

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address  Leonard M. Shulman - State Bar No. 126349 Melissa Davis Lowe - Bar No. 245521 SHULMAN HODGES & BASTIAN LLP 8105 Irvine Ctr Dr., #600 Irvine CA 92618 949-340-3400 949-340-3000  lshulman@shbllp.com; mlowe@shbllp.com <input type="checkbox"/> Individual appearing without attorney <input checked="" type="checkbox"/> Attorney for: Sam S. Leslie, Chapter 7 Trustee	FOR COURT USE ONLY
<b>UNITED STATES BANKRUPTCY COURT</b> <b>CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION</b>	
In re: YOUNG SOON SHIN AKA SOPHIA SHIN          Debtor(s).	CASE NO.: 2:13-bk-38246-SK CHAPTER: 7          <b>NOTICE OF SALE OF ESTATE PROPERTY</b>

<b>Sale Date:</b> September 23, 2014	<b>Time:</b> 9:00 am
<b>Location:</b> United States Bankruptcy Court, outside COURTROOM 1575, 255 E. Temple Street, Los Angeles, CA 90012	

**Type of Sale:** ☒ Public ☐ Private **Last date to file objections:** September 9, 2014

**Description of property to be sold:** Real Property located at 5629 Terrace Drive, La Crescenta, CA

**Terms and conditions of sale:** See Sale Motion attached hereto.

**Proposed sale price:** \$1,050,000.00

This form is mandatory. It has been approved for use in the United States Bankruptcy Court for the Central District of California.

**Overbid procedure (if any):** See Sale Motion attached hereto.

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**If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:**

September 23, 2014 at 9:00 a.m.  
Edward R. Roybal Federal Building  
255 East Temple Street,  
Los Angeles, California 90012  
Outside Courtroom 1575

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**Contact person for potential bidders (include name, address, telephone, fax and/or email address):**

MELISSA DAVIS LOWE  
Shulman Hodges & Bastian  
8105 Irvine Center Drive, Suite 600  
Irvine, CA 92618  
949-340-3400 or 949-340-3000  
mlowe@shbl1p.com

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**Date:** 9/2/2014

Leonard M. Shulman – State Bar No. 126349  
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Attorneys for Sam S. Leslie, Chapter 7 Trustee

**UNITED STATES BANKRUPTCY COURT**  
**CENTRAL DISTRICT OF CALIFORNIA, LOS ANGELES DIVISION**

In re

**YOUNG SOON SHIN AKA SOPHIA  
SHIN,**

Debtor.

Case No. 2:13-bk-38246-SK

Chapter 7

**CHAPTER 7 TRUSTEE'S MOTION FOR ORDER:**

**(1) APPROVING THE SHORT SALE OF REAL  
PROPERTY OF THE ESTATE FREE AND  
CLEAR OF LIENS PURSUANT TO  
BANKRUPTCY CODE §§ 363(b)(1) AND (f);**

**(2) APPROVING PAYMENT OF REAL ESTATE  
COMMISSION; AND**

**(3) GRANTING RELATED RELIEF;**

**MEMORANDUM OF POINTS AND AUTHORITIES  
AND DECLARATION OF SAM S. LESLIE IN  
SUPPORT THEREOF**

[Real Property located at  
5629 Terrace Drive, La Crescenta, CA]

**Hearing**

Date: September 23, 2014

Time: 9:00 a.m.

Place: Courtroom 1575

255 East Temple Street  
Los Angeles, CA 90012

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**TO THE HONORABLE SANDRA KLEIN, UNITED STATES BANKRUPTCY JUDGE,  
THE OFFICE OF THE UNITED STATES TRUSTEE, THE DEBTOR AND ALL  
INTERESTED PARTIES AND THEIR COUNSEL OF RECORD:**

**I. INTRODUCTION**

Sam S. Leslie, the Chapter 7 trustee ("Trustee") for the bankruptcy estate ("Estate") of Young Soon Shin aka Sophia Shin ("Debtor"), brings this Motion for Order: (1) Approving the Sale of Real Property of the Estate Free and Clear of Certain Liens Pursuant to Bankruptcy Code §§ 363(b)(1) and (f); (2) Approving Payment of Real Estate Commission; and (3) Granting Related Relief ("Sale Motion").

Through the Sale Motion, Trustee is proposing to short sell the real property located at 5629 Terrace Drive, La Crescenta, California ("Property"). This short sale will net the Estate at least \$60,000 to pay unsecured creditors such that the Trustee will be able to make at meaningful distribution to unsecured creditors. The Trustee has received an offer to purchase the Property for \$1,050,000, which was the highest bid received after approval of the bidding procedures set forth in a separate motion and an auction which took place on July 9, 2014. The Property is a single family residence with five bedrooms and five baths on approximately 4,700 square feet. The offer is the best offer that the Estate has received thus far for the Property. The sale of the Property is subject to the Trustee obtaining the consent of multiple lien creditors and obtaining a carveout of their liens for the Estate.

Based on the current preliminary title report, the Property is overencumbered and thus must be sold through a short sale. Through the short sale, the Trustee is proposing to pay the first senior lienholder, who is the sole mortgagee of the Property, its full claim amount, including owed interest amounts, to pay the second lienholder its full claim amount minus a \$5,000 carveout for the Estate<sup>1</sup>, and to pay the third lienholder, who is a judgment lien creditor, only the sum of \$15,000. The Trustee will not be able to pay any amount to any of the other junior lienholders. The Trustee expects the junior lienholders will agree to the sale as they otherwise would not receive any payment on their claims for many years to come, if ever. In the event that

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<sup>1</sup> The second lienholder's claim is subject to final verification from the Trustee.

any junior lienholder does not consent to the sale, the Trustee maintains that the Bankruptcy Code nonetheless authorizes the sale, based on the fact that such objecting lienholder could be compelled under California law to accept the Trustee's proposed payment amount in satisfaction of its claim.

Therefore, the Trustee believes that good cause exists to grant the Sale Motion so the Trustee does not lose this favorable business opportunity.

## **II. RELEVANT FACTS**

### **A. Case Commencement.**

The Debtor filed a voluntary petition under Chapter 13 of the Bankruptcy Code on November 26, 2013 ("Petition Date"). On December 10, 2013, the Debtor converted her case to a Chapter 7.

Sam S. Leslie is the duly appointed and acting Chapter 7 trustee in the Debtor's bankruptcy case.

### **B. The Property to be Sold.**

Among the assets of the Estate is real property located at 5629 Terrace Drive, La Crescenta, CA. The Property is legally described as follows:<sup>2</sup>

LOT 9 OF BLOCK H OF TRACT NO. 5784, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 100 PAGES 18 TO 20 INCLUSIVE, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN 5868-015-058

The Debtor indicated on her Statement of Intention that she is surrendering the Property. After listing the Property on the market for two months, the Trustee determined that it was best to proceed with an overbid so that the Trustee can determine the highest and best sale price for the Property. On February 14, 2014, the Trustee filed his Motion (docket number 20) for a Court order authorizing the employment of the broker team of John P. Gould and Zizi Pak of Rodeo Realty, Inc. (collectively "Broker") to assist the Trustee in the marketing and sale of the

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<sup>2</sup> The legal description for the Property is believed to be accurate but may be corrected or updated by the title company in the transfer documents as necessary to complete the proposed sale transaction.

Property. No objection to the proposed employment of the Broker was filed and the Court order authorizing the Trustee to employ the Broker was entered on March 6, 2014.

In her Bankruptcy Schedule A, the Debtor listed the value of the Property at \$1,200,000 with liens in the total amount of \$1,316,913.91 (a description of the liens are listed below). Pursuant to Amended Schedule C filed by the Debtor on February 6, 2014, the Debtor claims an exemption in the Property in the amount of \$175,000 despite her Statement of Intention stating her intention to surrender the Property. As discussed below, the Debtor will not be paid a homestead exemption from the sale of the Property.

