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

In re:

Dana Hollister,

Debtor

Case No.: 2:18-bk-12429-NB

Chapter: 11

**SUPPLEMENTAL MEMORANDUM  
DECISION RE: MOTION OF BOBS, LLC  
FOR RELIEF FROM THE AUTOMATIC  
STAY**

Hearing:

Date: September 28, 2021

Time: 1:00 p.m.

Place: Courtroom 1545  
255 E. Temple Street  
Los Angeles, CA 90012  
(or via Zoom.Gov)

This Memorandum Decision supplements this Court's oral rulings on the Motion of Bobs LLC ["Bobs"] For Relief From The Automatic Stay ("R/S Motion," dkt. 936) at the end of the trial on August 18 and 19, 2021, and at a post-trial hearing on September 9, 2021.<sup>1</sup> Pursuant to this Court's findings of fact and conclusions of law stated orally

<sup>1</sup> The term "trial" might be more properly applied to adversary proceedings, in contrast to an "evidentiary hearing" in contested matters. But in this Court's experience the courts and parties use the terms interchangeably.

As used in this Memorandum Decision, the "Code" refers to the Bankruptcy Code (11 U.S.C. 101 et seq.); "Section" or "§" refers to a section of the Code; "Rule" refers to the Federal Rules of Bankruptcy Procedure; and other terms have the meanings set forth in the Code and the Rules or in the parties' papers.

1 on the record, (a) *final* rulings establish that Bobs is entitled to *some* relief, but (b) all  
2 rights are reserved for the parties to argue regarding the specific *form* of relief. See dkt.  
3 1525, 1527, 1529, 1530 (parties' forms or orders, and objections thereto).

4 **(1) Background: very limited relief is being granted to Bobs**

5 To summarize this Court's findings and conclusions at the end of trial, Bobs is  
6 only entitled to "adequate" protection, not enhanced protection, of its security interest in  
7 the Paramour. The Paramour is already being marketed for sale, and the evidence at  
8 trial was that anyone who truly wishes to maximize the value of the Paramour would  
9 have to engage in a very similar marketing effort. Bobs is only entitled to minor  
10 adjustments to the marketing and sale process to provide it with adequate protection.

11 The basis for those conclusions can be summarized as follows. On the one  
12 hand, Bobs presented evidence that (a) the debts secured by senior liens are increasing  
13 (real estate taxes and the debt to Specialized); (b) if Bobs has any equity cushion, that  
14 cushion is being further threatened by an increase in those senior debts, and in the  
15 debts secured by Bobs' own lien(s); (c) the potential value of the Paramour has a very  
16 wide range; and (d) the parties opposing the R/S Motion did not establish that, more  
17 likely than not, the Paramour's value is so enormous that it provides Bobs with  
18 adequate protection despite the increase in secured debts, and without offsetting  
19 payments to Bobs or additional collateral. Therefore, some sort of relief is required to  
20 provide Bobs with adequate protection of its legitimate interests as the holder of a lien  
21 on the Paramour.

22  
23 \_\_\_\_\_  
24 Papers related to the R/S Motion include the prior responses of other parties and a joinder therein (dkt. 948-  
25 952, 1005), Bobs' prior reply papers (dkt. 958, 959), Bobs' supplement (dkt. 1413), the supplemental response of  
26 Dean G. Rallis, Jr., Court Appointed Agent ("Agent") (dkt. 1415), the Agent's evidentiary objections (dkt. 1416), the  
27 supplemental joinder of The Bird Nest, LLC ("Bird") and the Roman Catholic Archbishop of Los Angeles and the  
28 California Institute of the Sisters of the Most Holy and Immaculate Heart of the Blessed Virgin Mary (collectively,  
"Church") (dkt. 1417), this Court's recent scheduling order (dkt. 1419), the participation request of Church (dkt. 1428)  
and the Order thereon (dkt. 1467), the participation request of Deanna Stats (dkt. 1429) and the Order thereon (dkt.  
1465), Bobs' pretrial brief (dkt. 1476), Church/Bird's pretrial brief (dkt. 1479), the Agent's pretrial brief (dkt. 1482), the  
parties' joint pretrial stipulation (dkt. 1483), the Transcript of the second day of that trial/evidentiary hearing, on  
August 19, 2021 (dkt. 1503), Bobs' proposed order (dkt. 1525), the Church/Bird response to that proposed order (dkt.  
1527), the Select Portfolio Servicing, Inc. ("Select") response (dkt. 1529), and the Agent's response (dkt. 1530).

