tax Board totaling $12,590, there remain $16,247.50 to pay general unsecured, priority and non-priority claims. *See id.* at p. 10. Of this amount, the Franchise Tax Board would be paid its priority claim in full, and 27.7% would be paid to timely filed non-priority claims. *See id.*

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CONT... La Verne Rambla, LLC **Chapter 7**

Analysis

The Fee Applications

Sections 330(a)(1)(A) and (B) of the Bankruptcy Code provide that the Court may award a professional person "reasonable compensation for actual, necessary services rendered by the [professional person], and "reimbursement for actual, necessary expenses." Section 330(a)(3) of the Bankruptcy Code provides that "[i]n determining the amount of reasonable compensation to be awarded to [a professional person], the court shall consider the nature, the extent, and the value of such services, taking into account all relevant factors…" "A bankruptcy court also must examine the circumstances and the manner in which services are performed and the results achieved in order to arrive at a determination of a reasonable fee allowance. Such examination, in general, should include the following questions: First, were the services authorized? Second, were the services necessary or beneficial to the administration of the estate at the time they were rendered? Third, are the services adequately documented? Fourth, are the fees requested reasonable, taking into consideration the factors set forth in § 330(a)(3)." *In re Mednet*, 251 B.R. 103, 108 (9th Cir. BAP 2000)(internal citations omitted).

Pursuant to this Court's Local Rule 2016-1(a)(1)(J), a fee application must contain "[a] separately filed declaration from the client that the client has reviewed the fee application and has no objection to it."

As to the Accountants' Application, the Court finds the fees and expenses sought to be reasonable, actual and necessary. The Accountants were employed by the Court for the services provided, the services of the Accountants were necessary for the Trustee's administration of the Debtor's bankruptcy estate, the fees and expenses were properly documented, and the fees were reasonable taking into account the factors set forth in 11 U.S.C. § 330(a)(3). The Accounts' Application is approved, the Accountants are allowed on a final basis, and pursuant to 11 U.S.C. § 330, fees in the amount of $9,942.50 and expenses of $102.84.

Regarding the Firm, the Court finds the fees and expenses sought to be reasonable, actual and necessary. The Firm was employed by the Court for the services provided, the services of the Firm were necessary for the Trustee's administration of the Debtor's bankruptcy estate, the fees and expenses were properly documented, and the

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CONT... La Verne Rambla, LLC **Chapter 7**

fees were reasonable taking into account the factors set forth in 11 U.S.C. § 330(a)(3). The Firm's Application, however, does not comply with this Court's Local Rule 2016-1(a)(1)(J). The Firm's Application, therefore, is denied without prejudice.

The Report

The Court is inclined to approve the Report, including the proposed distributions to all included therein with the exception of the Firm, whose Application is denied without prejudice for the reasons set forth herein. However, as the Firm's Application should be resolved before the Report is approved, the Court will not prior to resolving the Firm's Application approve the Report.

Party Information

Debtor(s):

La Verne Rambla, LLC	Represented By Roseann Frazee

Trustee(s):

Jeremy W. Faith (TR)	Represented By David Wood Sarah Rose Hasselberger

United States Bankruptcy Court
Central District of California
Northern Division
Ronald A Clifford III, Presiding
Courtroom 201 Calendar

Tuesday, June 2, 2026 **Hearing Room 201**

1:00 PM

9:24-11443 Jose Alberto Garcia **Chapter 7**

#17.00 CONT'D Hearing re: [35] Objection to debtor's claim of exemptions

fr. 7-8-25, 12-9-25,

Docket 35

***** VACATED *** REASON: Withdrawn by movant on 5/07/2026.**

Tentative Ruling:

December 9, 2025

Appearances waived.

The hearing on the *Objection to Claimed Exemption* is continued by that *Stipulation to Continue Hearing on Objections to Exemptions*, and the order thereon, to June 2, 2026, at 1:00 p.m.

Party Information

Debtor(s):

Jose Alberto Garcia	Represented By Mark E Brenner

Trustee(s):

Jerry Namba (TR)	Represented By William C Beall

United States Bankruptcy Court
Central District of California
Northern Division
Ronald A Clifford III, Presiding
Courtroom 201 Calendar

Tuesday, June 2, 2026 **Hearing Room 201**

1:00 PM

9:25-10314 Santa Paula Hay & Grain and Ranches **Chapter 11**

#18.00 Hearing re: [307] Stipulation between debtor and debtor-in-possession, secured creditor Community West Bank, and buyer Fremont HGS, LLC, regarding entry resolution of heldback funds pursuant to Waters Ranch sale order

Docket 307

Tentative Ruling:

June 2, 2026

Appearances required.

See calendar item 21.

Party Information

Debtor(s):

Santa Paula Hay & Grain and

Represented By
Vanessa M Haberbush
Lane K Bogard
David R Haberbush

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9:25-10314 Santa Paula Hay & Grain and Ranches **Chapter 11**

#19.00 CONT'D Hearing re: [387] Motion to (1) sell the estates interests in real property located at 10980 North Ventura Avenue, Oak View, CA 93022, APNs 031-0-160-135 and 031-0-160-090 ("Oak View"), free and clear of all claims, liens, and interests pursuant to 11 U.S.C. § 363; (2) distribute proceeds of the sale; (3) issue findings of good faith pursuant to 11 U.S.C § 363(m); and (4) waive the 14-day stay provided by Federal Rule of Bankruptcy Procedure 6004(h)

FR. 5-5-26,

Docket 387

Tentative Ruling:

June 2, 2026

Appearances required.

May 5, 2026

Appearances required.

Background

On March 12, 2025, Santa Paula Hay & Grain and Ranches (the "Debtor") filed a voluntary petition for relief pursuant to Chapter 11 of Title 11 of the United States Code. *See* Docket No. 1, *Voluntary Petition for Non-Individuals Filing for Bankruptcy*.

Among the property that the Debtor scheduled is that real property located at 10980 N. Ventura Avenue, Oak View, CA 93022 (APN:031-0-160-090 and 031-0-160-135) ("Oak View") valued at $1,300,000.00 and consisting of seven (7) acres of agricultural land. *See* Docket No. 367, *Schedule A/B*, p. 14.

The Debtor scheduled one lien against Oak View held by SPS Lending ("SPS") in the amount of $454,059.07. *See* Docket No. 367, *Schedule D: Creditors Who Have*

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CONT... Santa Paula Hay & Grain and Ranches **Chapter 11**

Claims Secured by Property, p. 63. It appears that the lien scheduled by SPS is now held by Specialized Loan Servicing, LLC and the lien is approximately $487,340.52. *See* Docket No. 387, *Motion to (1) Sell the Estate's Interests in Real Property Located at 10980 North Ventura Avenue, Oak View, CA 93022, APNS 031-0-160-135 and 031-0-160-090 ("Oak View"), Free and Clear of All Claims, Liens, and Interests Pursuant to 11 U.S.C. § 363; (2) Distribute Proceeds of the Sale; (3) Issue Findings of Good Faith Pursuant to 11 U.S.C. § 363(m); and (4) Waive the 14-Day Stay Provided by Federal Rule of Bankruptcy Procedure 6004(h)* (the "Motion"), p. 4, lines 5-6 and p. 12 lines 20-25.

On April 10, 2026, the Court entered the *Order Setting for Hearing Application by Debtor and Debtor-in-Possession for Order Authorizing the Employment of Liv Sotheby's International Realty as Real Estate Broker to Sell Real Properties Located at 10980 Ventura Ave., Oak View, California (Assessors Pacel Numbers 031-0-160-090 and 031-0-160-135); 12400 Ojai Santa Paula St., Ojai, California (Assessors Parcel Number 037-0-012-415); 12400 Ojai Santa Paula St., Ojai, California (Assessors Parcel Number 037-0-020-195), and 12400 Ojai Santa Paula St., Ojai, California (Assessors Parcel Number 037-0-080-345)* (the "Order"). *See* Docket No. 380. **[FN1]** Among other things, the Order inquires as to why the Oak View property was and is listed $450,000 more than the Debtor's scheduled value. *See id.* at p. 2 lines 7-11.

Before the Court is the Motion. *See* Docket No. 387.

Through the Motion, the Debtor seeks to sell Oak View free and clear of all liens and encumbrances to Lorenzo Gama (the "Buyer") as the stalking horse bidder for $1,400,000.00 (the "Purchase Price") with no contingencies, subject to overbid at public auction. *See id.* at p. 9, lines 10-17.

The Motion also provided that the (1) Buyer is to pay a $450 transaction coordinator fee to Heritage Valley Realty and $1,500 administrative fee to himself, and (2) the Debtor is to pay both the Buyer's broker and its own broker. *See id.* at p. 11 lines 6-9.

The Debtor asserts that, in addition to the lien already scheduled, Oak View is subject to additional liens: (1) one undisputed lien held by the Ventura County Treasurer and Tax Collector ("VCTC") in the amount of $9,765.55 for real property taxes;(2) two disputed liens held by the VCTC in the amount of $626.84; and (3) two liens held the

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CONT... Santa Paula Hay & Grain and Ranches **Chapter 11**

Employment Development Department ("EDD") recorded on January 3, 2024, and September 23, 2024, respectively, arising from tax liens against Oak View and totaling $77,466.70. *See id.* at pp. 12-13.

As to the disputed VCTC's liens, the Debtor asserts that the debt is for delinquent unsecured property taxes, but relate to a real property with the APN 101-0-273-295, and not Oak View. *See id.* at p. 17 lines 25-28.

Further, the Debtor asserts that the sale of Oak View may result in an income tax liability of approximately $85,206.00 if the Debtor's tax rate is consistent with past years. *See id.* at p. 14, lines 3-6. However, this tax estimate does not consider the Debtor's net operating losses which may result in a tax of $0.00. *See id.* at lines 9-11.