The Broker reviewed the Property and believed that the Property had a fair market value of approximately the amount listed in the Debtor's Bankruptcy Schedule. The Property was listed for sale at \$1,299,000. The Property was listed on the MLS and advertised for sale for over two months. In particular, on June 4, 2014, the Trustee filed his Motion for Order Establishing Procedures for Sale of Estate Property. An auction sale of the Property was conducted on July 9, 2014 at which time the Buyer was the only interested bidder and thus, is the highest and best offer received.

**C. Liens and Encumbrances Against the Property and Their Proposed Treatment Through the Sale.**

The following chart sets forth the liens and encumbrances against the Property as detailed in the Preliminary Title Report dated January 8, 2014, a copy of which is attached as **Exhibit 1** to the Declaration of Sam S. Leslie ("Leslie Declaration") and the Debtor's Bankruptcy Schedule D, a true and correct copy of which is attached to the Leslie Declaration as **Exhibit 2**:

<u>Creditor</u>	<u>Description</u>	<u>Estimated Amount Owing</u>	<u>Treatment of Lien Through the Sale</u>
Los Angeles County Treasurer and Tax Collector	Real property taxes (estimated)	\$5,000	All outstanding real property taxes will be paid through escrow on the sale transaction.



<u>Creditor</u>	<u>Description</u>	<u>Estimated Amount Owing</u>	<u>Treatment of Lien Through the Sale</u>
Southcoast Financial, LLC ("Southcoast")  Recorded May 26, 2011 as Instrument No. 20110733194	Alleged first priority deed of trust with a face amount of \$680,000 as shown on the Preliminary Title Report.	\$ .00	The priority, validity and amount of this lien is disputed by the Trustee and is the subject of a bona fide dispute. The Trustee has been provided a declaration by Southcoast stating that the loan has been paid in full. A copy of such declaration is attached to the Leslie Declaration as <b>Exhibit 3.</b> As it is subject to a bona fide dispute, pursuant to Bankruptcy Code Sections 363(b) (1) and (f)(4), the Trustee seeks to sell the Property free and clear of this lien.
M&T Bank (previously Mortgage Electronic Registration Systems, Inc.)  Recorded October 22, 2012 as Instrument No. 20121596786	Alleged second priority deed of trust in the face amount of \$621,000 as shown on the Preliminary Title Report.	\$670,000	This lien will be paid through escrow on the sale of the Property. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds.
Prime Business Credit, Inc. ("Prime")  Recorded January 17, 2013 as Instrument No. 20130087941	Alleged third priority deed of trust in the face amount of \$300,000 as shown on the Preliminary Title Report.	\$215,000	The Trustee has obtained the consent of Prime to the sale of the Property. Prime has agreed to a \$5,000 carve-out from its secured claim. As such, pursuant to Bankruptcy Code Sections 363(b)(1) and (f)(2), the Trustee seeks to sell the Property free and clear of this lien and the lien will not attach to the sale proceeds. A copy of the carve-out agreement between Prime and the Trustee will be filed prior to the hearing on the Sale Motion. <sup>3</sup>

<sup>3</sup> The Trustee is analyzing the validity of Prime's lien and reserves all rights to present any  
issues with the lien prior to the hearing on this Sale Motion.

<u>Creditor</u>	<u>Description</u>	<u>Estimated Amount Owing</u>	<u>Treatment of Lien Through the Sale</u>
Gold Value International ("Gold Value")  Abstract of Judgment recorded February 22, 2013 as Instrument No. 20130275246 and Writ of Execution recorded June 21, 2013 as Instrument No. 20130926350	Abstract of Judgment in the amount of \$304,473.90 and later Writ of Execution in the amount of \$333,729.48.  Gold Value also filed a proof of claim on January 15, 2014 asserting a secured claim in the amount of \$355,420.71. <sup>4</sup>	\$355,000	Given the large amount of the third secured creditor, the Trustee has obtained the consent of Gold Value to the sale of the Property. Gold Value has agreed to paid only the sum of \$15,000 and for the remainder of its claim to be a carve-out to the Estate. As such, pursuant to Bankruptcy Code Sections 363(b)(1) and (f)(2), the Trustee seeks to sell the Property free and clear of this lien and the lien will not attach to the sale proceeds. A copy of the carve-out agreement between Gold Value and the Trustee will be filed prior to the hearing on the Sale Motion.
Unicolors, Inc.  Recorded March 18, 2013 as Instrument No. 20130404741	Abstract of Judgment in the amount of \$62,037.15	\$18,611.15	Given the large amount of the third secured creditor, there are not sufficient proceeds to pay this creditor any proceeds from the sale. This lienholder could be compelled under California law to accept the Trustee's proposed payment amount in satisfaction of its claim. As such, the Trustee seeks to sell the property free and clear of this lien pursuant to Bankruptcy Code Sections 363(f)(1), (5) and the lien will not attach to the proceeds of the sale.
Silver Textile  Recorded April 5, 2013 as Instrument No. 20130511127 and again on October 9, 2013 as Instrument No. 20131457585	Abstract of Judgment in the amount of \$90,530.16  On March 17, 2014, Silver Textile filed a proof of claim appearing on the Court's Claims Register as Claim No. 4 asserting a secured claim in the amount of \$97,474.16. <sup>5</sup>	\$29,242.25	Given the large amount of the third secured creditor, there are not sufficient proceeds to pay this creditor any proceeds from the sale. This lienholder could be compelled under California law to accept the Trustee's proposed payment amount in satisfaction of its claim and as such, the Trustee seeks to sell the property free and clear of this lien pursuant to Bankruptcy Code Sections 363(f)(1) and (5) and the lien will not attach to the proceeds of the sale.

<sup>4</sup> A true and correct copy of Gold Value's proof of claim is attached to the Leslie Declaration as **Exhibit "4."**

<sup>5</sup> A true and correct copy of Silver Textile's proof of claim is attached to the Leslie Declaration as **Exhibit "5."**

<u>Creditor</u>	<u>Description</u>	<u>Estimated Amount Owing</u>	<u>Treatment of Lien Through the Sale</u>
<p>Siamak Sedaghati aka Michael Ghati dba Benotti</p> <p>Recorded July 3, 2013 as Instrument No. 20130985384</p>	<p>Abstract of Judgment in the amount of \$10,075.</p> <p>This creditor also filed a proof of claim on April 30, 2014 asserting a secured and priority claim in the amount of \$10,075.<sup>6</sup></p>	\$10,075	<p>There are not sufficient proceeds to pay this creditor any proceeds from the sale. This lienholder could be compelled under California law to accept the Trustee's proposed payment amount in satisfaction of its claim and as such, the Trustee seeks to sell the property free and clear of this lien pursuant to Bankruptcy Code Sections 363(f)(1) and (5) and the lien will not attach to the proceeds of the sale.</p>
<p>Shin Yang International</p> <p>Recorded November 14, 2013 as Instrument No. 2013625036</p>	<p>Abstract of Judgment in the amount of \$63,097.26.</p> <p>This creditor also filed a proof of claim on April 16, 2014 asserting a general unsecured claim in the amount of \$63,097.26.<sup>7</sup></p>	\$0	<p>This lien is disputed in that it was recorded within ninety days prior to the Petition Date and constitutes a preferential transfer that the Trustee may avoid and recover pursuant to Bankruptcy Code Sections 547 and 550. If this creditor does not voluntarily release the Abstract from the sale proceeds, the Trustee will commence an adversary proceeding to avoid the lien under Bankruptcy Code Sections 547 and 550.</p> <p>As it is subject to a bona fide dispute, pursuant to Bankruptcy Code Sections 363(b)(1) and (f)(4), the Trustee seeks to sell the Property free and clear of this lien with such disputed lien to attach to the proceeds of the sale in the same validity and priority as prior to the sale pending agreement with the creditor or further Court order.</p>