1 On the other hand, Bobs is not entitled to immediate termination of the automatic  
2 stay to foreclose. That would only be useful to someone seeking to chill the bidding in  
3 this case and acquire the property through a cheap bid or a credit bid (after which they  
4 would turn around and engage in the same lengthy marketing process as is currently  
5 underway). Bid chilling is not entitled to adequate protection.

6 The evidence at trial was overwhelming that, for anyone who truly seeks to  
7 maximize the sale price of the Paramour, it would require substantial marketing time  
8 and finesse because of its unique characteristics as an "island" property, with historical  
9 features, that is most attractive to a very limited market of wealthy "custodian" buyers.  
10 Therefore, if the Paramour cannot be timely refinanced or some other alternative to a  
11 sale cannot be accomplished, Bobs is entitled to assurances that a sale will happen in  
12 roughly the same time frame as if the automatic stay had been modified on August 19,  
13 2021 for Bobs to seek a receivership to sell the Paramour. This Court's oral tentative  
14 ruling was that such a time frame would last through the end of the first few months of  
15 2022.

16 Meanwhile, this Court ruled that Bobs is entitled to some assurances that the  
17 existing marketing process will indeed be conducted in such a way that is likely to result  
18 in the highest and best offer, without holding out for an unrealistic long-shot offer. That  
19 might require compensation for the "Agent" (who is currently marketing the property) so  
20 that he does not have an incentive to hold out for an offer high enough to pay his own  
21 fees out of excess proceeds.

22 In sum, Bobs is entitled only to minor adjustments to the existing process of  
23 marketing the Paramour for sale. This Court now turns to the parties' proposed forms of  
24 order granting such adjustments.

## 25 **(2) Deadline for the Agent to sell the Paramour**

26 The parties appear to have misconstrued the deadline contemplated by this  
27 Court. By way of background, the "Term Sheet" settlement that this Court has  
28

1 approved (by Orders at dkt. 528, 557) provides that if Debtor misses a Term Sheet  
2 payment then:

3 The Agent shall have a period of 12 months thereafter [*i.e.*, 12 months  
4 after approximately January 26, 2021, per the Agent, dkt. 1415, p.1:15-19]  
5 to close a sale of the Paramour. In the event that no sale of the Paramour  
6 has closed by the expiration of this 12-month period, the Agent shall  
7 conduct an auction of the Paramour without reserve promptly upon  
8 expiration of this 12-month period. (The Judgment Creditors [Church and  
9 Bird] in their sole discretion may jointly agree to extend this 12-month  
10 period.) [Term Sheet (dkt. 547), p.5, at para. 7.f. (emphasis added).]

9 The problem for Bobs is that Church and Bird might agree to extend this  
10 deadline. They might do so even if there is only a long-shot prospect of a high enough  
11 sale price to pay them, because even a long-shot is better than the *certainty* of \$0.00  
12 from accepting a sale price that is insufficient to pay them. (The Agent has the same  
13 incentive, as discussed later in connection with carve-outs.)

14 Therefore, at the hearing on August 19, 2021, this Court's oral ruling was that the  
15 principal form of adequate protection for Bobs would be a deadline, that only Bobs could  
16 extend, to sell the Paramour. This Court's tentative ruling was that this deadline would  
17 be at the end of the first few months of 2022. The following discussion further explains  
18 this Court's reasoning.

19 This Court started with the following goal:

20 [The Court:] My goal here is that the conditions [for adequate  
21 protection to Bobs] are intended to assure that Bobs will be paid out of the  
22 sale of the Paramour in the same approximate time frame as if the  
23 automatic stay were terminated today [*i.e.*, on August 19, 2021]. [Tr.  
24 8/19/21 (dkt. 1503), p.63:8-11 (emphasis added).]