The Debtor also seeks a good faith finding pursuant to 11 U.S.C. § 363(m) and authority to distribute the Purchase Price in the following order of distribution: (1) $9,765.55 to VCTC; (2) 5% of the Purchase Price (estimated to be $70,000.00) split between the Buyer's real estate broker and the Debtor's; (3) $11,611.00 for the cost of sale; (4) $487,340.52 to Specialized Loan Servicing, LLC; (5) $626.84 to the VCTC; (6) $77,466.70 to the EDD; and (7) any remaining proceeds to the Debtor. *See id.* at pp. 22-23. The sale is estimated to net the Debtor's bankruptcy estate $744,189.94 after the aforementioned distributions. *See id.*

The sale is subject to overbid with Oak View being sold free and clear of all liens and encumbrances. *See id.* at p. 12. Pursuant to the proposed overbid procedures, any party wishing to overbid must, 48 hours prior to the hearing on the Motion, provide a $35,000.00 deposit, to the Debtor's attorney; demonstrate their ability to close on the sale; and execute an agreement for the purchase of Oak View on the same terms as the Buyer except with a purchase price of $1,850,000.00. *See id.* at p. 12, lines 12-26. It is unclear if a party's initial overbid must be no less than $1,450,000.00, or $1,850,000.00, however, each subsequent bid will be in $10,000 increments. *See id.*

Oak View has been actively listed for sale since May 2025 with the price being reduced multiple times. *See id.* at *Declaration of Guadalupe A. Guzman*, p. 26 line 23 to p. 27 line 2.

Lastly, the Debtor requests that Fed. R. Bankr. P. 6004(h) be waived. *See id.* at p. 23 line 16 to p. 24 line 5.

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CONT... Santa Paula Hay & Grain and Ranches **Chapter 11**

Notice

Pursuant to Fed. R. Bankr. P. 2002(a)(2), a "person as the court may direct, shall give the debtor, the trustee, all creditors and indenture trustees at least 21 days' notice by mail of [] a proposed use, sale, or lease of property of the estate other than in the ordinary course of business…" Pursuant to this Court's Local Rule 6004-1(c)(1), "an order authorizing the sale of estate property other than in the ordinary course of business may be obtained upon motion of the trustee [] after notice and a hearing pursuant to LBR 9013-1(d)…" Pursuant to this Court's Local Rule 9013-1(h), "if a party does not timely file and serve documents, the court may deem this to be consent to the granting or denial of the motion, as the case may be."

On April 14, 2026, the Debtor filed that *Notice of Motion to (1) Sell the Estate's Interests in Real Property Located at 10980 North Ventura Avenue, Oak View, CA 93022, APNS 031-0-160-135 and 031-0-160-090 ("Oak View"), Free and Clear of All Claims, Liens, and Interests Pursuant to 11 U.S.C. § 363; (2) Distribute Proceeds of the Sale; (3) Issue Findings of Good Faith Pursuant to 11 U.S.C. § 363(m); and (4) Waive the 14-Day Stay Provided by Federal Rule of Bankruptcy Procedure 6004(h)* (the "Notice"). *See* Docket No. 388. The Notice was served on all creditors and the Office of the U.S. Trustee via Notice of Electronic Filing (NEF) and U.S. mail first class, postage prepaid. *See id.*, *Proof of Service Document*, pp. 11-20.

No party served with the Notice filed a response or opposition to the Motion. The Court therefore takes the default of all parties served with the Notice.

On April 14, 2026, the Debtor also filed that *Notice of Sale of Estate Property* on local forum *F.6004-2.Notice.Sale* and served it on all parties in interest, however, it does not appear that a complete copy of the *Notice of Sale of Estate Property* was posted to the Court's website as required by the local rules. *See* Docket No. 389.

Analysis

Overbid Procedures

"Although there is a strong argument in support of prior court approval of bid procedures, and in most circumstances such approval is appropriate, there is no section under the Bankruptcy Code that requires the Court to establish bid procedures under Section 363." *In re President Casinos, Inc.,* 314 B.R. 784, 786 (Bankr. E.D.

Mo. 2004). "Structured bid procedures should provide a vehicle to enhance the bid process and should not be a mechanism to chill prospective bidders' interests." *Id.* The aim of the auction process is to obtain the "highest and best" offer for the assets, which in turn maximizes the proceeds to the estate. *In re Abbots Dairies of PA, Inc.*, 788 F.2d 143, 149 (3d Cir. 1986).

Here, as listed above, the proposed bidding procedures are not clear. To start, the Motion, the Notice, and the *Notice of Sale of Estate Property* provide that the initial overbid shall be $1,450,000, but then state that any overbidder must execute an agreement for Oak View in the amount of $1,850,000.00. Although all subsequent overbids are clearly to be in $10,000 increments and the initial deposit is to be $35,000, the Court queries how such confusion or an initial overbid amount of $450,000 or approximately 32% is appropriate under the circumstances. Would such an overbid amount, even if marketing was extensive, not quell and chill potential bidding? Is it possible that this confusion has already chilled bidding so that if this is scrivener's error the Motion should be re-noticed anew with a corrected motion?

The Sale

Pursuant to 11 U.S.C. § 363(b), "[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate…" "For a § 363(b)(1) sale to be approved, the trustee must establish: (1) a sound business purpose exists for the sale; (2) the sale is in the best interest of the estate. i.e., the sale price is fair and reasonable; (3) creditors received proper notice; and (4) the sale was properly negotiated and proposed in good faith." *In re Hernandez*, 2023 WL 8453137 *4 (9th Cir. BAP 2023) (internal citations omitted). "Bankruptcy courts typically review a transaction proposed under section 363(b)(1) using a 'business judgment' standard. The trustee has the burden to prove these elements. *Id.* This is a 'deferential' standard pursuant to which a 'bankruptcy court will generally approve' a reasoned decision by the debtor." *In re Claar Cellars LLC*, 2020 WL 1238924 *4 (Bankr. E.D. Wash. 2020) (internal citations omitted). "The court's obligation in § 363(b) sales is to assure that optimal value is realized by the estate under the circumstances." *In re Lahijani*, 325 B.R. 282, 288 (9th Cir. BAP 2005).

Here, putting aside the overbidding procedure issue and that the Debtor's broker has not been employed by this Court despite the Debtor stating the contrary under the

penalty of perjury, the notice of the Motion is proper. The Debtor's exit strategy from Chapter 11 includes, *inter alia*, the liquidation of certain real property, which the Debtor seeks to do in part through the Motion.

However, due to the aforementioned issues relating to the overbid procedures, the Court questions whether the Purchase Price is reasonable, and whether Oak View has been properly exposed to the market.

11 U.S.C. § 363(f)

The Motion seeks to sell Oak View to the Buyer, free and clear of liens, claims and interests in Oak View pursuant to 11 U.S.C. §§ 363(f)(2), (3), and (4).

11 U.S.C. § 363(f)(2)

Pursuant to 11 U.S.C. § 363(f)(2), "[t]he trustee 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 [] such entity consents."

The Ninth Circuit BAP has cited cases for the proposition that consent under 11 U.S.C. § 363(f)(2) "requires unequivocal manifestation of the lienholder's affirmation." *See In re East Airport Development, LLC*, 443 B.R. 823, 831 (9th Cir. BAP 2011); *see also In re Smith*, 2014 WL 738784 *1 (Bankr. D. Or. 2014) ("This is consistent with [*In re East Airport Development, LLC*], wherein the court determined that a lack of objection did not constitute consent for purposes of § 363(f)(2) …").

The Court does not have the express consent of any lienholder for the sale of Oak View.

11 U.S.C. § 363(f)(3)

Pursuant to 11 U.S.C. § 363(f)(3), "[t]he trustee may sell property under subsection (b) or (c) of any interest in such property of an entity other than the estate, only if [] 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." *See also In re Pw, LLC*, 391 B.R. 25, 41 (9th Cir. BAP 2008) ("we join those courts cited above that hold that § 363(f)(3) does not authorize the sale free and clear of a lienholder's interest if the price of the estate property is equal to or less than the aggregate amount of all claims held by creditors who hold a lien or security interest in the property being sold").

Here, the Purchase Price of Oak View is more than the aggregate value of all lienholders' interests secured by Oak View. The total value of all liens on Oak View is approximately $575,199.61, which is substantially less than the Purchase Price of $1.4 million. As such, the Motion is granted insofar as it seeks relief under 11 U.S.C. § 363(f)(3), and Oak View can be sold free and clear of the liens of VCTC, EDD, and Specialized Loan Servicing, LLC with their respective liens attaching to the sale proceeds to the same validity, extent, and priority as existed on the Petition Date.

11 U.S.C. § 363(f)(4)

Pursuant to 11 U.S.C. § 363(f)(4), "[t]he trustee 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 [] such interest is in bona fide dispute." "Such interest is subject to a bona fide dispute when, 'there is an objective basis for either a factual or legal dispute' regarding the liens validity." *In re Richards*, 2022 WL 16754394 *5 (9th Cir. BAP 2022) (internal citations omitted). "[T]he disputed lien need not be the subject of an immediate or concurrent adversary proceeding." *In re Kellogg-Taxe*, 2014 WL 1016045 *6 (Bankr. C.D. Cal. 2014)(citing *In re Gaylord Grain L.L.C.,* 306 B.R. 624, 627 (8th Cir. BAP 2004)).

Here, the Debtor disputes two of the liens of VCTC– the liens are for delinquent unsecured property taxes recorded on December 9, 2020, and February 8, 2023, however, the "face of the Ventura Unsecured Liens and the Ventura Unsecured Tax Bills, they are relate [sic] to a property with the APN 101-0-273-295, which is not the APN of [Oak View]." *See* Docket No. 287, p. 12 line 26 to p. 13 line 8.

The Court finds that the Debtor has bona fide disputes as to these two VCTC liens for unsecured property taxes. The Court will approve the sale of Oak View free and clear of the VCTC liens pursuant to 11 U.S.C. § 363(f)(4) with these respective liens attaching to the sale proceeds to the same validity, extent, and priority as to Oak View.

Good Faith

The Ninth Circuit BAP has held that "the following factors are relevant to the good faith determination: (1) compliance with approved sale procedures; (2) arms-length

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CONT... Santa Paula Hay & Grain and Ranches **Chapter 11**

negotiations, leading to a sale reflecting a purchase price at or near the market value of the property; [(3)]opportunity for competitive bidding; (4) knowledge in advance of the sale of who the proposed purchaser is; and (5) the absence of any evidence of fraud, collusion or grossly unfair advantage over other bidders." *In re Zuercher Trust of 1999*, 2016 WL 721485 *9 (9th Cir. BAP 2016) (internal citations omitted).

Here, as stated above the Court is concerned with the sale procedures and marketing of Oak View. Additionally, there appears to be a $1,500 payment to be paid the Buyer, and a $450 "transaction coordinator" fee to Heritage Realty, but the Court has no understanding of what these fees are for.