<sup>6</sup> A true and correct copy of Mr. Benotti's proof of claim is attached to the Leslie Declaration as **Exhibit "6."**

<sup>7</sup> A true and correct copy of Shin Yang's proof of claim is attached to the Leslie Declaration as **Exhibit "7."**

<u>Creditor</u>	<u>Description</u>	<u>Estimated Amount Owing</u>	<u>Treatment of Lien Through the Sale</u>
Dowel Tex, Inc.  Recorded November 18, 2013 as Instrument No. 20131638239	Abstract of Judgment in the amount of \$51,894.55.  This creditor also filed a proof of claim on April 23, 2014 asserting a general unsecured claim in the amount of \$51,894.55. <sup>8</sup>	\$0	This lien is disputed in that it was recorded within ninety days prior to the Petition Date and constitutes a preferential transfer that the Trustee may avoid and recover pursuant to Bankruptcy Code Sections 547 and 550. If this creditor does not voluntarily release the Abstract from the sale proceeds, the Trustee will commence an adversary proceeding to avoid the lien under Bankruptcy Code Sections 547 and 550.  As it is subject to a bona fide dispute, pursuant to Bankruptcy Code Sections 363(b)(1) and (f)(4), the Trustee seeks to sell the Property free and clear of this lien with such disputed lien to attach to the proceeds of the sale in the same validity and priority as prior to the sale pending agreement with the creditor or further Court order.
Tex USA, Inc. dba Benotti  Recorded November 8, 2013 as Instrument No. 20131597668	Abstract of Judgment in the amount of \$2,530.  This creditor also filed a proof of claim on April 30, 2014 asserting a secured and priority claim in the amount of \$92,581.15. <sup>9</sup>	\$0	This lien is disputed in that it was recorded within ninety days prior to the Petition Date and constitutes a preferential transfer that the Trustee may avoid and recover pursuant to Bankruptcy Code Sections 547 and 550. If this creditor does not voluntarily release the Abstract from the sale proceeds, the Trustee will commence an adversary proceeding to avoid the lien under Bankruptcy Code Sections 547 and 550.  As it is subject to a bona fide dispute, pursuant to Bankruptcy Code Sections 363(b)(1) and (f)(4), the Trustee seeks to sell the Property free and clear of this lien with such disputed lien to attach to the proceeds of the sale in the same validity and priority as prior to the sale pending agreement with the creditor or further Court order.

All costs of sale including escrow fees and real estate commissions will be paid at

<sup>8</sup> A true and correct copy of Dowel Tex, Inc.'s proof of claim is attached to the Leslie Declaration as **Exhibit "8."**

<sup>9</sup> A true and correct copy of Tex USA's proof of claim is attached to the Leslie Declaration as **Exhibit "9."**

1 closing. In addition, all outstanding real property taxes will be paid through the sale.

2 The Debtor has claimed a homestead exemption in the Property. There is insufficient  
3 equity to pay secured lienholders on the Property and most certainly, no equity for any items  
4 junior to those secured lienholders (including the Debtor's homestead exemption). As such, the  
5 Debtor will not receive any proceeds from the sale of the Property and will not receive her  
6 homestead exemption. The reductions in the amounts to be paid to the secured lienholders will  
7 be treated as "equity," which equity will solely inure to the benefit of the Estate and its creditors  
8 and not to any claims junior to that of the third lienholder, Gold Value, including the Debtor's  
9 claimed homestead exemption.

10 **D. The Purchase Offer and Summary of the Sale Terms.**

11 Through his Broker, the Trustee has received an offer from Catherine Bokyum Kim and  
12 Brian Kim ("Buyer") to purchase the Property for \$1,050,000. The purchase price includes a  
13 deposit of \$31,500 (three percent of the purchase price). Attached as **Exhibit 10** to the Leslie  
14 Declaration is a true and correct copy of the Residential Purchase Agreement and Joint Escrow  
15 Instructions and Counter Offers and related addendum (collectively, the "Agreement").

16 A summary of the Agreement's terms and highlights are discussed below, but the  
17 summary and discussion are not meant to be a complete review of every provision of the  
18 Agreement. The Agreement itself is the legally binding document the Trustee seeks approval of  
19 and, in the event of any inconsistency between the terms, provisions or effect of the Agreement  
20 and the description of it in these pleadings, the Agreement alone shall govern and not these  
21 pleadings or the descriptions herein.

22 In summary, the principal terms of the sale of the Property shall be as follows (the  
23 Trustee is referred to at times as the "Seller" in the following summary):

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Buyer:	Catherine Bokyum Kim and Brian Kim
Purchase Price:	\$1,050,000 \$31,500 to be paid as a deposit, \$700,000 in a loan to be acquired, and \$318,500 to be paid at closing.

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Escrow Holder and Escrow Closing Date:	The escrow holder shall be A & A Escrow. Escrow is scheduled to close as soon as possible after entry of the Court order approving the sale transaction ("Approval Order"), but no later than the first business day after fourteen days following entry of the Approval Order.								
Buyer's Due Diligence and Cancellation Right	Buyer shall have ten calendar days from the date of Agreement to perform, complete, and satisfy all contingencies, inspections, investigations, tests and reviews of reports, and to complete all due diligence which the Buyer desires for this purchase of the Property, including, but not limited to and performing and completing any geological, soil, structural, environmental, or other tests, inspections, and investigations desired by Buyer. Buyer may, not later than the end of that period, give Seller written notice of Buyer's election to withdraw from the Agreement because of Buyer's inability to complete or dissatisfaction with the results of any of those matters ("Notice of Cancellation"), in which event Buyer's and Seller's obligations under the Agreement shall be terminated and Buyer shall receive a full refund of Buyer's deposit. If Buyer fails to give such Notice of Cancellation as within such period, all such contingencies shall be automatically removed as set forth in Paragraph 3 of the Addendum to the Agreement and Buyer's obligation to proceed shall be non-contingent except as provided in the Agreement, (i) Buyer's review of a preliminary report and underlying documents respecting the title to the Property (as set forth in Paragraph 2 of the Addendum), and (ii) Bankruptcy Court approval of Agreement and the Sale.								
Bankruptcy Court Approval	The sale is subject to notice to creditors, approval by the Bankruptcy Court, and higher and better bids received by Seller through and including the Bankruptcy Court hearing to confirm the sale. Payment of any and all real estate brokers' commissions is also subject to notice to creditors and approval by the Bankruptcy Court.								
Real Estate Agent Commission	Through escrow on the sale of the Property, and subject to Court approval, the Trustee shall pay compensation for real estate agent services to the Buyer's agent and the Estate's agent. The agents shall equally split a commission in the amount of \$42,000 (4% of the purchase price with the other 2% normal commission to be a carveout for the Estate) as follows: <table> <tr> <td><u>Agent</u></td><td><u>Commission</u></td></tr> <tr> <td>Trustee's Broker John P. Gould and Zizi Pak of Rodeo Realty, Inc.</td><td>\$21,000</td></tr> <tr> <td>Buyer's Broker Young Kim of California Realty and Investment</td><td>\$21,000</td></tr> <tr> <td>Total Commission</td><td>\$42,000</td></tr> </table>	<u>Agent</u>	<u>Commission</u>	Trustee's Broker John P. Gould and Zizi Pak of Rodeo Realty, Inc.	\$21,000	Buyer's Broker Young Kim of California Realty and Investment	\$21,000	Total Commission	\$42,000
<u>Agent</u>	<u>Commission</u>								
Trustee's Broker John P. Gould and Zizi Pak of Rodeo Realty, Inc.	\$21,000								
Buyer's Broker Young Kim of California Realty and Investment	\$21,000								
Total Commission	\$42,000								
Purchase Without Warranties	Buyer acknowledges and agrees that, to the maximum extent permitted by law, the sale contemplated by this Addendum is made "as-is," "where-is," and "with all faults," except as specifically provided in this Addendum. Seller and Brokers and agents herein have not made, do not make, and specifically negate and disclaim any representations, warranties, promises, covenants, Addendums, or guaranties of any kind or character whatsoever, whether express or implied, oral or written.								