25 The testimony at trial (as summarized by this Court) was that:

26 a property like the Paramour would have to be exposed to the market for a  
27 substantial time, probably in the 12-month range. [*Id.*, p.74:3-6 (emphasis  
28 added).]

1 Therefore, if Bobs had been granted immediate relief from the automatic stay at  
2 the hearing on August 19, 2021, and if Bobs were to seek to maximize the sale price, it  
3 would not pursue a nonjudicial foreclosure sale. Instead, it would plan on an additional  
4 period for the property to be marketed and sold. As this Court stated:

5 [I]f Bobs is wearing its hat as a secured creditor that's interested in  
6 maximizing the sale price of the property, and not wearing the hat of  
7 attempting to undermine the bankruptcy process, as suggested by Mr.  
8 Steinberg, then it would not choose a foreclosure. It would choose a  
9 receivership, and the receiver would engage in a sale process over 12  
10 months or so, just like the process that's playing out now.

11 I don't think that Congress intended by the concept of adequate  
12 protection, to protect a nefarious scheme to chill the bidding in bankruptcy,  
13 and then credit bid at foreclosure and snap up the property on the cheap.  
14 I think that what's being protected is the legitimate interest of maximizing  
15 the value the property will be sold at, so that Bobs' interest will ... have the  
16 maximum chance of being paid in full. [Id., p.77:1-16 (emphasis added).]

17 The emphasized language suggests that Bobs might need an additional 12  
18 months or so after the August 19, 2021 hearing for the marketing and sale of the  
19 Paramour. True, the Agent already has been marketing the property, so Bobs  
20 legitimately could argue that an additional 12-month period after the August 19, 2021  
21 hearing would be too long. But, for two reasons, Bobs likely would have to take longer  
22 than the Term Sheet deadline to arrange the highest and best sale of the Paramour.

23 First, if Bobs had been granted relief from the automatic stay on August 19, 2021  
24 to seek a receiver to sell the property, that process itself likely would have involved  
25 litigation (over everything from the selection of the receiver to the receiver's choice of  
26 real estate broker, listing price, and marketing period) which would have taken time.  
27 Second, given Bobs' low valuation of the property, Bobs presumably would want a  
28 number of months for a receiver to re-market the property with an eye to accepting a  
lower offer – perhaps, for example, with a new (lower) listing price. See dkt. 1413,  
pp.6:4-8:15 (Bobs' arguments re valuation).

1 Therefore, this Court's contemplation was that Bobs (if it had truly sought to  
2 maximize the sale price of the Paramour) would require something (i) longer than the  
3 existing deadline under the Term Sheet (approximately January 26, 2022) but (ii)  
4 sooner than 12 additional months from the hearing date (August 19, 2022). Balancing  
5 the foregoing considerations, this Court's oral tentative ruling, as noted above, was that  
6 the deadline for the Agent to sell the Paramour would be at the end of the first few  
7 months of 2022 (the "Bobs Deadline"). This Court stated this as condition number one  
8 of providing adequate protection to Bobs:

9 [Number] [o]ne, a deadline. What I'm contemplating is that the first few  
10 months of 2022 would be the deadline for the [A]gent to sell the Paramour.  
11 Now, what's different about that in the existing deadline [under the Term  
12 Sheet], is that this one [the Bobs' Deadline] could not be extended by  
13 agreement of ... Church and Bird. Bobs would have to agree for that  
14 deadline [the Bobs Deadline] to be extended. But just like the terms under  
the existing term sheet, the Paramour would have to be sold to the highest  
and best offer, or else auctioned. [Tr. (8/19/21) (dkt. 1503), p.64:6-14.]

15 As shown by the emphasized language above, this Court was contemplating that  
16 only Bobs could extent the Bobs Deadline. But this Court's reference to "that" deadline  
17 (in the above block quote) apparently was misconstrued by the parties to mean that  
18 Bobs would have to agree to extend the Term Sheet deadline. That was not what this  
19 Court contemplated. To the contrary, Church and Bird remain free to extend the Term  
20 Sheet deadline.