The Court will inquire with the parties prior to making any good faith determination.

[FN1] The Motion incorrectly states the Debtor has employed a real estate broker to sell Oak View, but the Court set a hearing on the application to employ such a broker. *See* Docket No. 380.

Party Information

Debtor(s):

Santa Paula Hay & Grain and — Represented By
Vanessa M Haberbush
Lane K Bogard
David R Haberbush

Movant(s):

Santa Paula Hay & Grain and — Represented By
Vanessa M Haberbush
Lane K Bogard
David R Haberbush

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9:25-10314 Santa Paula Hay & Grain and Ranches **Chapter 11**

#20.00 HearingRE: [472] Motion to Approve Compromise Under Rule 9019 (Haberbush, Vanessa)

Docket 472

Tentative Ruling:

June 2, 2026

Appearances required.

Background

On March 12, 2025, Santa Paula Hay & Grain and Ranches (the "Debtor") filed a voluntary petition for relief pursuant to Chapter 11 of Title 11 of the United States Code. *See* Docket No. 1, *Voluntary Petition for Non-Individuals Filing for Bankruptcy*.

Among the property that the Debtor scheduled is vacant land in Imperial County, California, with APN:034-160-021-000 ("Westmoreland Ranch") valued at $200,000.00. *See* Docket No. 367, *Schedule A/B*, p. 16.

The Debtor scheduled two encumbrances against Westmoreland Ranch: (1) a lien held by the Imperial County Tax Collector ("ICTC") in the amount of $34,658.18 for real property taxes; and (2) a Deed of Trust held by Sunrise Farms c/o Rancho Santa Fe Citrus in an unknown amount. *See* Docket No. 367, *Schedule D: Creditors Who Have Claims Secured by Property*, pp. 54 and 63. Kenneth Shull, assignee of Sunrise Farms, Inc., formerly known as Rancho Santa Fe Citrus, Inc. ("Shull") now holds the Deed of Trust against Westmoreland Ranch which now totals $304,980.39 (the "Claim"). *See* Docket No. 472, *Debtor's and Debtor-in-Possession's Motion for an Order Approving Settlement Between Debtor, Guadalupe J. Guzman, Ophelia Guzman, Guadalupe A. Guzman, and Yeisi Guzman, on the One Hand, and Kenneth Shull, Assignee of Sunrise Farms, Inc., Formerly Known as Rancho Santa Fe Citrus, Inc. ("Shull"), on the Other Hand, With Respect to Real Property Located in the County of Imperial, State of California, Identified as Assessors Parcel Number 034-160-021-000 (the "Real Property" and/or "Westmoreland") Pursuant to Federal*

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CONT... Santa Paula Hay & Grain and Ranches **Chapter 11**

Rule of Bankruptcy Procedure 9019 (the "Motion"), pp. 6 and 8. The Debtor's partners are also liable on the Claim. *See id.* at p. 8.

The Debtor purchased Westmoreland Ranch approximately six years ago for about $450,000, but the value of Westmoreland Ranch has since diminished significantly. *See id.* at p. 7 lines 23-24. In 2024, the California Department of Agriculture forcibly removed the entire tree orchard from Westmoreland Ranch due to the presence of an invasive pest, the Asian citrus psyllid, which destroyed the value of the property and left the land bare. *See id.* at p. 8 lines 1-3. Additionally, since purchasing Westmoreland Ranch, the cost of electricity and water for the property has more than tripled. *See id.* at p. 7, lines 25-27.

Before the Court is the Motion filed by the Debtor on May 12, 2026. *See id.* Through the Motion, the Debtor seeks approval of that *Settlement Agreement and Mutual and General Release* (the "Agreement") between Guadalupe J. Guzman, Ophelia Guzman, Guadalupe A Guzman, and Yeisi Guzman (collectively, the "Partners"), the Debtor, and Shull. *See id.* at p. 6.

The Agreement provides Shull with relief from the automatic stay to foreclose upon Westmoreland Ranch as full and complete satisfaction of the Claim ceasing all liability of the Debtor to Shull. *See id.* at *Exhibit 1*, pp. 19-22. The Agreement also provides that Shull will pay all real property taxes associated with Westmoreland Ranch and that the Partners will not be liable for any property taxes related to Westmoreland Ranch. *See id.* Lastly, the Debtor and the Partners, on the one hand, and Shull, on the other hand, provide each other with mutual releases. *See id.*

Notice

Pursuant to Fed. R. Bankr. P. 2002(a)(3) "the clerk, or some other person as the court may direct, shall give the debtor, the trustee, all creditors and indenture trustees at least 21 days' notice by mail of: [] the hearing on approval of the compromise of settlement of a controversy other than approval of an agreement pursuant to Rule 4001(d), unless the court for cause shown directs that notice not be sent."

On May 12, 2026, the Debtor filed that *Notice of Debtor's and Debtor-in-Possession's Motion for an Order Approving Settlement Between Debtor, Guadalupe J. Guzman, Ophelia Guzman, Guadalupe A. Guzman, and Yeisi Guzman, on the One*

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CONT... Santa Paula Hay & Grain and Ranches **Chapter 11**

Hand, and Kenneth Shull, Assignee of Sunrise Farms, Inc., Formerly Known as Rancho Santa Fe Citrus, Inc. ("Shull"), on the Other Hand, With Respect to Real Property Located in the County of Imperial, State of California, Identified as Assessors Parcel Number 034-160-021-000 (the "Real Property" and/or "Westmoreland") Pursuant to Federal Rule of Bankruptcy Procedure 9019 (the "Notice"). *See* Docket No. 473. On May 12, 2026, the Notice was served upon all creditors and the Office of the U.S. Trustee via Notice of Electronic Filing and United States mail, first class, postage prepaid. *See id.* at *Proof of Service of Document*, pp. 5-14. Notice of the Motion is proper.

This Court's Local Rule 9013-1(f)(1) provides that "each interested party opposing or responding to the motion must file and serve the response [] on the moving party and the United States trustee not later than 14 days before the date designated for hearing." Pursuant to this Court's Local Rule 9013-1(h), "if a party does not timely file and serve documents, the court may deem this to be consent to the granting or denial of the motion, as the case may be." This Court takes the default of all non-responding parties that were served with the Notice.

Analysis

Threshold Issues

The Court begins its analysis with what the Motion is not requesting of the Court. The Motion does not request abandonment of Westmoreland Ranch to Shull in full satisfaction of Shull's purported claim against the Debtor's bankruptcy estate. If the Debtor is seeking to abandon Westmoreland Ranch directly to Shull in satisfaction of the Claim, the Court will want to hear from the Debtor. *See In re Perry*, 394 B.R. 852 (Bankr. S.D. Tex. 2008) ("there is no section of the Bankruptcy Code or Bankruptcy Rules that authorizes transfers of property by abandonment directly to the secured creditor through a motion alone.").

As far as the Court can discern, the Motion is a stipulation for stay relief, where Shull agrees further to seek only relief against Westmoreland Ranch, and thereby waiving any deficiency claim against the Debtor's bankruptcy estate. This deficiency claim would include any real property taxes paid in connection with foreclosure of Westmoreland Ranch.

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CONT... Santa Paula Hay & Grain and Ranches **Chapter 11**

Next, and assuming the Court is correct about the aim of the Motion, the Court raises the issue of the Debtor's general partners' role in the Agreement. The Debtor's general partners are not debtors, at least not that this Court is aware. So, to the extent the Court grants the Motion, and therefore approval of the Agreement, it is not, and cannot approve of the Agreement as to releases and consideration by and towards the Debtor's general partners. Neither the Debtor's general partners, nor Shull, it seems to this Court, has this Court as a forum to settle any disputes between them as it relates to the Agreement.

Lastly, the Court is unable to locate proof that Shull is in-fact the assignee of any lien against Westmoreland Ranch. There is a statement that "Debtor has reviewed the information provided by Shull and determined that Shull is the successor in interest to Sunrise Farms," but there is no admissible evidence to support this conclusion. No proof of claim was filed by Shull, and no amended schedules have been filed disclosing the purported assignment. The Court is hesitant to approve a settlement among the Debtor and a purported creditor that is not scheduled as a creditor of the Debtor, and has not filed a proof of claim.

Assuming these issues are resolved, the Court moves to an analysis under Fed. R. Bankr. P. 9019.

Fed. R. Bankr. P. 9019

Pursuant to Fed. R. Bankr. P. 9019(a), "[o]n motion by the trustee and after notice and a hearing, the court may approve a compromise or settlement."

The bankruptcy court has great latitude in approving settlement agreements. *See In re A & C Properties*, 784 F.2d 1377, 1380-81 (9th Cir. 1986). A proposed settlement may only be approved if it is "fair and equitable." *See In re Woodson*, 839 F.2d 610, 620 (9th Cir. 1988); *see also In re Guy F. Atkinson Co. of California*, 242 B.R. 497, 502 (9th Cir. BAP 1999) ("At its base, the approval of a settlement turns on the question of whether the compromise is in the best interest of the estate."). Under this standard, the court must consider: (a) the probability of success in the litigation; (b) the difficulties, if any, to be encountered in the matter of collection; (c) the complexity of the litigation involved, and the expense, inconvenience, and delay necessarily attending it; and (d) the paramount interest of the creditors and a proper deference to their reasonable views in the premises. *See Woodson*, 839 F.2d at 620. A court

generally gives deference to a trustee's business judgment in deciding whether to settle a matter. *See In re Mickey Thompson Entertainment Group, Inc.*, 292 B.R. 415, 420 (9th Cir. BAP 2003).

"The law favors compromise, 'and as long as the bankruptcy court amply considered the various factors that determined the reasonableness of the compromise, the court's decision should be affirmed.'" *In re Open Medicine Institute, Inc.*, 639 B.R. 169, 181 (9th Cir. BAP 2022) (citing *In re A & C Props.*, 784 F.2d at 1383)). "Moreover, '[w]hen assessing a compromise, courts need not rule upon disputed facts and questions of law, but rather only canvass the issues. A mini trial is not required.'" *Id.* (citing *In re Schmitt*, 215 B.R. 417, 423 (9th Cir. BAP 1997)).