Trustee's Liability	The Buyer acknowledges that the Trustee is acting in his official capacity only. No personal liability shall be sought or enforced against the Trustee with regard to the Agreement, including any addendums to the Agreement, the Property, the sale of the Property, or the physical condition of the Property. In the event that the Trustee fails or refuses to complete the transaction for any reason, then the limit of the Trustee's liability is only to return any money paid to the Trustee by the Buyer, without deduction. Prior to and after the closing of escrow, the United States Bankruptcy Court shall have and retain the sole and exclusive jurisdiction over the Property and the Agreement; and all disputes arising before and after closing shall be resolved in said Court. Further, the Trustee has agreed that if a dispute arises, such dispute may initially be resolved through the Mediation Program pending in the United States Bankruptcy Court for the Central District of California.
Hold Harmless	The Buyer understands the terms and conditions of the entire purchase contact and holds the Estate and the realtors, brokers, agents, Sam S. Leslie, Trustee, and his attorneys including Shulman Hodges & Bastian LLP, agents and employees, harmless from any liabilities arising from this contact. All parties hereto further agree, jointly and severally, to pay on demand as well as to indemnify and hold Escrow harmless from and against all costs, damages, judgments, attorneys' fees, expenses, obligations and liabilities of any kind or nature which in good faith, Escrow may incur or sustain in connection with or arising out of this Escrow and Escrow is hereby given a lien upon all the rights, titles and interest of each of the undersigned in all escrow papers and other property and monies deposited in this escrow, to protect the rights of escrow and to indemnify and reimburse Escrow under this Addendum. In the event this Escrow is not completed for any reason, Escrow is authorized to deduct and pay its fee, plus costs incurred from any funds on deposit.
Jurisdiction of the Bankruptcy Court	Any and all disputes which involve in any manner the Estate or Sam S. Leslie, Trustee, arising from the Agreement and/or its addendums or relating in any manner to the Property, shall be resolved only in the United States Bankruptcy Court, Central District of California.
Free and Clear of Liens and Encumbrances	The Property shall be delivered to the Buyer free and clear of all liens and encumbrances. Any liens and interests against the Property that are not paid in full through escrow shall attach to the sale proceeds generated through the sale with the same force, effect, validity, and priority as such liens or interests had with respect to the Property prior to the sale.
Good Faith Finding	The proposed sale has been brought in good faith and has been negotiated on an "arms length" basis. The negotiations with the Buyer have resulted in an offer to sell the Estate's interest in the Property that will have substantial benefit. Accordingly, the sale is in good faith and should be approved. The Trustee shall request such a finding pursuant to Bankruptcy Code Section 363(m) at the hearing on this Sale Motion.
Waiver of Rule 6004(h)	The Trustee requests that the Court waive the fourteen-day stay of the order approving the sale of the Property under Federal Rules of Bankruptcy Procedure 6004(h) such that the sale of the Property can close as soon as possible after entry of the Court order approving the Sale Motion and the Agreement.

1 **III. LEGAL BASIS FOR THE RELIEF SOUGHT**

2 **A. The Court May Authorize the Sale When There is a Good Faith Purchaser.**

3 The Trustee, after notice and hearing, may sell property of the estate. 11 U.S.C. § 363(b).  
4 The standards to establish are that there is a sound business purpose for the sale, that the sale is  
5 in the best interests of the estate, i.e., the sale is for a fair and reasonable price, that there is  
6 accurate and reasonable notice to creditors and that the sale is made in good faith. *In re Wilde*  
7 *Horse Enterprises, Inc.*, 136 B.R. 830, 841 (Bankr. C.D. Cal. 1991); *In re Lionel Corp.*, 722 F.2d  
8 1063, 1069 (2d Cir. 1983). Business justification would include the need to close a sale to one of  
9 very few serious bidders where an asset has been shopped and a delay could jeopardize the  
10 transaction. *See, e.g., In re Crowthers McCall Pattner, Inc.*, 114 B.R. 877, 885 (Bankr. S.D.N.Y.  
11 1990) (extreme difficulty finding a buyer justified merger when buyer found). The Trustee's  
12 proposed sale of Property meets the foregoing criteria.

13 1. **Sound Business Purpose**

14 The Ninth Circuit has adopted a flexible, case-by-case test to determine whether the  
15 business purpose for a proposed sale justifies disposition of property of the estate under Section  
16 363(b). *In re Walter*, 83 B.R. 14 (B.A.P. 9th Cir. 1988). In *Walter*, the Ninth Circuit, adopting  
17 the reasoning of the Fifth Circuit in *In re Continental Air Lines, Inc.*, 780 F.2d 1223 (5th Cir.  
18 1986), and the Second Circuit in *In re Lionel Corp.*, 722 F.2d 1063 (2d Cir. 1983), set forth the  
19 following standard to be applied under Bankruptcy Code Section 363(b):

20 Whether the proffered business justification is sufficient depends  
21 on the case. As the Second Circuit held in *Lionel*, the bankruptcy  
22 judge should consider all salient factors pertaining to the  
23 proceeding and, accordingly, act to further the diverse interests of  
24 the debtor, creditors and equity holders, alike. He might, for  
25 example, look to such relevant factors as the proportionate value of  
26 the assets to the estate as a whole, the amount of lapsed time since  
27 the filing, the likelihood that a plan of reorganization will be  
28 proposed and confirmed in the near future, the effect of the  
proposed disposition on future plans of reorganization, the  
proceeds to be obtained from the disposition vis-a-vis any  
appraisals of the property, which of the alternatives of use, sale or  
lease the proposal envisions and, most importantly perhaps,  
whether the asset is increasingly or decreasing in value. This list is  
not intended to be exclusive, but merely to provide guidance to the  
bankruptcy judge.



1 *Walter*, 83 B.R. at 19-20 (quoting *Continental*, 780 F.2d at 1226).

2 Here, the facts surrounding the sale of the Property support the Trustee's business  
3 decision that the proposed sale is in the best interests of the Estate and its creditors. Through the  
4 sale, the Trustee will ensure that sufficient proceeds are generated through carveouts with the  
5 various judgment creditors on the Property to pay all administrative expenses and make a small  
6 distribution to unsecured creditors.

7 The net proceeds will benefit the Estate by providing funds for distribution to creditors.  
8 If the Sale Motion is not approved, then there will be a substantial loss to the Estate. In such  
9 event, the Estate will not receive any benefit from the Property and the Trustee will likely have  
10 to close the case with a Report of No Assets with no distribution to creditors.

11 Furthermore, the Trustee believes that the proposed sale will be at fair market value  
12 because it is the best offer the Estate has received thus far for the Property. Given that the  
13 Property was already subject to an auction and the sale proposed herein was the highest price  
14 offer received, the Trustee will receive the best and highest value for the Property and therefore  
15 the proposed sale price of the Property is fair and reasonable.

16 Therefore, the Trustee respectfully submits that, if this Court applies the good business  
17 reason standard suggested by the Second Circuit in *Lionel*, the sale should be approved.

18 2. The Sale Serves the Best Interests of the Estate and Creditors

19 The Trustee believes that it would be in the best interest of the Estate and its creditors to  
20 sell the Property. The benefits to the Estate, as set forth above, are great due to the funds to be  
21 generated from the sale based on carveouts with the secured creditors. If the Sale Motion is not  
22 approved, the Estate will not receive the sale proceeds and will likely lose the Buyer. The  
23 estimated carveout for the Estate is \$97,500 as shown below.

