

ORIGINAL

1 MATTHEW DITZHAZY, SBN 117914  
CITY ATTORNEY, CITY OF PALMDALE  
2 NOEL DORAN, SBN 222843  
ASSISTANT CITY ATTORNEY, CITY OF PALMDALE

Exempt from filing fees pursuant to  
Government Code section 6103.

3 MATTHEW R. SILVER, SBN 245528  
4 MSilver@SilverWrightLaw.com  
JOHN M. FUJII, SBN 172718  
5 JFujii@SilverWrightLaw.com  
SILVER & WRIGHT LLP  
6 3 Corporate Park, Suite 100  
Irvine, California 92606  
7 Phone: 949-385-6431  
Fax: 949-385-6428

**FILED**  
Superior Court of California  
County of Los Angeles

RECEIVED  
MAY 18 2017

MAY 19 2017

Sherri B. Carter, Executive Officer/Clerk  
By Michael Rivera Deputy  
Michael Rivera

8 Attorneys for Plaintiff City of Palmdale

9  
10 SUPERIOR COURT OF THE STATE OF CALIFORNIA

11 COUNTY OF LOS ANGELES

By Fax

SILVER & WRIGHT LLP  
IRVINE | INLAND EMPIRE | SACRAMENTO

13 CITY OF PALMDALE, a California municipal  
corporation; and  
14 PEOPLE OF THE STATE OF CALIFORNIA by  
and through the City of Palmdale,

Case Number: MC026853  
Action Filed: January 30, 2017

~~PROPOSED~~ ORDER APPOINTING  
RECEIVER

15 Plaintiff,

Judge: Hon. James C. Chalfant  
Dept.: 85

16 v.

18 PALMDALE LODGING, LLC, a California  
limited liability company;  
19 HOSPITALITY FRANCHISE SERVICES, INC.; a  
California corporation;  
20 WILLIAM HERRERA, an individual; and,  
21 DOES 1 through 100,

Hearing  
Dept.: 85  
Date: May 18, 2017  
Time: 9:30 a.m.

22 Defendants.

**ORDER APPOINTING RECEIVER**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**SILVER & WRIGHT LLP**  
IRVINE | INLAND EMPIRE | SACRAMENTO

Plaintiff City of Palmdale’s (“City”) Motion for the Appointment of a Receiver and for Other Relief (“Receivership Motion”) regarding the parcel of real property known as 217 East Palmdale Boulevard, Palmdale, California 93550, Assessor’s Parcel Numbers 3008-024-005 and 3008-024-034 (“Subject Property”) in case number MC026853 (“Receivership Action”) in the Superior Court of California, County of Los Angeles, Stanley Mosk Courthouse, Department 85 (“Court”), came on for hearing before this Court. All appearances were noted in the Court’s record. The Court has considered all papers filed in support of an in opposition to the Receivership Motion, the argument of counsel at the hearing, and all other matters properly before the Court.

THE COURT HEREBY FINDS AND DECLARES THAT:

1. The Subject Property is substandard, constitutes a public nuisance, and is being maintained in a manner that violates State and local laws.
2. The building violations on the Subject Property are so extensive and of such a nature that the health and safety of residents, neighbors and the public is substantially endangered.
3. The dangerous unlawful conditions and violent criminal activity on the Subject Property create an immediate danger and risk of irreparable harm to occupants, residents, employees, nearby school children, the local community and the public.
4. The City, as the local enforcement agency for the Subject Property, properly issued the Owner the Notice and Order to Repair or Abate (“N&O”) violations on the Subject Property pursuant to Health and Safety Code (“HSC”) section 17980.6.
5. The City afforded Defendants a reasonable time to rehabilitate the Subject Property pursuant to HSC sections 17980(a) and 17980.7.
6. Defendants have failed to comply with the N&O and failed to completely rehabilitate the Subject Property within a reasonable time.

1           7. The City sufficiently provided the Defendants with at least three-days advance notice of the  
2 filing of the Receivership Petition before the Complaint was filed in accordance with HSC section  
3 17980.7(c).

4           8. Defendants, and any potential legal interest holders, were properly served with the Summons  
5 and the Complaint.

6           9. The nuisance conditions on the Subject Property have been ongoing and they will likely  
7 persist unless this Court appoints a receiver to rehabilitate the Subject Property.

8           10. Pursuant to the Court’s inherent powers, HSC section 17980.7(c), Business and Professions  
9 Code section 17203, and California Rules of Court, rule 3.1200 et seq., this Court has the authority to  
10 and hereby does appoint a court receiver to rehabilitate the Subject Property.

11           11. Mark Adams, of the California Receivership Group, has sufficiently demonstrated the  
12 necessary capacity and expertise to acquire funding, develop a viable rehabilitation plan, and supervise  
13 the rehabilitation of the Subject Property.

14  
15           THEREFORE, IT IS HEREBY ORDERED that Mark Adams (“Receiver”) of and through the  
16 California Receivership Group, is appointed as the Court’s receiver over the Subject Property, with full  
17 powers granted to receivers under HSC section 17980.7(c) and Code of Civil Procedure sections 564, et  
18 seq., subject to the further requirements of this Receivership Order and any further orders of this Court.  
19 Receiver shall immediately, and before performing any duties: (1) execute and file a receiver’s oath with  
20 this Court; and (2) file the bond required by Code of Civil Procedure section 567(b) in the amount of  
21 \$100,000 with this Court. Upon filing the oath and bond as required by this Receivership Order,  
22 Receiver is authorized to immediately borrow up to \$25,000 on behalf of the receivership estate for  
23 purposes of securing the Subject Property and developing a viable rehabilitation plan for the Subject  
24 Property in accordance with this Order. Receiver shall be entitled to reimbursement of all expenses  
25 incurred in this matter and compensation for Receiver’s services at the rates stated in the Declaration of  
26 Mark Adams, filed concurrently with the Receivership Motion for all services related to this  
27 appointment, payable monthly out of the receivership estate, provided that Receiver’s compensation and  
28 reimbursement shall be subject to review and final approval by this Court at the time Receiver presents

1 Receiver's final accounting to this Court, which shall be accompanied by records adequately  
2 documenting the expenses incurred and services rendered.