"'The bankruptcy court's decision to approve a compromise is reviewed for abuse of discretion.'" *Id.* at 180 (citing *In re Mickey Thompson Ent. Grp.*, 292 B.R. 415, 420 (9th Cir. BAP 2003)).

Probability of Success in Litigation

The Debtor asserts that it has a low probability of success in litigation with Shull in that the Debtor will be unlikely to succeed in opposing a motion for relief from the automatic stay. Moreover, the Debtor argues that even if the Debtor could prevent the lifting of the automatic stay, the Debtor desires to dispose of, or sell Westmoreland Ranch, which would likely create a deficiency claim in favor of Shull, and spur additional administrative expenses.

Although the Debtor does not fully explain why it has a low probability of success in litigation with Shull, the Court would likely be inclined to find that the stay should be lifted because Westmoreland Ranch is over-encumbered (the Debtor has a negative equity position of over 50%), and is unlikely to be a part of the Debtor's reorganization strategy.

The Court finds that this factor weighs in favor of approving the Agreement.

Collectability

This factor is not applicable and as such, weighs neither in favor or against approving the Agreement.

1:00 PM
CONT... Santa Paula Hay & Grain and Ranches **Chapter 11**

Complexity, Expense, Inconvenience, and Delay Attendant to Continued Litigation

The Debtor argues that without the Agreement the Debtor will incur significant administrative expenses from opposing a motion by Shull for relief from the automatic stay, or from bringing a motion to sell or abandon Westmoreland Ranch. All of which, the Debtor, asserts would cause additional delay.

The Court is not entirely convinced here. The Debtor would likely have no response to a lift stay motion, and so there would be no fees incurred. It is not clear to the Court that Westmoreland Ranch could be abandoned outside of a plan of reorganization, so any stand alone motion could be of no benefit to the Debtor's bankruptcy estate. Selling Westmoreland Ranch would futile in that the Debtor has stated that it has been unable to sell the property despite a long runway of attempts.

At best, the Court finds that this factor is neutral.

The Interest of Creditors

The Debtor asserts that the Agreement is in the interest of creditors because the Agreement disposes of Westmoreland Ranch without additional administrative expense. The Agreement also eliminates any deficiency claim (likely in excess of $100,000) that Shull could have, and provides that Shull will pay all real property taxes related to Westmoreland Ranch.

The Court finds that this factor weighs in favor of approving the Agreement.

Party Information

Debtor(s):

Santa Paula Hay & Grain and

Represented By
Vanessa M Haberbush
Lane K Bogard
David R Haberbush

1:00 PM

9:25-10314 Santa Paula Hay & Grain and Ranches **Chapter 11**

#21.00 HearingRE: [474] Motion Debtor and Debtor-in-Possession's Motion for Order Approving Stipulation Between Debtor and Debtor-in-Possession, Secured Creditor, Community West Bank, and Buyer, Fremont Hgs, LLC Regarding Entry Resolution of Heldback Funds Pursuant to Waters Ranch Sale Order (Haberbush, Vanessa)

Docket 474

Tentative Ruling:

June 2, 2026

Appearances required.

Background

On March 12, 2025, Santa Paula Hay & Grain and Ranches (the "Debtor") filed a voluntary petition for relief pursuant to Chapter 11 of Title 11 of the United States Code. *See* Docket No. 1.

On January 27, 2026, the Debtor filed that *Motion to (1) Sell the Estate's Interests in Real Property Located at 0 Stockton Road, Moorpark, Ventura, 93021, APN 503-0-072-055 (the "Waters Property"), Free and Clear of All Claims, Liens, and Interests Pursuant to 11 U.S.C. § 363; (2) Distribute Proceeds of the Sale; (3) Issue Findings of Good Faith Pursuant to 11 U.S.C. § 363(m); and (4) Waive the 14-Day Stay Provided by Federal Rule of Bankruptcy Procedure 6004(h)* (the "Sale Motion"). *See* Docket No. 162. The Sale Motion provides that "[t]he Buyer takes the position that the wind machines and diesel fuel tanks are fixtures on the Property," but the Debtor takes the position that "[t]he wind machines and diesel tanks on the Property have no liens attached to them, so Debtor does not dispute this characterization for purposes of this Motion but otherwise believes they are not fixtures and will likely take the position that these items are not fixtures in other contexts."

On March 9, 2026, the Court entered that *Order Granting Motion to (1) Sell the Estate's Interests in Real Property Located at 0 Stockton Road, Moorpark, Ventura,*

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CONT... Santa Paula Hay & Grain and Ranches **Chapter 11**

93021, APN 503-0-072-055 (the "Waters Property"), Free and Clear of All Claims, Liens, and Interests Pursuant to 11 U.S.C. § 363; (2) Distribute Proceeds of the Sale; (3) Issue Findings of Good Faith Pursuant to 11 U.S.C. § 363(m); and (4) Waive the 14-Day Stay Provided by Federal Rule of Bankruptcy Procedure 6004(h) (the "Order"). *See* Docket No. 270. Given the dispute as to the liens on, and characterization of the wind machines and diesel tanks, the Order required $232,000 of the purchase price related to the wind machine and diesel tanks to remain in escrow until the issue is resolved. *See id.* at p. 4, lines 7-15.

On March 23, 2026, Community West Bank (the "Bank") filed that *Stipulation Between Debtor, and Debtor-in-Possession, Secured Creditor, Community West Bank, and Buyer, Fremont HGS, LLC Regarding Entry Resolution of Heldback Funds Pursuant to Waters Ranch Order* (the "Stipulation"). *See* Docket No. 307. The Bank asserts through the Stipulation that the Debtor, the Bank, and Fremont HGS, LLC "have now resolved the issue," classifying the wind machines and diesel tanks as "permanent fixtures" "subject to and encumbered by [the Bank's] Feed of Trust…" *See id.* at pp. 2-3.

On May 12, 2026, the Debtor filed *Debtor and Debtor-in-Possession's Motion for Order Approving Stipulation Between Debtor and Debtor-in-Possession, Secured Creditor, Community West Bank, and Buyer, Fremont HGS, LLC Regarding Entry of Resolution of Heldback Funds Pursuant to Waters Ranch Sale Order* (the "Distribution Motion"). *See* Docket No. 474. The Distribution Motion seeks approval of the Stipulation.

Analysis

Pursuant to Fed. R. Bankr. P. 9019(a), "[o]n motion by the trustee and after notice and a hearing, the court may approve a compromise or settlement."

The bankruptcy court has great latitude in approving settlement agreements. *See In re A & C Properties*, 784 F.2d 1377, 1380-81 (9th Cir. 1986). A proposed settlement may only be approved if it is "fair and equitable." *See In re Woodson*, 839 F.2d 610, 620 (9th Cir. 1988); *see also In re Guy F. Atkinson Co. of Cal.*, 242 B.R. 497, 502 (9th Cir. BAP 1999) ("At its base, the approval of a settlement turns on the question

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CONT... Santa Paula Hay & Grain and Ranches **Chapter 11**

of whether the compromise is in the best interest of the estate."). Under this standard, the court must consider: (a) the probability of success in the litigation; (b) the difficulties, if any, to be encountered in the matter of collection; (c) the complexity of the litigation involved, and the expense, inconvenience, and delay necessarily attending it; and (d) the paramount interest of the creditors and a proper deference to their reasonable views in the premises. *See In re Woodson*, 839 F.2d at 620.

"The law favors compromise, 'and as long as the bankruptcy court amply considered the various factors that determined the reasonableness of the compromise, the court's decision should be affirmed.'" *In re Open Medicine Institute, Inc.*, 639 B.R. 169, 181 (9th Cir. BAP 2022)(citing *In re A & C Props.*, 784 F.2d at 1383)). "Moreover, '[w]hen assessing a compromise, courts need not rule upon disputed facts and questions of law, but rather only canvass the issues. A mini trial is not required.'" *Id.* (citing *In re Schmitt*, 215 B.R. 417, 423 (9th Cir. BAP 1997)).

"'The bankruptcy court's decision to approve a compromise is reviewed for abuse of discretion.'" *Id.* at 180 (citing *In re Mickey Thompson Ent. Grp.*, 292 B.R. 415, 420 (9th Cir. BAP 2003)).

A court generally gives deference to a trustee's business judgment in deciding whether to settle a matter. *See In re Mickey Thompson Entertainment Group, Inc.*, 292 B.R. at 420.

Here, as the Debtor noted in the Sale Motion, it believed that the wind machines and diesel tanks are unencumbered personal property. This is precisely why the monies were not released to the Bank from the sale proceeds. The Bank and the purchaser of the real property believed differently. Through the Stipulation, the Debtor and the Bank have "resolved" their differences on this issue. This resolution may be approved by the Court so long as the resolution is "fair and equitable." The Court's analysis here requires the application of the *A & C Props.* factors. However, neither the Stipulation nor the Distribution Motion contain any facts to allow the Court to perform such an analysis. Is there a cadre of facts supported by a declaration and other admissible evidence in the record that would allow the Court to conclude that the Stipulation and the Distribution Motion resolving the issue between the parties is fair and equitable?

Party Information

United States Bankruptcy Court
Central District of California
Northern Division
Ronald A Clifford III, Presiding
Courtroom 201 Calendar

Tuesday, June 2, 2026 **Hearing Room 201**

1:00 PM

CONT... Santa Paula Hay & Grain and Ranches **Chapter 11**

Debtor(s):

Santa Paula Hay & Grain and

Represented By
Vanessa M Haberbush
Lane K Bogard
David R Haberbush

1:00 PM
9:25-10363 Alejandro Martinez Martinez **Chapter 13**

#22.00 HearingRE: [56] Motion Notice of Motion and Motion for Order Approving Loan Modification Agreement or for an Order Permitting the Parties to Entrer Into Such an Agreement with Proof of Service Thereof.

Docket 56

Tentative Ruling:

June 2, 2026

Appearances required.

On March 20, 2025, Alejandro Martinez Martinez (the "Debtor") filed a voluntary petition for relief under Chapter 13 of Title 11 of the United States Code. *See* Docket No. 1.

Among other assets, the Debtor scheduled real property located at 348 Kendale Road, Buellton, CA 93427-0000 (the "Property") which is encumbered by one lien held by Select Portfolio Servicing, Inc. ("SPS") in the amount of $854,595.42. *See* Docket No. 1, *Schedule D: Creditors Who Have Claims Secured by Property*, p. 19.