24 Sales Price	\$1,050,000
25 Costs of Sale	(\$80,000)
26 (Carveout for Estate is \$27,500)	
27 Taxes	(\$5,000)
28 1 <sup>st</sup> Deed of Trust – M&T Bank	(\$670,000)

2 <sup>nd</sup> Deed of Trust – Prime <sup>10</sup> (Carveout for Estate is \$5,000)	(\$215,000)
3 <sup>rd</sup> Lienholder – Gold Value (Carveout for Estate is \$65,000)	(\$80,000) <sup>11</sup>
Subsequent junior lienholders total	\$300,000 but many are subject to dispute as set forth above

The sale will result in funds for the Estate of approximately \$97,500 based on carveouts. The professionals in this case, including but not limited to the Trustee, have agreed to reduce their administrative expenses as necessary to ensure a reasonable distribution to creditors. As such, the Trustee expects administrative claims to total approximately \$45,000 leaving \$52,500 for unsecured creditors. Unsecured claims are estimated to equal approximately \$650,000 (the majority of which is the portion of Gold Value's claim not paid through the sale) allowing the Trustee to make a meaningful distribution to unsecured creditors.

Thus, the Trustee has made a business decision that it is in the best interest of the creditors of the Estate that this Sale Motion be approved.

3. Accurate and Reasonable Notice

It is expected that notice of this Sale Motion will satisfy the requirements for accurate and reasonable notice.

The notice requirements for sales are set forth in Federal Rules of Bankruptcy Procedure ("FRBP") 6004 and 2002. The notice must include the time and place of any public sale, the terms and conditions of any private sale, the time fixed for filing on objections and a general description of the property. Fed. R. Bankr. P. 2002(c)(1).

In compliance with FRBP 2002 and Bankruptcy Code Section 102(1), the Trustee shall provide notice of the proposed sale of the Property and the Bidding Procedures to creditors and

<sup>10</sup> The second lienholder's claim is subject to final verification from the Trustee.

<sup>11</sup> Given that the first three liens total significantly more than the sale price, there will be no proceeds available to pay the "sold out" junior lienholders.

parties in interest. The Notice of Sale Motion will include a summary of the terms and conditions of the proposed sale, the time fixed for filing objections, and a general description of the Property, including the Bidding Procedures. The Trustee submits that the notice requirements will have been satisfied, thereby allowing creditors and parties in interest an opportunity to object to the sale. Hence, no further notice should be necessary.

4. The Sale is Made in Good Faith

The proposed sale has been brought in good faith and has been negotiated on an “arms length” basis.

The court, in *Wilde Horse Enterprises*, set forth the factors in considering whether a transaction is in good faith. The court stated:

‘Good faith’ encompasses fair value, and further speaks to the integrity of the transaction. Typical ‘bad faith’ or misconduct, would include collusion between the seller and buyer, or any attempt to take unfair advantage of other potential purchasers. . . . And, with respect to making such determinations, the court and creditors must be provided with sufficient information to allow them to take a position on the proposed sale.

*Id.* at 842 (citations omitted).

In the present case, the negotiation of the proposed sale was an arms-length transaction. The negotiations with the Buyer resulted in a sale price of \$1,050,000 for the Property that will have substantial benefit to the Estate. As set forth in the Notice of the Sale Motion, the creditors will have been provided with sufficient notice of the sale. Accordingly, the sale is in good faith and should be approved. The Trustee shall request such a finding pursuant to Bankruptcy Code Section 363(m) at the hearing on this Sale Motion.

**B. The Proposed Sale Should be Allowed Free and Clear of Liens.**

Bankruptcy Code Section 363(f) allows a trustee to sell property of the bankruptcy estate “free and clear of any interest in such property of an entity,” if any one of the following five conditions is met:

- (1) applicable non-bankruptcy law permits a sale of such property free and clear of such interest;
- (2) such entity consents;

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

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

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

11 U.S.C. § 363(f).

Section 363(f) is written in the disjunctive and thus only one of the enumerated conditions needs to be satisfied for Court approval to be appropriate.

1. Section 363(f)(2)

The Trustee believes that by the time of the hearing on the Motion, all secured creditors will consent to the sale of the Property.

2. Section 363(f)(4) – Bona Fide Dispute

As set forth in the chart above, the liens and encumbrances of Shin Yang, Dowel Tex, and Tex USA are disputed by the Trustee and are the subject of a bona fide dispute on the grounds that they constitute a preferential transfer that the Trustee may avoid and recover pursuant to Bankruptcy Code Sections 547 and 550. Further, the lien of Southcoast is disputed as the Trustee is informed such lien has been paid in full.

///

Any claim that holders of the disputed liens and encumbrances may have against the Estate related to the Property, are anticipated to be the subject of bona fide disputes and therefore the sale may go forward free and clear of such claims pursuant to Section 363(f)(4). A bona fide dispute has been defined by *In re Atwood*, 124 B.R. 402 (Bankr. S.D. Ga. 1991) as a “genuine issue of material fact that bears upon the debtor’s liability, or meritorious contention as to the application of law to undisputed facts.” *Id.* at 407. In *In re Milford Group, Inc.*, 150 B.R. 904 (Bankr. M.D. Pa. 1992), the court stated it need not resolve a bona fide dispute, but must determine whether the issues presented are genuine as to the existence of a bona fide dispute. In doing so, the *Milford* Court found that the debtor had met its burden to establish cause for the Court to allow for the sale of the property, free and clear of liens.

1 In the instant case, the proposed sale of the Property conforms to the requirements of  
2 Section 363(f)(4) in that the Trustee has established the existence of bona fide disputes with the  
3 holders of disputed liens and encumbrances listed above.

4 The policy behind allowing assets to be sold free and clear of disputed interests provides  
5 that the disputes do not bog down the swift and orderly liquidation of bankruptcy estate assets for  
6 the highest possible value. By demonstrating the existence of the bona fide disputes, Section  
7 363(f) allows the Property to be sold free and clear of any lien that is subject to a dispute so that  
8 at a minimum, proceeds can be generated for distribution to parties. If every sale were subject to  
9 resolution of disputes that were in existence, expense and time associated with litigation would  
10 significantly impact values that could be obtained by trustees and/or other estate fiduciaries for  
11 the benefit of creditors. Resolution of the issues with regard to the claims of the holders of  
12 disputed liens and encumbrances may likely take substantial time, effort and expense by the  
13 parties. That process should not hinder, delay or in any way inhibit the Trustee's efforts to  
14 maximize the value of the sale of Property. Further, the Trustee desires to sell the Property  
15 quickly in order stop administrative costs associated with the Property and delays that could  
16 result from having to first resolve any disputes related to secured claims that may negatively  
17 impact the benefits of the sale.

18 3. Section 363(f)(5)

19 The Ninth Circuit Bankruptcy Appellate Panel ("Panel") recently analyzed § 363(f)(5) in  
20 the context of the sale of real property in *Clear Channel Outdoor, Inc. v. Knupfer (In re PW,*  
21 *LLC)*, 391 B.R. 25 (9th Cir. B.A.P. 2008) ("Clear Channel"). In *Clear Channel*, the Panel  
22 deconstructed the factors under § 363(f)(5) into the following three requirements: (1) the  
23 nondebtor must hold an "interest"; (2) the nondebtor could be compelled into accepting a money  
24 satisfaction; and (3) a legal or equitable proceeding must exist in which to extinguish the  
25 nondebtor's interest. As to the first element, the Panel explicitly stated that a lien against the  
26 asset, including a secured lien, constitutes an "interest" under §363(f)(5). *Id.* at 41. As to the  
27 second element, the Panel asserted that subsection (f)(5) "refers to a legal and equitable  
28 proceeding in which the nondebtor could be compelled to take *less* than the value of the claim

secured by the interest.” *Id.* at 42 (emphasis found in original). The Panel highlights the central issue of significance as “whether a ‘mechanism exists to address extinguishing the lien or interest without paying such interest in full’.” *Id.* (quoting *In re Gulf States Steel*, 285 B.R. 497, 508 (Bankr. N.D. Ala. 2002). Finally, the Panel addresses the third element of § 363(f)(5) as requiring that there “be, or that there be the possibility of, some proceeding, either at law or at equity, in which the nondebtor could be forced to accept money satisfaction of its interest.” *Id.* at 45. Under the third element, the question is solely “whether there is an available type or form of legal or equitable proceeding in which a court could compel [the nondebtor] to release its lien for payment of an amount that was less than full value of [its] claim.” *Id.*

Here, all requirements as delineated in *Clear Channel* for a sale under § 363(f)(5) are present. First, all parties in interest in this case hold junior liens, which are expressly within the scope of § 363(f)(5). *See, e.g.* 391 B.R. at 41. Moreover, California’s foreclosure sale regime provides an available form of legal proceeding in which a court could compel the junior lienholder to release its lien for payment of an amount that was less than full value of its claim—or no value at all.