### 21 **(3) Potential modification of the Bobs Deadline**

22 This Court contemplated that it would retain some discretion to extend the Bobs  
23 Deadline in exceptional circumstances. For example, if the Agent had found a  
24 prospective purchaser, but that purchaser were to need a short time to secure financing,  
25 then the Agent could be granted additional time.

26 This is consistent with this Court's approach of paralleling the relief that Bobs  
27 could have obtained had it been granted relief from the automatic stay at the hearing on  
28 August 19, 2021 to seek a receivership. A receiver likely would have been granted

1 additional time in such circumstances, so this Court should grant additional time in  
2 similarly exceptional circumstances.

3 **(4) Form of ordering paragraph implementing the Bobs Deadline**

4 This Court's contemplated implementation of the Bobs Deadline is reflected in  
5 the following modified version of the first ordering paragraph of the Agent's proposed  
6 order (dkt. 1530, Ex.A, p.3:11-13):

7 IT IS ORDERED that, notwithstanding any extension by the parties to  
8 the Term Sheet approved by this Court (dkt. 528, 547, 557) of the  
9 deadline for the Agent to close a sale of the Paramour, the Agent shall  
10 have an additional deadline of April 30, 2022 in which to close a sale of  
11 the Paramour. That deadline may only be extended (a) by Bobs, in its  
12 sole discretion, or (b) by this Court based on exceptional circumstances.  
13 In the event that no sale of the Paramour has closed by the expiration of  
14 this additional deadline, the Agent shall conduct an auction of the  
15 Paramour without reserve promptly upon expiration of this additional  
16 deadline. Any sale of the Paramour, whether by auction or otherwise,  
17 shall be subject to approval of this Court.

18 **(5) No *termination* of automatic stay**

19 Bobs' proposed form of order (dkt. 1525) contemplates termination of the  
20 automatic stay, after an (unspecified) deadline. But this Court was not persuaded, after  
21 trial and arguments, that Bobs is entitled to any *termination* of the stay. Rather, this  
22 Court determined that Bobs is entitled to *modification* of the stay to require additional  
23 adequate protection such as imposing the Bobs Deadline and requiring the Agent to  
24 *auction* the Paramour if the Agent does not close a sale of the Paramour by the Bobs  
25 Deadline.

26 **(6) Carve-outs**

27 This Court's oral tentative ruling at the hearing on August 19, 2021 was that a  
28 second and third condition were required as part of any adequate protection for Bobs.

[The] [s]econd condition [involves] the agent's compensation. It seems  
to me that to protect Bobs, the compensation structure for the agent has to  
be changed. Right now, the agent has an incentive to hold out for a high  
enough bid to pay administrative claims, because he is the holder of an

1 administrative claim, and there's a risk of administrative insolvency in this  
2 case.

3 ... [S]upposing that that sale price would have to be something in the  
4 range of [\$]30 or \$35,000,000, for purposes of illustration, that creates an  
5 incentive for the agent to reject offers below that out of self-interest.

6 So it seems to me that there would have to be a carve-out from Bobs'  
7 security interest if the sale price is not enough to go above that security  
8 interest, in order to pay the agent for the services in selling the property.

9 Third, there would need to be an additional amount added to the carve-  
10 out that's in keeping with the traditional standards for carve-outs, that  
11 there needs to be something for other creditors. ... [T]hat [additional  
12 carve-out] would include some percentage of administrative expenses that  
13 have accrued so far, priority claims and general unsecured claims. [Tr.  
14 (8/19/21) (dkt. 1503), pp.64:15-65:18.]

15 The Agent's proposed form of order correctly presumes that this Court intended  
16 that any carve-out for his expenses would be prospective from August 19, 2021. See  
17 dkt. 1530, p.4:2-6. But Bobs has expressed an unwillingness to agree even to a  
18 prospective carve-out for the Agent (or anyone else).

19 Bobs objects to any order that ... require[s] it to discount its claim by  
20 some sort of carve-out or to pay the Agent for the efforts he previously  
21 promised to make on behalf of the estate [sic<sup>2</sup>] anyway. Bobs will appeal  
22 the order should its rights to claim the full amount of interest and costs  
23 pursuant to section 506(b) be abridged, except as it may agree. [Hayes  
24 Decl. (dkt. 1524), p.2:22-25.]