The Debtor's monthly income is $7,391.57 with monthly expenses of $5,830.12 including monthly expenses of $3,440.12 related to the Property. *See id.* at *Schedule J: Your Expenses*, pp. 32-33.

On June 25, 2025, the Court entered that *Order Confirming Chapter 13 Plan* (the "Confirmation Order") confirming the Debtor's *Chapter 13 Plan 2nd Amended* (the "Plan"). *See* Docket Nos. 39 and 31, respectively. The Plan provides that the Debtor will make monthly payments of $1,479.98 of which $1,325.85 are to go to SPS. *See* Docket No. 31. Further, under the Plan, unsecured creditors are to receive 0.00%. *See id.*

On January 7, 2026, the Court issued that *Order Granting Motion for Relief from the Automatic Stay Under 11 U.S.C. § 362 (Real Property)* (the "APO Order") approving an adequate protection agreement and granting relief from the automatic stay upon

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CONT... Alejandro Martinez Martinez **Chapter 13**

default. *See* Docket No. 52.

Before the Court is that *Notice of Motion and Motion for Order Approving Loan Modification Agreement or For an Order Permitting the Parties to Enter Into Such an Agreement* (the "Motion") filed on May 11, 2026, by the Debtor. *See* Docket No. 56. Through the Motion, the Debtor seeks the Court's approval to enter into that *Lien Modification Agreement* (the "Modification") under which SPS and the Debtor agree to defer $233,100 of the principle of the mortgage on the Property, with the mortgage maturing on February 1, 2037, and a balloon payment to be made on February 1, 2037, in the amount of $533,165.13. *See id.* at pp. 8-19. Additionally, the Modification provides for monthly payments in the amount of $3,144.36. *See id*. Lastly, the interest, through the Modification, accrues at 2% for the first 60 months, then from 3% to 4.125% for months 61 to 129. *See id.*

If the Debtor moves forward with the Modification, does not the Plan need to be modified so that general unsecured creditors receive monies from the Debtor's disposable income, as such income is no longer to be used to pay the SPS arrears related to the Property?

Party Information

Debtor(s):

Alejandro Martinez Martinez	Represented By Eric Bensamochan

Trustee(s):

Elizabeth (ND) F Rojas (TR)	Pro Se

1:00 PM

9:25-10522 Daniel Burrell, Sr. and Elba Burrell **Chapter 7**

#23.00 CONT'D Hearing re: [92] Motion for contempt, sanctions, order compelling lien release, and permanent injunction against BMW Financial Services

3-24-26,

Docket 92

Tentative Ruling:

June 2, 2026

Appearances required.

March 24, 2026

Appearances required.

On April 17, 2025, Daniel Burrell, Sr. and Elba Burrell (jointly, the "Debtors") filed a voluntary petition for relief pursuant to Chapter 7 of Title 11 of the United States Code. *See* Docket No. 1.

Among the assets the Debtors scheduled was a 2022 BMW X5 45e (the "Vehicle") which was scheduled as being encumbered by a lien held by BMW Financial Services ("BMW") in the amount of $63,374.00. *See id.* at *Schedule A/B*, p. 12; and *Schedule D*, p. 21. Additionally, the Debtors indicated in their schedules that they intended to retain the Vehicle and enter into a reaffirmation agreement regarding the Vehicle. *See id.* at *Statement of Intention for Individuals Filing Under Chapter 7*, p. 50.

On July 28, 2025, the Court entered that *Order of Discharge – Chapter 7* (the "Discharge") in favor of the Debtors. *See* Docket No. 62. The Discharge informed the Debtors that "a creditor with a lien may enforce a claim against the debtors' property subject to that lien unless the lien was avoided or eliminated. For example, a creditor may have the right to foreclose a home mortgage or repossess an automobile." *See id.* at p. 1.

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CONT... Daniel Burrell, Sr. and Elba Burrell **Chapter 7**

In November 2025, Daniel Burrell, Sr. called BMW to inquire about the Debtors' account with BMW regarding the Vehicle, and during which call BMW informed the Debtors that there was an open repossession order on the Vehicle. *See* Docket No. 92, *Motion for Contempt, Sanctions, Order Compelling Lien Release, and Permanent Injunction Against BMW Financial Services* (the "Motion"), p. 7, lines 22-26. Additionally, when the Debtors asked if the lien on the Vehicle could be released, BMW indicated that the Debtors would have to pay off the lien, and subsequently BMW sent the Debtors a "Final Vehicle Return Statement." *See id.* at p. 8 lines 6-12.

Before the Court is the Motion, filed by the Debtors on November 25, 2025. *See id*. Through the Motion, the Debtors assert that BMW has violated the Discharge by: (1) confirming that the Vehicle was subject to repossession; (2) forwarding the Debtors the payoff statement the Debtors requested; (3) misrepresenting the loan as a lease; and (4) threatening negative credit reporting. *See id.* at p. 9, lines 1-6.

On December 9, 2025, BMW filed that *Response to Motion for Contempt, Sanctions, Order Compelling Lien Release, and Permanent Injunction Against BMW Financial Services [Dkt 92]* (the "Response"), opposing the Motion. *See* Docket 94.

On December 15, 2025, the Debtors filed *Debtors' Reply in Support of Motion for Contempt, Sanctions, and Injunctive Relief* (the "Reply"). *See* Docket No. 99.

Analysis

Pursuant to 11 U.S.C. § 524(a), "[a] discharge in a case under this title [] (2) operates as an injunction against the commencement or continuation of an action, the employment of process, or an act, to collect, recover or offset any such debt as a personal liability of the debtor, whether or not discharge of such debt is waived."

"The party seeking contempt sanctions for violation of the discharge injunction has the burden of proving, by clear and convincing evidence, that the sanctions are justified." *In re Nash*, 464 B.R. 874, 880 (9th Cir. BAP 2012) (citing *Espinosa v. United Student Aid Funds, Inc.*, 553 F.3d 1193, 1205 n.7 (9th Cir. 2008), *aff'd*, 559 U.S. 260 (2010)). "To prove that a sanctionable violation of the discharge injunction has occurred, the debtor must show that the creditor: '(1) knew the discharge

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CONT... Daniel Burrell, Sr. and Elba Burrell **Chapter 7**

injunction was applicable and (2) intended the actions which violated the injunction.'" *Id.* (citing *Espinosa*, 553 F.3d at 1205 n.7).

However, the "discharge injunction prohibits only those acts that seek to collect, recover, or offset discharged debts as the 'personal liability of the debtor.'" *In re Garske*, 287 B.R. 537, 545 (9th Cir. BAP 2002). A "secured creditor has a right to repossess its collateral if the debtor fails to make payments" even after a discharge is entered "[s]o long as the creditor is not collecting the debt as a 'personal liability of the debtor.'" *Id.*

In fact, one court has found that "sending monthly statements to debtors who [] may wish to keep their vehicles post-discharge is a businesslike, non-threatening way to remind debtors that payments are due if the debtor wishes to avoid repossession of his or her vehicle. Such statements harmlessly facilitate the decisions of debtors [] whether to keep their vehicles post-discharge. *In re Ramirez*, 273 B.R. 620, 624 (Bankr. C.D. 2002) (finding no discharge violation especially when the debtor expressed his desire to reaffirm the debt). Further, "'mere requests for payment are not barred' absent coercion or harassment by the creditor." *In re Garske*, 287 B.R. at 542 (quoting *In re Ramirez*, 280 B.R. 252, 256 (C.D. Cal. 2002)).

Here, BMW, a secured creditor, is not prevented by the Discharge from repossessing the Vehicle. In reviewing the Motion, it appears to the Court that the Debtors are under the mistaken view that the Discharge resulted in a discharge of BMW's lien against the Vehicle. It did not for the reasons set forth herein. The telephone communication between the Debtors and BMW was initiated by the Debtors, seeking the status of the repossession of the Vehicle and the amount to pay the Vehicle off. This phone call was not an attempt to collect a discharged obligation personally from the Debtors. The *Vehicle Return Statement* was a follow-up to the phone conversation initiated by the Debtors. However, the *Vehicle Return Statement* includes under "Important Information" that BMW was "notifying [the Debtors] that a negative report reflecting on [their] credit records may be submitted to a credit reporting agency of [they] fail to fulfill [their] obligation to pay the Vehicle Return Statement balance." *See* Docket No. 92, p. 35. Is this not a threat to report negatively to credit reporting agencies regarding discharged personal obligations of the Debtors?

The Court will hear from BMW as to the Court's final inquiry above.

Party Information

United States Bankruptcy Court
Central District of California
Northern Division
Ronald A Clifford III, Presiding
Courtroom 201 Calendar

Tuesday, June 2, 2026 **Hearing Room 201**

1:00 PM

CONT... Daniel Burrell, Sr. and Elba Burrell **Chapter 7**

Debtor(s):

Daniel Burrell Sr. Pro Se

Joint Debtor(s):

Elba Burrell Pro Se

Movant(s):

Daniel Burrell Sr. Pro Se

Elba Burrell Pro Se

Trustee(s):

Sandra McBeth (TR) Pro Se

1:00 PM
9:25-10915 Outer Aisle Gourmet, LLC **Chapter 11**

#24.00 Hearing re: [253] Debtors motion for order disallowing: (A) duplicative claim No. 4 filed by New York State Department of Taxation and Finance; and (B) duplicative claim No. 25 filed by Horizon Sales

Docket 253

Tentative Ruling:

June 2, 2026

Appearances required.

Before the Court is *Debtor's Notice of Motion and Motion for Order Disallowing (A) Duplicative Claim No. 4 Filed by New York State Department of Taxation and Finance and (B) Duplicative Claim No. 25 Filed by Horizon Sales* (the "Objection") objecting to Proof of Claim Nos. 4 and 25 as duplicative of Proof of Claim Nos. 3 and 14, respectively, filed on April 30, 2026 by Outer Aisle Gourmet, LLC (the "Debtor"). *See* Docket No. 253.

On July 28, 2025, New York State Department of Taxation & Finance ("NYDTF") filed *Proof of Claim 3* totaling $1,084.00 with $468.94 claimed as priority ("Claim 3") for "withholding tax." *See* Claim No. 3. Also on July 28, 2025, NYDTF filed *Proof of Claim 4* totaling $1,084.00 with $468.94 claimed as priority ("Claim 4") for "withholding tax," which is identical to Claim No. 3. *See* Claim No. 4.