In *Clear Channel*, the Panel considered a few contractual hypothetical situations, and ultimately held that the availability of cramdown under § 1129 does not satisfy the “legal or equitable proceeding” requirement of § 363(f)(5). *Id.* at 45-46. The Bankruptcy Court in Washington persuasively noted that *Clear Channel* failed to address any “non-contractual mechanisms whereby a lienholder might get less than full payment yet lose the lien.” *In re Jolan, Inc.*, 403 B.R. 866, 869 (Bankr. W.D. Wash. 2009). Addressing this issue, the Court in *In re Jolan* recognized that there are a number of legal and equitable proceedings in Washington in which a junior lienholder could be compelled to accept less than the value of his lien. For example, the *Jolan* Court noted that in the disposition of real property, “judicial and nonjudicial foreclosures in Washington operate to clear junior lienholders’ interests... Likewise, a real property tax sale.” *Id.* at 871 (internal citations omitted).

In the same vein, a New York bankruptcy court convincingly held that section 363(f)(5) does not require that the sale price for the property exceed the value of the interests, and that “the

1 existence of judicial and nonjudicial foreclosure and enforcement actions under state law can  
2 satisfy section 363(f)(5).” *In re Boston Generating, LLC*, 440 B.R. 302, 333 (Bankr. S.D.N.Y.  
3 2010). The court in *In re Boston Generating* went on to find that § 363(f)(5) is satisfied where  
4 the junior lienholder could be compelled under applicable state law to accept general unsecured  
5 claims to the extent the sale proceeds were insufficient to pay the full value of their claims. *Id.*

6 Likewise, California has legal and equitable proceedings that closely parallel those  
7 discussed in *In re Jolan* and *In re Boston Generating*, in that they also “operate to clear junior  
8 lienholders’ interests,” despite that the proceeds of the sale are insufficient to cover such interests  
9 in full. *In re Jolan*, 403 B.R. at 870. Specifically, California’s trustee sale regime is an existing  
10 legal mechanism by which a junior lien can be extinguished without paying such interest in full.  
11 *See*, Cal. Civ. Code §§ 2924-2924l. In a foreclosure proceeding under California law, liens are  
12 paid in the order of priority. California Civil Code § 2924k(a) provides, in relevant part, that the  
13 proceeds of a foreclosure sale shall be paid in the following order of priority: (1) costs of sale,  
14 including permitted trustee’s and attorney’s fees; (2) to payment of the secured deed of trust  
15 which is the subject of the sale; and (3) to satisfy the outstanding balance of obligations secured  
16 by any junior liens or encumbrances in the order of their priority. Properly recorded judgment  
17 liens are payable from surplus proceeds as junior liens. *See Cal-Western Reconveyance Corp. v.*  
18 *Reed*, 152 Cal. App. 4th 1308 (2007). If the foreclosure sale produces insufficient value, then  
19 the sale will not result in payment of junior claims, as there is no provision in California  
20 requiring a junior lienholder to be paid in full in connection with a foreclosure proceeding by the  
21 senior lienholder. Though a junior lienholder may in some situations seek and obtain a money  
22 judgment against the debtor for the deficiency in state court, California law provides that the  
23 surplus that must be paid to juniors includes only the amount received at the foreclosure sale in  
24 excess of the amount owed the foreclosing beneficiary and cost of sale. Under the foreclosure  
25 proceedings, the property will still be sold to the highest foreclosure sale bidder, despite any  
26 resulting deficiency of a junior claim.

27 Thus, it is clear that by way of California’s foreclosure sale procedures, a legal mechanism  
28 exists through which a junior lienholder could be compelled to accept a money satisfaction of its

1 interest, thereby meeting the requirements for a sale under § 363(f)(5). *See Clear Channel*, 391  
2 B.R. at 45. Notably, the Sale Motion affords the junior claims as a whole at least the same  
3 protection, if not more, that such interest holders would be afforded under California law if the  
4 senior lienholder were to foreclose. Junior claimants have an opportunity to protect their  
5 interests by asserting their “unsecured” claim for monetary relief against the Estate, which will  
6 be managed and distributed by the Trustee, in a similar manner that such claimants would have  
7 the opportunity to file a deficiency action against the Debtor in a non-bankruptcy foreclosure sale  
8 proceeding. From the net of the proceeds that the Estate is receiving from the sale, the Trustee  
9 expects to make a meaningful distribution to creditors.

10 Based on the foregoing, the Trustee respectfully submits that the holder of an interest  
11 who asserts a junior lien against the Property could be compelled, in a legal or equitable  
12 proceeding, to accept a money satisfaction of its interest—even where such money satisfaction is  
13 less than the full amount of such junior lienholder’s claim. Because Cal. Civ. Code §§ 2924 *et.*  
14 *al.* and other state law provide a mechanism to accomplish this result, a sale under § 363(f)(5)  
15 with the same result is likewise proper. Under these circumstances, the Court should allow the  
16 sale free and clear of liens under §363(f)(5). Lienholders who are short paid may still have an  
17 unsecured claim against the Estate.

18 Thus, approval for the sale of the Property free and clear of disputed liens and  
19 encumbrances pursuant to Bankruptcy Code Sections 363(f)(2), (f)(4), and (f)(5) in the manner  
20 provided herein is appropriate.

21 **C. The Court has the Authority to Waive the Fourteen-Day Stay of Sale.**

22 Federal Rule of Bankruptcy Procedure 6004(h) provides that “[a]n order authorizing the  
23 use, sale or lease of property other than cash collateral is stayed until the expiration of 14 days  
24 after entry of the order, unless the Court orders otherwise.” Fed. Rule Bankr. P. 6004(h).

25 The Trustee desires to close the sale of the Property as soon as practicable after entry of  
26 an order approving the sale. Accordingly, the Trustee requests that the Court, in the discretion  
27 provided it under Federal Rule of Bankruptcy Procedure 6004(h), waive the fourteen-day stay  
28 requirement.



**D. Request for Payment of Real Estate Commission.**

Bankruptcy Code Section 327 allows, with court approval, for the trustee to employ professional persons, “that do not hold or represent an interest adverse to the estate, and that are disinterested persons.” 11 U.S.C. § 327(a). By an Order entered on March 6, 2014, the Trustee was authorized to employ the Broker to assist the Trustee in the marketing and sale of the Property.