3  
4 IT IS FURTHER ORDERED THAT, pursuant to the powers granted pursuant to HSC section  
5 17980.7(c) and Code of Civil Procedure sections 564, et seq.:

6 1. Receiver shall take full and complete possession and control of the Subject Property,  
7 including the tangible and intangible personal property located on or about the Subject Property or used  
8 in connection with the Subject Property.

9 2. Receiver shall manage the Subject Property and shall pay the operating expenses of the  
10 Subject Property, including taxes, insurance, utilities, maintenance, and other debts.

11 3. Receiver shall collect all rents and income derived from the Subject Property as funds of the  
12 receivership estate and shall use the funds of the receivership estate to pay for the costs of operating,  
13 managing, maintaining, and rehabilitating the Subject Property.

14 4. Receiver shall develop a rehabilitation plan for the Subject Property and shall obtain cost  
15 estimates from licensed contractors to perform the repairs necessary to rehabilitate the Subject Property.  
16 Receiver shall submit the rehabilitation plan, the cost estimates, and his recommendations to this Court  
17 for approval.

18 5. Receiver shall rehabilitate the Subject Property in accordance with the rehabilitation plan  
19 approved by this Court and shall bring the Subject Property into compliance with all applicable State  
20 and local laws.

21 6. Receiver may enter into contracts for goods and services, and employ licensed contractors  
22 for repairs, as necessary to rehabilitate the Subject Property.

23 7. Receiver shall apply for permits and other governmental approvals as necessary to undertake  
24 and complete the rehabilitation of the Subject Property.

25 8. Receiver shall reimburse the City out of the receivership estate for all of the City's  
26 reasonable inspection costs, investigation costs, enforcement costs, court costs, administrative fines and  
27 attorneys' fees incurred related to this Action. The City shall be entitled to submit demands upon the  
28

1 receivership estate for recovery of these reasonable costs, expenses, and fees, which shall be paid by  
2 Receiver upon receipt.

3           9. Receiver may borrow funds as necessary to pay for the rehabilitation of the Subject Property  
4 and to pay the costs and debts of the receivership estate. All funds borrowed by Receiver on behalf of  
5 the receivership estate shall be entitled to become first-priority liens against the Subject Property  
6 superseding all other interests subject to this Receivership Order. Receiver may issue and record  
7 Receiver's Certificates of Indebtedness ("Certificates") to evidence and secure the debts of the  
8 receivership estate. The debt evidenced by the Certificates shall be due and payable upon completion of  
9 Receiver's duties hereunder with respect to the rehabilitation of the Subject Property. If the Certificates  
10 cannot be immediately satisfied when they become due, Receiver may apply to this Court to sell the  
11 Subject Property free and clear of all subordinate liens and encumbrances pursuant to Code of Civil  
12 Procedure section 568.5.

13           10. Receiver may temporarily relocate the occupants of the Subject Property as necessary to  
14 effectuate the rehabilitation of the Subject Property.

15           11. Receiver shall prepare and serve monthly reports on all parties identifying: the total amount  
16 of rent and income received from the Subject Property; the nature and amount of any expenditures by  
17 the receivership estate; and the progress of the rehabilitation of the Subject Property.

18           12. Receiver may apply to this Court for further powers, instructions, or orders as necessary to  
19 enable him to perform his duties and to effectuate the rehabilitation of the Subject Property.

20

21           IT IS FURTHER ORDERED THAT Defendants and Defendants' agents are hereby enjoined  
22 during the duration of the receivership from:

23           1. Demanding, collecting, receiving, or diverting any rents, profits, or income from the Subject  
24 Property.

25           2. Interfering with Receiver in the Receiver's operation and rehabilitation of the Subject  
26 Property.

27           3. Transferring or encumbering any interests in the Subject Property.

28

1 4. Canceling, reducing, or modifying any existing policies of insurance applicable to the  
2 Subject Property.

3 5. Claiming any deductions with respect to State taxes for interest, taxes, expenses,  
4 depreciation, or amortization paid or incurred with respect to the Subject Property throughout the  
5 duration of the receivership.

6  
7 IT IS FURTHER ORDERED THAT:

8 1. During the pendency of the receivership, the Subject Property shall not be used or occupied  
9 in violation of any State or City laws or orders.

10 2. Defendants shall immediately surrender possession and control of the Subject Property to  
11 Receiver.

12 3. Defendants shall immediately surrender all keys and instruments necessary for complete  
13 access to all areas of the Subject Property to Receiver.

14 4. Defendants shall surrender all books and records relating to the Subject Property to Receiver  
15 upon request.

16 5. Defendants shall advise Receiver as to the nature and extent of all policies of insurance  
17 applicable to the Subject Property.

18 6. Defendants shall immediately forward all income, rents, and bills received that are related  
19 the Subject Property to Receiver.

20 7. Defendants shall cooperate with Receiver's management and rehabilitation of the Subject  
21 Property.

22  
23 Dated: 5/19/17

2 - Chalfant

JUDGE OF THE SUPERIOR COURT  
**JAMES C. CHALFANT**

24  
25  
26  
27  
28