On August 28, 2025, Horizon Sales ("Horizon") filed *Proof of Claim 14* totaling $34,992.00 for "[c]ommissions due for services performed – Food Broker" ("Claim 14"). *See* Claim No. 14. On October 20, 2025, Horizon filed that unsecured *Proof of Claim 25* totaling $34,992.55 for "[s]ervices performed. We are a food broker and represented their products" ("Claim 25" and collectively with Claim 3, Claim 4, and Claim 14 the "Claims"). *See* Claim No. 25. Claim 14 and 25 are identical with the exception of the amounts, with Claim 25 being $.55 higher than Claim 14.

Notice and Service

Pursuant to this Court's Local Bankruptcy Rule ("LBR") 3007-1(b), a claim objection

must be set for hearing on notice of not less than 30 days. *See* LBR 3007-1(b)(1). The claim objection must be served on the claimant at the address disclosed by the claimant in its proof of claim and at such other addresses and upon such parties as may be required by FRBP 7004 and other applicable rules.

On April 30, 2026, the Debtor filed and served the Objection via U.S. Mail on NYDFT and Horizon at the addresses listed in the Claims. *See* Docket No. 253, *Proof of Service of Document*, p. 35; Docket No. 258, *Proof of Service of Document*, p. 2; and Docket No. 259, *Proof of Service of Document*, p. 2.

In accordance with LBR 3007-1(b)(3)(A), "[a] response [to an objection] must be filed and served not later than 14 days prior to the date of hearing set forth in the notice…" This Court's Local Rule 3007-1(b)(4) provides that "[t]he court will conduct a hearing on a claim objection to which there is a timely response." "If the claimant does not timely file and serve a response, the court may sustain the objection without a hearing." *See* Local Rule 3007-1(b)(6).

No response to the Objection was filed.

Analysis

Legal Standard for Claims Objections

Pursuant to 11 U.S.C. § 502(a), a proof of claim is deemed allowed unless a party in interest objects. Section 502(b) of the Bankruptcy Code enumerates an exhaustive list of reasons for sustaining an objection to a proof of claim. *See* 11 U.S.C. § 502(b). Pursuant to 11 U.S.C. § 502(b)(1), upon the filing of an objection to a claim, "the court, after notice and a hearing, shall determine the amount of such claim [] and shall allow such claim in such amount, except to the extent that such claim is unenforceable against the debtor and property of the debtor, under any agreement or applicable law for a reason other than because such claim is contingent or unmatured."

Fed. R. Bankr. P. 3001 applies to proofs of claims. "A duly executed proof of claim is prima facie evidence of the validity and amount of a claim. Rule 3001(f). The burden then switches to the objecting party to present evidence to overcome the prima facie case . . . *In Re Holm*, 931 F.2d 620, 623 (9th Cir. 1991)." *In Re Murgillo*, 176 B.R. 524, 529 (9th Cir. BAP 1995). "A claim that seeks duplicate recovery for the same

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CONT... Outer Aisle Gourmet, LLC **Chapter 11**

debt is partially unenforceable to the extent of the duplication." *In re Pierport Development & Realty, Inc.*, 491 B.R. 544, 547 (Bankr. N.D. Ill. 2013)(internal citations omitted). An amended proof of claim "supercedes all other proofs of claim filed [by the creditor] in [the] case." *In re Merrick*, 483 B.R. 236, 243 (Bankr. D. Ut. 2012).

Pursuant to Fed. R. Bankr. P. 3007(d), "objections to more than one claim may be joined in a single objection if [] (2) the objections are based solely on grounds that the claims should be disallowed, in whole or in part, because they: (A) duplicate other claims."

Here, as a threshold issue, the Objection is unopposed. So, the Court will sustain the Objection as provided *infra* on this basis alone. Second, Claim 4 is duplicative and identical to Claim 3, and Claim 25 is duplicative of Claim 14 in all respects except amount.

The Court will sustain the Objection, but as modified here. Claim 4 is disallowed, leaving Claim 3 as an allowed claim. Claim 14 is disallowed, leaving Claim 25, in the higher dollar amount.

Party Information

Debtor(s):

Outer Aisle Gourmet, LLC

Represented By
Garrick A Hollander
Jordyn Paperny

1:00 PM
9:25-11210 Matthew Nash **Chapter 7**

#25.00 CONT'D Hearing re: [31] Robert Reed's objection to property claimed as exempt

fr. 4-21-26,

Docket 31

Tentative Ruling:

June 2, 2026

Appearances required.

Background

On September 11, 2025 (the "Petition Date"), Matthew Nash (the "Debtor") filed a voluntary petition for relief pursuant to Chapter 7 of Title 11 of the United States Code. *See* Docket No. 1. Jeremy W. Faith is the duly appointed Chapter 7 trustee (the "Trustee"). *See* Docket No. 6.

The Real Property and Notice of Lien

Among the property that the Debtor scheduled is an interest in real property located at 108 Marian Way, Pismo Beach, CA 93449 (the "Real Property"). *See* Docket No. 16, *Schedule A/B: Property*, p. 2. More specifically, the Debtor stated he "was awarded return of a $75,000 down payment and half the equity after sale [of the Real Property]" in his divorce proceedings. *See id.*
The Debtor claimed an exemption in the Real Property of "100% of the fair market value, up to any applicable statutory limit" under California Code of Civ. P. § 704.730. *See id.* at *Schedule C: The Property You Claim as Exempt*, p. 8. The Debtor lives at 233 Cross Street, Arroyo Grande, CA 93420. *See* Docket No. 1, p. 2.

On June 28, 2023, Robert Reed ("Reed") obtained in the Superior Court of California, County of Santa Barbara, a default judgment as against the Debtor in the amount of $146,900.00. *See* Docket No. 32, *Request for Judicial Notice in Support of Robert*

Reed's Objection to Property Claimed as Exempt (the "RJN"), *Exhibit 5*, pp. 19-20.

On February 15, 2024, Reed filed that *Notice of Lien* as against the Debtor in Debtor's divorce proceedings and served the *Notice of Lien* on the Debtor. *See id.* at *Exhibit 6*, pp. 22-24. The *Notice of Lien*, among other things, states that the Debtor "may claim an exemption for all or any portion of the money or property within 30 days after receiving notice of the creation of the lien. The exemption is waived if it is not claimed in time." *See id.* at p. 22.

The Vehicle

Also, among the property the Debtor scheduled is 2022 BMW X5 (the "Vehicle") valued at $13,014.00. *See* Docket No. 16, *Schedule A/B: Property*, p. 3. The Debtor claimed an exemption in the Vehicle up to the "100% of the fair market value, up to any applicable statutory limit" under California Code of Civ. P. § 704.010. *See id.* at *Schedule C: The Property You Claim as Exempt*, p. 8.

The Objection

On February 12, 2026, Reed filed *Robert Reed's Objection to Property Claimed as Exempt* (the "Objection"). *See* Docket No. 31. Through the Objection, Reed objects to the Debtor's claimed exemptions in the Real Property and the Vehicle. *See id.*

As to the Vehicle, Reed asserts that the Debtor's exemption should be limited to $7,500 instead of the entire value of the Vehicle. *See id.* at p. 6, lines 13-16.

As to the Real Property, Reed makes two arguments as why the Debtor is not entitled his claimed homestead exemption: (1) the Real Property was sold and the sale proceeds have not been reinvested within six months as required by Cal. Code of Civ. P. § 704.720(b); and (2) the Debtor waived his homestead exemption by failing to claim an exemption within 30 days of being served with a notice of a judgment lien by Reed prior to this bankruptcy. *See id.* at pp. 3-6.

No opposition or response to the Objection has been filed. On April 8, 2026, the Debtor filed that *Substitution of Attorney*, denoting that the Debtor is now proceeding in the instant case *pro se*. *See* Docket No. 53.

1:00 PM
CONT... Matthew Nash **Chapter 7**

Notice

Pursuant to Fed. R. Bankr. P. 4003(b)(4), "[a] copy of any objection, other than one filed by the trustee under (b)(2), must be delivered or mailed to: the trustee; the debtor; the debtor's attorney; the person who filed the list of exempt property; and that person's attorney."

On February 12, 2026, Reed filed *Notice of Hearing on Objection to Exemption* (the "Notice"), informing the Debtor and the Debtor's counsel, at the time, that pursuant to this Court's Local Rule 9013-1, any opposition to the Objection must be filed and served no less than fourteen (14) days prior to the hearing on the Objection. *See* Docket No. 33. On February 12, 2026, the Notice and Objection were served on the Debtor, the Debtor's counsel, the Trustee, and the Office of the United States Trustee via Notice of Electronic Filing [NEF] and United States mail, first class, postage prepaid. *See* Docket No. 33, *Proof of Service of Document*, p. 3; and Docket No. 31, *Proof of Service of Document*, p. 8.

On April 8, 2026, the Court issued that *Order Approving Stipulation to Continue Hearing on Objection to Exemption* (the "Order") continuing the hearing on the Objection to June 2, 2026, and providing that any response "times shall be as provided in the Local Rules based upon the continued hearing date." *See* Docket No. 54. The Order was served upon the Debtor, Debtor's counsel of record, the Trustee, and the Office of the United States Trustee via BNC notice. *See* Docket No. 56.

Pursuant to this Court's Local Rule 9013-1(h), "if a party does not timely file and serve documents, the court may deem this to be consent to the granting or denial of the motion, as the case may be." Here, the Debtor has not filed a response to the Objection. The Court takes the default of the Debtor.

Analysis

The RJN

Pursuant to Fed. R. Evid. 201(b), "[t]he court may judicially notice a fact that is not subject to reasonable dispute because it: (1) is generally known within the trial court's

territorial jurisdiction; or (2) can be accurately and readily determined from sources whose accuracy cannot reasonably be questioned." *See Lee v. City of Los Angeles*, 250 F.3d 668, 688-689 (9th Cir. 2001) ("[A] court may take judicial notice of 'matters of public record.'"); *see also Rosal v. First Fed. Bank of Cal.*, 671 F.Supp. 2d 1111, 1120-21 (N.D. Cal. 2009) (court took judicial notice of deed of trust). Judicial notice may be taken "of bankruptcy records in the underlying proceeding…" *In re Tuma*, 916 F.2d 488, 491 (9th Cir. 1990); *see also Neylon v. County of Inyo*, 2016 WL 6834097 * 2 (E.D. Cal. November 21, 2016) ("Federal courts may take judicial notice of orders and proceedings in other courts, including transcripts").