Bankruptcy Code Section 328 allows employment of a professional person under section 327 “on any reasonable terms and conditions of employment, including on a retainer, on an hourly basis, on a fixed or percentage fee basis, or on a contingent fee basis.” 11 U.S.C. § 328(a) (emphasis added). Through this Sale Motion, the Trustee seeks authorization to pay a real estate broker commission in the amount of 4% of the purchase price. The Agreement provides for a 5% commission but the brokers have agreed to reduce their commission to 4%. Through escrow on the sale of the Property, and subject to Bankruptcy Court approval, the Trustee shall pay a real estate broker’s commission as follows:

<u>Agent</u>	<u>Commission</u>
Trustee’s Broker John P. Gould and Zizi Pak of Rodeo Realty, Inc.	\$21,000
Buyer’s Broker Young Kim of California Realty and Investment	\$21,000
Total Commission	\$42,000

**IV. CONCLUSION**

**WHEREFORE**, based upon the foregoing, the Trustee respectfully submits that good cause exists for granting the Sale Motion and requests that the Court enter an order as follows:

1. Authorizing the Trustee to sell the Property to the Buyer pursuant to the terms and conditions as set forth in the Agreement attached as **Exhibit 10** to the Leslie Declaration.
2. Authorizing the sale of the Property free and clear of liens with liens not satisfied through the sale to attach to the sale proceeds in the same validity and priority as prior to the closing of the sale.

3. Authorizing the Trustee to sign any and all documents convenient and necessary in pursuit of the sale as set forth above, including but not limited to any and all conveyances contemplated by the Agreement attached as **Exhibit 10** to the Leslie Declaration.

4. Approving the payment of the real estate commission in the total amount not to exceed 4% of the purchase price.

5. Authorizing the Trustee to pay the following from the proceeds of the sale of the Property through escrow: M&T Bank in the estimated amount of \$670,000; Prime Business in the amount of \$210,000; Gold Value in the amount of \$15,000; and all real estate taxes owed to the Los Angeles County Tax Collector, believed to be approximately \$5,000.

6. A determination by the Court that the Buyer is in good faith pursuant to Bankruptcy Code Section 363(m).

7. Waiving the fourteen day stay of the order approving the sale of the Property under Federal Rules of Bankruptcy Procedure 6004(h).

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8. For such other and further relief as the Court deems just and proper under the circumstances of this case.

Respectfully submitted,

Dated: September 2, 2014

**SHULMAN HODGES & BASTIAN LLP**

/s/ Melissa Davis Lowe

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Leonard M. Shulman  
Lynda T. Bui  
Melissa Davis Lowe  
Attorneys for Sam S. Leslie, Chapter 7 Trustee for  
the bankruptcy estate of Young Soon Shin aka Sophia Shin

**DECLARATION OF SAM S. LESLIE**

I, Sam S. Leslie, declare:

1. I am the duly appointed, qualified and acting Chapter 7 Trustee for the bankruptcy estate of In re Young Soon Shin aka Sophia Shin ("Debtor"). I have personal knowledge of the facts set forth herein, and if called and sworn as a witness, I could and would competently testify thereto, except where matters are stated on information and belief, in which case I am informed and believe that the facts so stated are true and correct.

2. I make this Declaration in support of my Motion for Order: (1) Approving the Sale of Real Property of the Estate Free and Clear of Certain Liens Pursuant to Bankruptcy Code § 353(b)(1) and (f); (2) Approving Payment of Real Estate Commission; and (3) Granting Related Relief ("Sale Motion"). Unless otherwise noted, capitalized terms herein have the meaning as set forth in the Sale Motion.

3. On February 14, 2014, I filed my Motion (docket number 20) for a Court order authorizing the employment of the broker team of John P. Gould and Zizi Pak of Rodeo Realty, Inc. (collectively "Broker"), to assist me in the marketing and sale of the Property. An order authorizing me to employ the Broker was entered on March 6, 2014.

4. In her Bankruptcy Schedule A, the Debtor listed the value of the Property at \$1,200,000 with liens in the total amount of \$1,316,913.91 (a description of the liens are listed below). Pursuant to Amended Schedule C filed by the Debtor on February 6, 2014, the Debtor claims an exemption in the Property in the amount of \$175,000. As discussed in the Sale Motion, the Debtor will not be paid a homestead exemption from the sale of the Property.

5. The Broker reviewed the Property and believed that the Property had a fair market value of approximately the amount listed in the Debtor's Bankruptcy Schedule. The Property was listed for sale at \$1,299,000. The Property was listed on the MLS and advertised for sale for over two months. On June 4, 2014, I filed my Motion for Order Establishing Procedures for Sale of Estate Property. An auction sale of the Property was conducted on July 9, 2014 at which time the Buyer was the only interested bidder and thus, is the highest and best offer received.

///

1           6.       The Motion sets forth the proposed treatment of all the liens and encumbrances  
2 against the Property as detailed in Preliminary Title Report dated January 8, 2014, a true and  
3 correct copy of which is attached hereto as **Exhibit 10** and the Debtor's Bankruptcy Schedule D,  
4 a true and correct copy of which is attached hereto as **Exhibit 2**.

5           7.       I was provided a declaration by Southcoast stating that the loan has been paid in  
6 full. A true and correct copy of such declaration is attached hereto as **Exhibit 3**.

7           8.       I have reached agreements with Prime and Gold Value for approval of the sale  
8 proposed herein and for carveouts of their secured claims. I expect to file those stipulations with  
9 the Court prior to the hearing on the Sale Motion.

10          9.       I have reviewed the Court's Claims Register and attached here as **Exhibits 4**  
11 **through 9**, respectively, are copies of the proofs of claim filed by Gold Value, Silver Textile, Mr.  
12 Benotti, Shin Yang, Dowel Tex, Inc., and Tex USA, Inc.

13          10.       Through my Broker, I have received an offer from Catherine Kim and Brian Kim  
14 ("Buyer") to purchase the Property for \$1,050,000. The purchase price includes a deposit of  
15 \$31,500 (three percent of the purchase price). Attached hereto as **Exhibit 10** is a true and correct  
16 copy of the Residential Purchase Agreement and Joint Escrow Instructions and Counter Offers  
17 and related addendum (collectively, the "Agreement").

18          11.       The Buyer's offer for the purchase of the Property for \$1,050,000 is the best offer  
19 that the Estate has received since the other potential offers fell through.

20          12.       I am seeking to sell the Estate's interest in the Property free and clear of all liens,  
21 claims, and encumbrances as discussed in the Sale Motion. For the reasons set forth in the Sale  
22 Motion and this Declaration, I respectfully request that the Court grant the Sale Motion so that I  
23 do not lose this favorable business opportunity to net a substantial amount of money for the  
24 Estate.

25               I declare under penalty of perjury under the laws of the United States of America that the  
26 foregoing is true and correct.

27               Executed on September 2, 2014, at Los Angeles, California.

28                 
Sam S. Leslie

## PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:  
8105 Irvine Center Drive, Suite 600, Irvine CA 92618.

A true and correct copy of the foregoing document entitled (*specify*): **CHAPTER 7 TRUSTEE'S MOTION FOR ORDER: (1) APPROVING THE SALE OF REAL PROPERTY OF THE ESTATE FREE AND CLEAR OF LIENS PURSUANT TO BANKRUPTCY CODE §§ 363(b)(1) AND (f); (2) APPROVING PAYMENT OF REAL ESTATE COMMISSION; AND (3) GRANTING RELATED RELIEF; MEMORANDUM OF POINTS AND AUTHORITIES AND DECLARATION OF SAM S. LESLIE IN SUPPORT THEREOF** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

**1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):** Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On 9/2/2014, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☒ Service information continued on attached page

**2. SERVED BY UNITED STATES MAIL:**

On 9/2/2014, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☒ Service information continued on attached page

**3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL** (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on 9/2/2014, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

VIA PERSONAL DELIVERY: Sandra R. Klein, 255 E. Temple Street, Suite 1582 / Courtroom 1575, Los Angeles, CA 90012

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

9/2/2014

Date

LAURIE VERSTEGEN

Printed Name

/s/ Laurie Verstegen

Signature

PROOF OF SERVICE (cont'd)

**1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):**

Young K Chang on behalf of Debtor Young Soon Shin  
bklaw3@yahoo.com

Merdaud Jafarnia on behalf of Creditor M&T Bank as servicer for Lakeview Loan Seming, LLC  
bknotice@mcarthyhohhus.com, mjfarnia@mcarthyhohhus.com