25 There are two answers to Bobs' objections.

26 **(a) No unfairness to Bobs**

27 Any mechanism to pay the Agent is for Bobs' own benefit. This Court's goal was  
28 to assure Bobs that the Agent is not incentivized to hold out for any unrealistic offer to  
purchase the Paramour in an amount high enough to pay his own fees and expenses,  
but instead to assure that the Agent is incentivized to accept whatever might be the

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<sup>2</sup> Contrary to Bobs' reference to a promise by the Agent to make efforts directly "on behalf of the estate," this Court notes that the Agent is designated as Debtor's "attorney-in-fact" to sell the Paramour and/or take other acts to implement a settlement between Debtor, on the one hand, and Church and Bird, on the other. See Term Sheet (dkt. 547), pp.3-5, at para. 6 & 7.f. In fact, that is precisely the problem for Bobs: under the Term Sheet it is solely Church and Bird who get to decide if the Agent's deadline under the Term Sheet should be extended.



1 highest and best offer that is realistically obtainable, in his and his professionals'  
2 reasonable business judgment.

3 In addition, the tentative ruling is that there is no unfairness to Bobs in requiring a  
4 carve-out for the Agent and for administrative expenses and unsecured creditors.  
5 Under this Court's tentative rulings, the burdens of such carve-outs appear to be at least  
6 offset if not exceeded by the benefits to Bobs: (i) the Bobs Deadline, (ii) the benefits of  
7 incentivizing the Agent not to hold out for any unrealistically high offers, and (iii) the  
8 other benefits of this bankruptcy case, such as the ability to sell assets free and clear of  
9 liens and other interests, thereby maximizing the chances of paying Bobs in full. See 11  
10 U.S.C. § 363(b)&(f).

11 **(b) No windfall to Bobs**

12 Bobs essentially seeks a windfall. It is not entitled to benefits similar to (but  
13 better than) a receivership without at least (the risk of) paying the associated costs.

14 In a receivership, if there are not enough funds to cover the receiver's costs then  
15 parties to the receivership have to fund the receiver's expenses (typically up front,  
16 through receivers' certificates). In this case, the tentative ruling is that Bobs does not  
17 have to pay the Agent's expenses up front but, to the extent the proceeds from any sale  
18 of the Paramour are insufficient to pay the Agent's expenses of marketing and selling  
19 the property, after August 19, 2021, the Agent's expenses must be paid ahead of Bobs  
20 through a carve-out from proceeds that otherwise would go to Bobs.

21 Even if there were any unfairness to Bobs (which this Court is not persuaded that  
22 there is), this Court has some discretion to require a carve-out in balancing fairness to  
23 all parties in interest. See, e.g., § 363(k) (credit bidding authorized, "unless the court for  
24 cause orders otherwise"); § 506(c) (estate may recover, out of property value, "the  
25 reasonable, necessary costs and expenses of preserving, or disposing of, such property  
26 to the extent of any benefit" to the holder of the secured claim); § 552(b)(2) (security  
27 interest in postpetition traceable proceeds and profits from property continues "except to  
28

1 any extent that the court, after notice and a hearing and based on the equities of the  
2 case, orders otherwise").

3 **(c) Conclusion as to Bobs' objection to carve-outs**

4 Bobs' apparent unwillingness to accept the burdens that go along with these  
5 benefits only reinforces this Court's doubts about Bobs' motives. As argued by other  
6 parties at the conclusion of the trial, Bobs' inclusion of confidential bids in its public  
7 papers, and alternatively the lack of credibility of its principal Mr. Shy in explaining Bobs'  
8 actions, suggests that Bobs intended to chill the bidding and thereby force a foreclosure  
9 sale, at which it could credit bid and acquire the Paramour for far less than its true  
10 value. See, e.g., Tr. (8/19/21) (dkt. 1503), pp. 76:25-77:1.

11 In any event, with or without taking into consideration Bobs' motives, if it is  
12 unwilling to accept the burdens that go along with the benefits that this Court is  
13 tentatively prepared to order, it is free to propose an equivalent or lesser alternative.  
14 Alternatively, Bobs can waive or forfeit those benefits.