Pursuant to Fed. R. Evid. 201(e), "[o]n timely request, a party is entitled to be heard on the propriety of taking judicial notice and the nature of the fact to be noticed."

On February 12, 2026, Reed filed RJN. *See* Docket No. 32. Through the RJN, Reed requests that the Court take judicial notice of nine documents consisting of (1) filings in the Debtor's bankruptcy case ("Bankruptcy Filings"), (2) two deeds recorded in the County of San Luis Obispo (the "Deeds"), (3) a petition for legal separation of marriage filed in a state court ("Divorce Petition"), (4) a judgment issued by the Superior Court of California, County of Santa Barbara ("Judgment"), (5) a notice of lien filed in the Superior Court of California, County of San Luis Obispo ("Notice of Lien"), (6) what appears to be a partial retyped state court docket ("Retyped Docket"), (7) a state court filings made by Teah Nash ("State Court Filing"), and (8) a Carfax report ("Carfax Report"). *See id.*

There has been no opposition to the RJN.

The documents that comprise the Bankruptcy Filings, the Deeds, the Divorce Petition, the Judgment, the Notice of Lien, and State Court Filing are appropriate for judicial notice. The Court takes judicial notice of these documents; however, the Court does not take judicial notice of the facts asserted in the State Court Filing. Further, the Retyped Docket and the Carfax Report are not appropriate for judicial notice as these are not matters of public record.

The Exemptions and Objection

Pursuant to 11 U.S.C. § 522(l), "[t]he debtor shall file a list of property that the debtor

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CONT... Matthew Nash **Chapter 7**

claims as exempt under subsection (b) of this section … Unless a party in interest objects, the property claimed as exempt on such list is exempt." However, California has opted out of the Federal Bankruptcy exemptions and debtors can only use exemptions allowed under state law. *See In re Bhangoo*, 634 B.R. 80 (9th Cir. BAP 2021).

Pursuant to Fed. R. Bankr. P. 4003(c), "[i]n a hearing under this Rule 4003, the objecting party has the burden of proving that an exemption was not properly claimed." *See In re Diaz*, 547 B.R. 329, 336 (9th Cir. BAP 2016) ("Generally, a debtor's claimed exemption is presumptively valid, and the party objecting to a debtor's exemption has the burden of proving that the exemption is improper.") (citing *In re Carter*, 182 F.3d 1027, 1029 n.3 (9th Cir. 1999) and Fed. R. Bankr. P. 4003(c)).

The Vehicle – Cal. Code of Civ. P. § 704.010

Pursuant to Cal. Code of Civ. P. 704.010(a), "[a]ny combination of the following is exempt in the amount of seven thousand five hundred dollars ($7,500): (1) The aggregate equity in motor vehicles. (2) The proceeds of an execution sale of a motor vehicle. (3) The proceeds of insurance or other indemnification for the loss, damage, or destruction of a motor vehicle."

Here, the Debtor claimed an exemption up to the full fair market value of the Vehicle under Cal. Code of Civ. P. § 704.010 and valued the Vehicle at $13,014.00. As the exemption under Cal. Code. Of Civ. P. § 704.010 is limited to the total amount of $7,500.00, the Court will sustain the Objection limiting the Debtor's claimed exemption as to the Vehicle to $7,500.00.

The Real Property – Cal. Code of Civ. P. § 704.730

The threshold question here is whether the Real Property is the Debtor's homestead.

Pursuant to Cal. Code of Civ. P. § 704.710(c), a "'[h]omestead' means the principal dwelling (1) in which the judgment debtor or the judgment debtor's spouse resided on the date the judgment creditor's lien attached to the dwelling, and (2) in which the judgment debtor or the judgment debtor's spouse resided continuously thereafter until the date of the court determination that the dwelling is a homestead."

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Pursuant to Cal. Code of Civ. P. § 704.720(a), "[a] homestead if exempt from sale under this division to the extent provided in Section 704.800." "If the judgment debtor and spouse of the judgment debtor reside in separate homesteads, only the homestead of one of the spouses is exempt and only the proceeds of the exempt homestead are exempt." Cal. Code of Civ. P. § 704.720(c). "If a judgment debtor is not currently residing in the homestead, but his or her separated or former spouse continues to reside in or exercise control over possession of the homestead, that judgment debtor continues to be entitled to an exemption under this article until entry of judgment or other legally enforceable agreement dividing the community property between the judgment debtor and the separated or former spouse, or until a later time period as specified by court order." Cal. Code of Civ. P. § 704.720(d).

"The automatic homestead exemption protects a debtor from a forced sale and requires that the debtor reside in the homestead property at the time of a forced sale." *In re Diaz*, 547 B.R. 329, 334 (9th Cir. BAP 2016)(internal citations omitted). "The filing of a bankruptcy petition constitutes a forced sale for purposes of the automatic homestead exemption." *Id.* A debtor "is entitled to claim the exemption only if [they] resided in the Property on the petition date." *Id.* at 335. "Under California law, the relevant factors for determining if a debtor resides in a property are the physical fact of the occupancy of the property and the debtor's intention to live there." *Id.*

Here, the Debtor did not live in the Real Property as of the Petition Date. In fact, the Debtor had not lived in the Real Property in the three (3) years preceding the Petition Date. *See* Docket No. 1-1, *Statement of Financial Affairs for Individuals Filing for Bankruptcy*, p. 1. It appears that the Real Property was scheduled to be sold by the Debtor's former spouse at some point in 2025, and pursuant to an order by the Family Court. *See* Docket No. 32, *Exhibit 8*, pp. 32, lines 13-14 and p. 35, lines 3-7. The Real Property has sold, though it is not clear if the Real Property sold prior to, or after the Petition Date. If the Real Property was not sold prior to the Petition Date, did/does the Real Property act as the Debtor's homestead through his former spouse's occupancy?

A) The Reinvestment Requirement

"If a homestead is sold under this division or is damaged or destroyed or is acquired for public use, the proceeds of sale or of insurance or other indemnification for

damage or destruction of the homestead or the proceeds received as compensation for a homestead acquired for public use are exempt in the amount of the homestead exemption provided in Section 704.730. The proceeds are exempt for a period of six months after the time the proceeds are actually received by the judgment debtor, except that, if a homestead exemption is applied to other property of the judgment debtor or the judgment debtor's spouse during that period, the proceeds thereafter are not exempt." Cal. Code of Civ. P. § 704.720(b).

If a homestead property is sold, whether a homestead exemption is continued to be recognized is "contingent on their reinvestment of the proceeds in a new homestead within six months of receipt." *In re Jacobson*, 676 F.3d 1193, 1199 (9th Cir. 2012).

Here, the Objection merely quotes Cal. Code Civ. P. § 704.720(b), but does not make any argument or assertion that the Real Property has indeed been sold or that the Debtor has received funds from the sale of the Real Property. Further, Court has not been presented with any admissible evidence that the Real Property has been sold in the RJN or that the Debtor has received the funds from any sale. Reed has not carried his burden to demonstrate that the Debtor has not complied with Cal. Code Civ. P. § 704.720(b). As such, the Court overrules the Objection as to Cal. Code Civ. P. § 704.720(b) regarding the Real Property.

B) Waiver for Failing to Claim an Exemption in Divorce Proceeding

Pursuant to Cal. Code of Civ. P. § 708.410(a), "[a] judgment creditor who has a money judgment against a judgment debtor who is a party to a pending action or special proceeding may obtain a lien under this article, to the extent required to satisfy the judgment creditor's money judgment, on both of the following: (1) Any cause of action of such judgment debtor for money or property that is the subject of the action or proceeding. (2) The rights of such judgment debtor to money or property under any judgment subsequently procured in the action or proceeding. (b) To obtain a lien under this article, the judgment creditor shall file a notice of lien and an abstract or certified copy of the judgment creditor's money judgment in the pending action or special proceeding."

"Thus, by the plain language of this statute, upon filing of the notice of lien [judgment

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creditor] obtained a lien not only on the cause of action, but also all 'money or property' that [the judgment debtor] would procure in the action." *In re Landes*, 626 B.R. 531, 546 (Bankr. E.D. Cal. 2021). Further, Cal. Code of Civ. P. § 708.410 applies to marital dissolution proceedings and it does not matter whether a judgment debtor is either a plaintiff or defendant in the subject litigation. *In re Landes*, 2019 WL 7372665 (9th Cir. BAP 2019).

Pursuant to Cal. Code of Civ. P. § 708.450, "[i]f a lien is created under this article, the judgment debtor may claim that all or any portion of the money or property that the judgment debtor may recover in the action or special proceeding is exempt from enforcement of a money judgment. The claim shall be made by application on noticed motion to the court in which the action or special proceeding is pending, filed and served on the judgment creditor not later than 30 days after the judgment debtor has notice of the creation of the lien. Service shall be made personally or by mail. The judgment debtor shall execute an affidavit in support of the application that includes all the matters set forth in subdivision (b) of Section 703.520. No notice of opposition to the claim of exemption is required. **The failure of the judgment debtor to make a claim of exemption under this section constitutes a waiver of the exemption**." (emphasis added).

However, some bankruptcy courts – largely within the context of motions to avoid liens pursuant to 11 U.S.C. § 522(f) – have found that a debtor's failure to claim an exemption in a state court action and waiver of the exemption does not preclude the debtor from claiming that exemption in bankruptcy and avoiding a creditor's lien.

Here, prior to addressing whether a procedural waiver of an exemption in a divorce proceeding precludes the Debtor from claiming his homestead exemption, the Court must find that Reed has a valid lien in compliance with Cal. Code of Civ. P. § 708.410, and that the Debtor failed to make a claim of exemption in the divorce proceeding. However, the Court is unable to make either finding.

As to the validity of Reed's lien, the RJN provided the Court with the Notice of Lien, yet it is not clear that an abstract or certified copy of the Judgment was filed in the divorce proceedings as required by California law. Additionally, it is not clear whether the Notice of Lien was served on all parties (i.e. Teah Nash, the Debtor's spouse/ex-spouse) in the divorce proceeding as also required.