Merdaud Jafarnia on behalf of Creditor M&T Bank as servicer for Lakeview Loan Seming, LLC, its assignees  
and/or successors, by and through its servicing agent M&T Bank  
bknotice@mcarthyhohhus.com, mjfarnia@mcarthyhohhus.com

Scott Lee on behalf of Creditor Pl"itre Business Credit, Inc.  
slee@lbbs1aw.com, tronique.talamnte@lewisbrisbois.com

Sam S Leslie (TR)  
sleslie@trusteeleslie.com, sleslie@ecfepiqsystem.com; trustee@trusteeleslie.com

Melissa Davis Lowe on behalf of Trustee Sam S Leslie (TR)  
mdavis@shbllp.com

Leonard M Shulman on behalf of Trustee Sam S Leslie (TR)  
lshulman@shbllp.com

Ramesh Singh on behalf of Interested Party Recovery Management Systems Corporation  
claims@recoverycorp.com

United States Trustee (LA)  
us1pregionl6.la.ecl@usdoj.gov

**2. SERVED BY UNITED STATES MAIL:**

**DEBTOR**

YOUNG SOON SHIN  
5629 TERRACE DR.  
LA CRESCENTA, CA 91214-1548

**CREDITOR LISTING**

DOWEL TEX, INC. DBA COLLAGE  
C/O S. CALVIN MYUNG, ESQ.  
3700 WILSHIRE BLVD., #500  
LOS ANGELES, CA 90010-2906

**CREDITOR LISTING**

JUDICIAL ASSERTION SYSTEMS INC  
DBA MORROW & ASSOCIATES  
2625 TOWNSGATE ROAD SUITE 330  
WESTLAKE VILLAGE CA 91361-5749

**CREDITOR LISTING**

PRIME BUSINESS  
1055 W 7TH ST #2200  
LOS ANGELES CA 90017-2548

**CREDITOR LISTING**

SHIN YANG INT'L, INC.  
DBA S.Y PRINT 7 FABRICS  
C/O S. CALVIN MYUNG, ESQ.  
3700 WILSHIRE BLVD., #500  
LOS ANGELES, CA 90010-2906

**PROOF OF CLAIM ADDRESS**

TEX U.S.A., INC.  
ATTN: MICHAEL GHATI, MANAGER  
929 E. 14TH STREET, SUITE A  
LOS ANGELES, CA 90021

**SALE MOTION – INTERESTED PARTY**

RODEO REALTY, INC.  
202 NORTH CANON DRIVE, BEVERLY  
HILLS, CALIFORNIA 90210

RETURNED MAIL

**RETURNED 2/25/14; ATTEMPTED, NOT  
KNOWN; UNABLE TO FORWARD**

**CREDITOR LISTING**

PACIFIC BAY LENDING  
PO BOX 5914  
LA PALMA CA 90623

**CREDITOR LISTING**

RECOVERY MANAGEMENT SYSTEMS  
CORPORATION  
25 SE 2ND AVENUE, SUITE 1120  
MIAMI, FL 33131-1605

**CREDITOR LISTING**

FRANCHISE TAX BOARD  
BANKRUPTCY SECTION MS A340  
PO BOX 2952  
SACRAMENTO CA 95812-2952

**REQUEST FOR NOTICE**

M&T BANK  
P.O. BOX 840  
BUFFALO, NY 14240

**CREDITOR LISTING**

RECOVERY MANAGEMENT SYSTEMS  
CORPORATION  
25 S.E. 2ND AVENUE, SUITE 1120  
MIAMI, FL 33131-1605

**PROOF OF CLAIM ADDRESS**

SILVER TEXTILE, INC.  
A|D|Y LAW GROUP, P.C.  
1925 CENTURY PARK EAST, SUITE 1380  
LOS ANGELES, CA 90067

**PROOF OF CLAIM ADDRESS**

UNICOLORS, INC.  
C/O J.J. KIM & ASSOCIATES, P.C.  
ATTN: JONATHAN COTHRAN  
9252 GARDEN GROVE BLVD., SUITE 23  
GARDEN GROVE, CA 92844

LOS ANGELES DIVISION  
255 EAST TEMPLE STREET,  
LOS ANGELES, CA 90012-3332

**CREDITOR LISTING**

ALLY FINANCIAL  
P.O. BOX 130424  
ROSEVILLE, MN 55113-0004

**CREDITOR LISTING**

GOLD VALUE INT'L. TEXTILE, INC.  
DBA FIESTA FABRIC  
C/O JUDICIAL ASSERTION SYSTEMS  
2625 TOWNSGATE RD., #330  
WESTLAKE VILLAGE, CA 91361-5749

**REQUEST FOR NOTICE**

M&T BANK  
C/O MCCARTHY & HOLTHUS, LLP  
ATTN: MERDAUD JAFARNIA, ESQ.  
1770 FOURTH AVENUE  
SAN DIEGO, CA 92101

**CREDITOR LISTING**

SEDAGHATI, SIAMAK  
C/O AGHATI, SIAMAK AKA GHATI  
3617 AVALON BLVD.  
LOS ANGELES, CA 90011-5601

**CREDITOR LISTING**

TEX U.S.A., INC.  
DBA BENOTTI  
C/O LAW OFFICE OF JOSEPH NAZARIAN  
9454 WILSHIRE BLVD., PENTHOUSE  
BEVERLY HILLS, CA 90212-2937

**NOTICE PURPOSES**

INTERNAL REVENUE SERVICE  
CENTRALIZED INSOLVENCY OPERATIONS  
PO BOX 7346  
PHILADELPHIA, PA 19101-7346

## PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:  
8105 Irvine Center Drive, Suite 600, Irvine CA 92618

A true and correct copy of the foregoing document entitled: **NOTICE OF SALE OF ESTATE PROPERTY** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

**1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):** Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (date) 9/2/2014, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☒ Service information continued on attached page

**2. SERVED BY UNITED STATES MAIL:**

On (date) \_\_\_\_\_, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

**3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL** (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (date) 9/2/2014, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

VIA PERSONAL DELIVERY: Honorable Sandra R. Klein, Courtroom 1575, 255 E. Temple St. (Bin outside of Suite 1582), Los Angeles CA 90012

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

<u>9/2/14</u>	<u>Laurie Verstegen</u>	<u>/s/LAURIE VERSTEGEN</u>
Date	Printed Name	Signature



PROOF OF SERVICE (cont'd)

**1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):**

Young K Chang on behalf of Debtor Young Soon Shin  
bklaw3@yahoo.com

Merdaud Jafarnia on behalf of Creditor M&T Bank as servicer for Lakeview Loan Seming, LLC  
bknotice@mcarthyhohhus.com, mjfarnia@mcarthyhohhus.com

Merdaud Jafarnia on behalf of Creditor M&T Bank as servicer for Lakeview Loan Seming, LLC, its assignees  
and/or successors, by and through its servicing agent M&T Bank  
bknotice@mcarthyhohhus.com, mjfarnia@mcarthyhohhus.com

Scott Lee on behalf of Creditor Pl"itre Business Credit, Inc.  
slee@lbbs1aw.com, tronique.talamnte@lewisbrisbois.com

Sam S Leslie (TR)  
sleslie@trusteeleslie.com, sleslie@ecfepiqsystem.com; trustee@trusteeleslie.com

Melissa Davis Lowe on behalf of Trustee Sam S Leslie (TR)  
mdavis@shbllp.com

Leonard M Shulman on behalf of Trustee Sam S Leslie (TR)  
lshulman@shbllp.com

Ramesh Singh on behalf of Interested Party Recovery Management Systems Corporation  
claims@recoverycorp.com

United States Trustee (LA)  
us1pregionl6.la.ecl@usdoj.gov