15 **(d) Church and Bird's objection to carve-outs**

16 Church and Bird object that they already agreed to a carve-out of \$1 million, as  
17 part of their Term Sheet with Debtor, so it would be unfair to impose any additional  
18 carve-out on them now. But the Term Sheet was just a settlement with Debtor, not  
19 some sort of guaranty that the Paramour would be sold for enough to pay Church and  
20 Bird in full, or that no additional carve-out would be imposed if necessary to avoid  
21 abandonment of the Paramour (or other outcomes that Church and Bird have  
22 opposed).<sup>3</sup>

23  
24  
25 <sup>3</sup> To put the Term Sheet in context, this Court understands that in the early days of this case, when Church  
26 and Bird were negotiating the Term Sheet, both they and Debtor could have been disadvantaged by a valuation of  
27 the Paramour that was either too high or too low – for example, a low valuation could save Church and Bird from  
28 potential exposure to avoidance of their judgment lien as a preference, but might have left them out of the money.  
The settlement embodied in the Term Sheet resolved this dilemma by having Debtor agree to reduced claims but  
allowing those claims as secured claims. This Court approved that settlement, but this Court had no power to predict,  
let alone mandate, that the Paramour actually would sell for enough money to pay Church and Bird's reduced claims  
in full. In any event, whatever the parties' motives for entering into the Term Sheet, this Court did not insulate Church  
and Bird from any further carve-out.

1 More generally, Church and Bird appear to object to any carve-outs, either from  
2 Bobs or from themselves, arguing that any carve-out for administrative expenses or  
3 unsecured creditors “is the antithesis of adequate protection since it requires [holders of  
4 secured claims] to reduce [their] claim amount[s].” Church/Bird Response (dkt. 1527),  
5 p. 2:13-18. This Court disagrees.

6 As noted above with respect to Bobs, holders of secured claims obtain additional  
7 benefits in bankruptcy, and carve-outs are the standard burden that they must bear.  
8 Benefits include the automatic stay, which protects assets of the estate and protects  
9 creditors from one another – *e.g.*, Church and Bird have been protected from immediate  
10 foreclosure of the Paramour by Bobs or other creditors. See § 362(a). Another benefit  
11 is the power to sell assets in bankruptcy free and clear of liens and other interests,  
12 which maximizes sale proceeds thereby increasing Church and Bird’s chances of being  
13 paid. See § 363(b)&(f). Bankruptcy provides other benefits such as transparency and  
14 investigative tools. See, *e.g.*, Rules 1017, 2004.

15 A carve-out arguably does no more than offset these increased rights and  
16 benefits to the holders of secured claims in bankruptcy cases. Alternatively, even if  
17 there is not any net burden to such creditors, this Court has some discretion to require a  
18 carve-out in balancing fairness to all parties in interest. See, *e.g.*, § 363(k); § 506(c).

19 This Court does not construe the requirement to provide “adequate” protection of  
20 interests in property to take away the flexibility that Congress provided in other portions  
21 of the Code to require carve-outs. Interests in property are often analogized to a bundle  
22 of rights, and if some of those rights are trimmed by some provisions of the Code it  
23 would be odd for Congress to require that they *not* be trimmed under the rubric of  
24 “adequate” protection of such rights.

25 As this Court stated at the hearing on August 19, 2021:

26 Now, what I’m contemplating here is nothing different from what I see  
27 negotiated on a regular basis in a Chapter 7 case, except that this is a  
28 somewhat more complicated scenario. ... Typically, if a ... Chapter 7  
trustee takes over the case, and believes that there is a substantial risk

1 that the assets that are available will not be sold for a price that exceeds  
2 the liens, the first thing the trustee will do is negotiate with the secured  
3 creditor[s] for a carve-out. And unless the trustee in that situation provides  
4 something for [unsecured] creditors, the typical bankruptcy court will say,  
5 no, you should just abandon the property and let the secured creditor do  
6 what it can, proceed with its non-bankruptcy remedies. [Tr. (8/19/21) (dkt.  
7 1503), pp. 65:19-66:14.]