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CONT... Matthew Nash **Chapter 7**

Further, Reed has not provided the Court with a copy of the docket of the divorce proceedings and the Court is unable to determine whether the Debtor did or did not make a claim of exemption in the divorce proceedings.

As such, Reed has not carried his burden to show that he has a valid lien against the Real Property and that Debtor did in fact procedurally waive his right to claim an exemption in the Real Property. The Court does not have sufficient evidence before it to reach whether the Debtor is precluded from claiming his homestead exemption due to waiver.

The Objection as to the homestead exemption is overruled.

Reed is to lodge a conforming order within 7 days.

Party Information

Debtor(s):

Matthew Nash — Represented By
William C Beall
Paul F Ready

Trustee(s):

Jeremy W. Faith (TR) — Pro Se

United States Bankruptcy Court
Central District of California
Northern Division
Ronald A Clifford III, Presiding
Courtroom 201 Calendar

Tuesday, June 2, 2026 **Hearing Room 201**

1:00 PM

9:25-11210 Matthew Nash **Chapter 7**

#26.00 Order to Show Cause re: Contempt for violation of 11 U.S.C. § 362(a)

fr. 6-2-26,

Docket 43

Tentative Ruling:

- NONE LISTED -

Party Information

Debtor(s):

Matthew Nash — Represented By
William C Beall
Paul F Ready

Trustee(s):

Jeremy W. Faith (TR) — Pro Se

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9:26-10536 Lanitta Marie Gehrts **Chapter 7**

#27.00 Hearing re: [8] Motion for authority to redeem personal property under 11 U.S.C. 722 and Bankruptcy Rule 6008

Docket 8

Tentative Ruling:

June 2, 2026

Appearances required.

Background

On April 16, 2026, Lanitta Marie Gehrts (the "Debtor") filed a voluntary petition for relief pursuant to Chapter 7 of Title 11 of the United States Code (the "Petition"). *See* Docket No. 1. Filed alongside the Petition was that *Statement of Intention for Individuals Filing Under Chapter 7* (the "SOI"). *See id.* at pp. 41-42. The SOI provided that, relevant to a 2010 Toyota RAV4 (the "Property"), the Debtor intended to "[r]etain the property and redeem it." *See id.* at p. 41. The 341(a) meeting of creditors was held on May 14, 2026. *See* Docket No. 5, p. 2.

The Debtor scheduled the Property with a value of $5,360.00. *See* Docket No. 1, *Schedule A/B: Property*, p. 11. The Property was also scheduled as being encumbered by a lien in the amount of $15,405.00, held by One Main. *See id.* at *Schedule D: Creditors Who Have Claims Secured by Property*, p. 18.

The Debtor did not claim an exemption in the Property, however, on May 15, 2026, the Chapter 7 Trustee issued a report of no distribution that included an intent to abandon the Property. *See* Docket entry dated May 15, 2026.

On April 24, 2026, the Debtor filed that *Notice of Motion and Motion for Authority to Redeem Personal Property Under 11 U.S.C. 722 and Declaration of [sic]* (the "Motion"). *See* Docket No. 8. Through the Motion, the Debtor seeks to redeem the Property pursuant to 11 U.S.C. § 722 and Fed. R. Bankr. P. 6008 in the amount of $7,250. *See id.* at p. 5, lines 9-12.

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CONT... Lanitta Marie Gehrts **Chapter 7**

Notice

Pursuant to Fed. R. Bankr. P. 6008, "[o]n a motion by the debtor [] and after a hearing on notice as the court may order, the court may authorize property to be redeemed from a lien…" Pursuant to Fed. R. Bankr. P. 2002(g)(2), "if a creditor [] has not filed a request under (1) or Rule 5003(e), the notice must be mailed to the address shown on the list of creditors or schedule of liabilities, whichever is filed later."

On April 24, 2026, the Debtor filed that *Notice of Motion For: Authority to Redeem Personal Property Under 11 U.S.C. § 722* (the "Notice"). *See* Docket No. 9. On April 24, 2026, the Debtor served the Motion and Notice via United States mail, first class, postage prepaid upon One Main Financial at 238 E. Betteravia, Suite A, Santa Maria, CA 93454 and via Notice of Electronic Filing [NEF] upon cbp@onemainfinancial.com. *See* Docket No. 8, *Proof of Service of Document*, p. 3; and Docket No. 9, *Proof of Service of Document*, p. 3.

However, the scheduled address for One Main is PO Box 1010, Evansville, IN 47706-1010. Additionally, the only NEF parties are the Debtor's counsel, the Office of the United States Trustee, and the Chapter 7 Trustee. One Main is not included on the NEF list.

The Court denies the Motion for improper service.

Analysis

Pursuant to 11 U.S.C. § 722, "[a]n individual debtor may [] redeem tangible personal property intended primarily for personal, family, or household use, from a lien securing a dischargeable consumer debt, if such property is exempted under section 522 of this title or has been abandoned under section 544 of this title, by paying the holder of such lien the amount of the allowed secured claim of such holder that is secured by such lien in full at the time of redemption."

As a threshold issue, the Property must be exempted under 11 U.S.C. § 522, or abandoned under 11 U.S.C. § 554, for the Debtor to redeem the Property. *See In re Reed*, 940 F.2d 1317, 1321 (9th Cir. 1991) ("Although filing a 'No Asset' report may exhibit the requisite intent to abandon an asset, that report in and of itself cannot result

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CONT... Lanitta Marie Gehrts **Chapter 7**

in abandonment unless the court closes the case."); *see also* 11 U.S.C. § 554(c) ("Unless the court orders otherwise, any property scheduled under section 521(a)(1) of this title not otherwise administered at the time of the closing of the case is abandoned to the debtor and administered for purposes of section 350 of this title."). The Debtor did not exempt the Property. Further, the Property has not been abandoned because the Debtor's bankruptcy case has not yet been closed.

Party Information

Debtor(s):

Lanitta Marie Gehrts	Represented By Anthony J Rothman Esq

Trustee(s):

Jeremy W. Faith (TR)	Pro Se

United States Bankruptcy Court
Central District of California
Northern Division
Ronald A Clifford III, Presiding
Courtroom 201 Calendar

Tuesday, June 2, 2026 **Hearing Room 201**

1:00 PM
9:22-10673 Carole D King **Chapter 7**

#28.00 Hearing re: [286] Motion to avoid lien with Coronitas Holdings, LLC

Docket 286

Tentative Ruling:

June 2, 2026

Appearances waived.

The hearing on the motion is continued to July 7, 2026, at 10:00 a.m.

Party Information

Debtor(s):

Carole D King

Represented By
William C Beall
Carissa N Horowitz

United States Bankruptcy Court
Central District of California
Northern Division
Ronald A Clifford III, Presiding
Courtroom 201 Calendar

Tuesday, June 2, 2026 **Hearing Room 201**

1:00 PM
9:22-10674 John E King **Chapter 7**

#29.00 Hearing re: [401] Motion to avoid lien with Coronitas Holdings, LLC

Docket 401

Tentative Ruling:

June 2, 2026

Appearances waived.

The hearing on the motion is continued to July 7, 2026, at 10:00 a.m.

Party Information

Debtor(s):

John E King — Represented By
William C Beall
Carissa N Horowitz

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9:24-10944 40800SEGC LLC **Chapter 7**

#30.00 HearingRE: [57] Motion Chapter 7 Trustees Motion For Authority To Access Property; Declaration In Support Thereof (POS Attached) (D'Alba, Michael)

Docket 57

Tentative Ruling:

June 2, 2026

Appearances required.

On March 26, 2024, Makat Investments, LLC ("Makat") filed a voluntary petition for relief pursuant to Chapter 12 of Title 11 of the United States Code. *See* Case No. 9:24-bk-10319-RC, Docket No. 1, *Voluntary Petition for Non-Individuals Filing for Bankruptcy*. Makat scheduled as an asset a parcel of real property located at 3705 Nuestro Road, Live Oak, CA 95993 (the "Property"). *See id.* at Docket No. 16, *Schedule A/B: Assets – Real and Personal Property*, p. 4.

On August 19, 2024, 40800SEGC LLC (the "Debtor") filed a voluntary petition for relief pursuant to Chapter 7 of Title 11 of the United States Code. *See* Case No. 9:24-bk-10944-RC, Docket No. 1, *Voluntary Petition for Non-Individuals Filing for Bankruptcy*. The Debtor scheduled as an asset, the Property. *See id.* at p. 11, *Schedule A/B: Assets – Real and Personal Property*. Jerry Namba (the "Trustee") is the duly appointed and serving Chapter 7 trustee. *See id.* at Docket No. 4, *Notice of Chapter 7 Bankruptcy Case – No Proof of Claim Deadline*.

On May 18, 2026, the Court entered that *Summary Judgment* (the "Judgment"), granting the Trustee judgment on a complaint to quiet title in the Property to the Debtor. *See* Case No. 9:24-ap-01038-RC, Docket No. 120.

Before the Court is *Chapter 7 Trustee's Motion for Authority to Access Property* (the "Motion"). *See* Case No. 9:24-bk-10944-RC, Docket No. 57. Given the Judgment, the Trustee now seeks to administer the Property, and through the Motion, requests an order allowing him access to the Property, including certain buildings on the Property,

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CONT... 40800SEGC LLC **Chapter 7**

and including changing locks and alarm systems. *See id.*

Analysis

Pursuant to 11 U.S.C. § 704(a)(1), "[t]he trustee shall [] collect and reduce to money the property of the estate for which such trustee serves, and close such estate as expeditiously as is compatible with the best interests of parties in interest." "The trustee shall [also] be accountable for all property received." 11 U.S.C. § 704(a)(2). "[A] Chapter 7 Trustee has a duty to secure and preserve estate assets, including changing the locks to a building when circumstances warrant." *In re J & S Properties, LLC*, 545 B.R. 91, 113 (Bankr. W.D. Pa. 2015). Pursuant to 11 U.S.C. § 105(a), "[t] he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title."

As the Property is property of the Debtor's estate, and as the Trustee has a duty to be accountable for, and reduce the Property to money for the benefit of parties in interest expeditiously, access to the Property is part and parcel with the Trustee's statutory duties to the Debtor's estate. The Motion is granted.

Party Information

Debtor(s):

40800SEGC LLC — Represented By
Stephen H Kim

Trustee(s):

Jerry Namba (TR) — Represented By
Michael G D'Alba
Timothy J Yoo