8 Of course, this Court could convert this case to chapter 7 right now, and force the  
9 parties to negotiate with a chapter 7 trustee, resulting either in abandonment of the  
10 Paramour or carve-outs. But there are numerous disadvantages to that process. See  
11 Tr. (8/19/21) (dkt. 1503), p. 67:1-16.

12 The last point as to Church and Bird is to note that their opposition to carve-outs  
13 is not absolute. They state that they

14 will consider a small additional discount on their claim if concessions are  
15 made by the other lienholders provided doing so is not deemed to  
16 prejudice the Judgment Creditors' rights under the Term Sheet and Order  
17 approving it. The Judgment Creditors do not believe that resolution of this  
18 issue should delay entry of the Order on the Motion. [Church/Bird  
19 Response (dkt. 1527), p. 3:24-27.]

#### 20 **(e) Conclusion as to carve-outs**

21 This Court's contemplated implementation of the carve-out requirement is  
22 reflected in the following draft ordering paragraphs:

23 IT IS ORDERED that, to the extent the net proceeds of any sale of the  
24 Paramour, whether by agreement or auction, are insufficient (a) to pay in  
25 full the secured claims of Bobs LLC ("Bobs"), and also (b) to pay the fees  
26 and expenses of the Agent and his professionals (retained by order of the  
27 Court), incurred on and after August 19, 2021 with respect to marketing  
28 and sale of the Property (the "Agent Expenses"), the Agent Expenses  
shall be paid out of the proceeds that otherwise would be paid to Bobs.

Notwithstanding the immediately preceding paragraph, once 50% or  
more of the Agent Expenses are paid, as provided above, then to the  
extent that there are any net proceeds above what is paid to Bobs that  
would, in the absence of any payment of the Agent Expenses, be paid to  
Church and Bird, then any remaining Agent Expenses shall be allocated  
50% to proceeds that otherwise would be paid to Bobs and 50% to  
proceeds that otherwise would be paid to Church and Bird.

1 Likewise, notwithstanding the immediately preceding two paragraphs,  
2 once 75% or more of the Agent Expenses are paid, as provided above,  
3 then to the extent that there are any net proceeds above what is paid to  
4 Church and Bird that would, in the absence of any payment of the Agent  
5 Expenses, be paid to Ms. Staats, then any remaining Agent Expenses  
6 shall be allocated 50% to proceeds that otherwise would be paid to  
7 Church and Bird and 50% to proceeds that otherwise would be paid to Ms.  
8 Staats.

6 **(6) Credit bidding and any sale free and clear**

7 The tentative ruling is to adopt the following ordering paragraph, substantially in  
8 the form in the Agent's proposed form of order:

9 **ORDERED** that if the Agent sells the Property by public auction, Bobs,  
10 DeeAnna Staats ("Staats"), the Roman Catholic Archbishop Of Los  
11 Angeles, a Corporation Sole, and the California Institute of the Sisters of  
12 the Most Holy and Immaculate Heart of the Blessed Virgin Mary  
13 (collectively, the "Church"), and The Bird Nest, LLC ("Bird Nest") shall be  
14 entitled to participate in the auction by submitting a credit bid in an amount  
15 to be later determined by this Court.

16 Some language in the proposed orders provides that any junior liens would be  
17 extinguished. That would be the normal effect of any sale free and clear of liens (as  
18 further explained in the Procedures of Judge Bason, posted at [www.cacb.uscourts.gov](http://www.cacb.uscourts.gov),  
19 in the section summarizing prior rulings regarding sales free and clear). But until any  
20 sale motion is presented, the tentative ruling is that it would be premature to rule on that  
21 issue at this time.

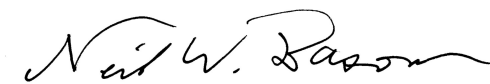
22 //

1 **(7) Conclusion**

2 Except as provided above, and subject to this Court's discretion as always in  
3 determining the final language of any order, the tentative ruling is to overrule other  
4 objections to the Agent's proposed form of order.

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24 Date: September 28, 2021

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27 Neil W. Bason  
28 United States Bankruptcy Judge