

NAME, ADDRESS, AND TELEPHONE NUMBER OF ATTORNEY OR PARTY WITHOUT ATTORNEY: (LEAVE BLANK IF NOTICE IS BY CLERK OF THE COURT)		STATE BAR NUMBER	Reserved for Clerk's File Stamp ORIGINAL FILED AUG 10 2007 LOS ANGELES SUPERIOR COURT
ATTORNEY FOR (Name): SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES			
COURTHOUSE ADDRESS: 111 N. Hill St. Los Angeles			
PLAINTIFF: Shields			
DEFENDANT: CRA Los Angeles			
NOTICE OF ENTRY OF: <input checked="" type="checkbox"/> JUDGMENT <input type="checkbox"/> DISMISSAL <input type="checkbox"/> OTHER APPEALABLE ORDER		CASE NUMBER: BC346249	

To the above named parties and to their attorneys of record, you are hereby given notice of entry of:

Judgment in the above-entitled matter, entered on (date): Aug. 10, 2007

Order of Dismissal in the above-entitled matter, filed on (date): _____

Order _____, filed on (date): _____

CERTIFICATE/DECLARATION OF MAILING

I, (typed or printed name): K. TOLLACK, do hereby (check one):

Certify that I am

an active member of the State Bar of California

the clerk of the above-entitled court

Declare under penalty of perjury under the laws of the State of California that I am

employed in/ a resident of (check one) Los Angeles County (where mailing occurred), over the age of 18 years,

and not a party to the cause within; that my business/ residence (check one) address is as shown above, and that on the date shown below I served notice of entry of the above-named document filed or entered herein, by depositing true copies thereof in sealed envelope(s), with postage thereon fully prepaid, in the United States Mail Service located at Los Angeles California (city and state), addressed to the below-named parties as follows:

40 Ronald Richards Assoc
P.O. Box 11480
Beverly Hills, Ca 90213

Melody Bormaster, D.C.H.
City Hall East, 9th Floor
200 North Main Street
Los Angeles, Ca. 90012

Additional names and addresses on attached sheet.

Date: _____ Signed: K. Tollack

Typed or printed attorney or employee name: _____

K. TOLLACK, Deputy for John A. Clarke, Executive Officer/Clerk

1 Ronald Richards, Esq. (SBN 176246)
LAW OFFICES OF RONALD RICHARDS & ASSOCIATES
2 9255 Doheny Rd., Suite 1204
West Hollywood, CA 90069
3 **Mailing Address:**
P.O. Box 11480
4 **Beverly Hills, California 90213**
Telephone (310) 556-1001
5 **Fax (310) 277-3325**

ORIGINAL FILED

AUG - 9 2007

LOS ANGELES
SUPERIOR COURT

6 Attorneys for plaintiffs LARRY and MELISSA SHIELDS

7
8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **FOR LOS ANGELES COUNTY**

10
11 LARRY SHIELDS, an individual, and
MELISSA SHIELDS, an individual,

12 Plaintiffs,

13
14 vs.

15 THE COMMUNITY REDEVELOPMENT
16 AGENCY OF THE CITY OF LOS
ANGELES, CALIFORNIA, and DOES 1
17 through 100, inclusive,

18 Defendants.

Case No. BC 346 249

[assigned for all purposes to the Honorable
Soussan G. Bruguera, Judge, dept. 71]

~~(PROPOSED)~~ ORDER ON PARTIES JOINT
SUBMISSION REGARDING ISSUES OF
LAW

Hearing:

Date: July 26, 2007

Time: 10:00 a.m.

Dept.: 71

19 The jury trial came on regularly on July 26, 2007, in department 71 of the above entitled
20 court, the Honorable Soussan Bruguera, Judge, presiding. Counsel for plaintiff and defendant
21 submitted on the tentative ruling on July 25, 2007.

22 The parties previously placed before the Court, via competing motions and briefs, various
23 legal issues which the parties contended would conclusively resolve the litigation based upon the
24 stipulated facts before the Court.

25 On December 13, 2002, plaintiffs, Mr. and Mrs. Shields ("the Shields"), purchased a
26 single-family home from the Community Redevelopment Agency of the City of Los Angeles
27 ("CRA") for \$210,000.

28 The Shields obtained a first mortgage from conventional sources and the CRA took back

1 a silent second, deferred-interest, mortgage of \$45,800.

2 The second trust deed and the deferred second mortgage note stated, *inter alia*, that if the
3 house was sold before the Shields had lived in the house for five years, then the Shields would
4 owe the principal (\$45,800) plus either 7% non-compounded interest per year or 50% of the
5 appreciation in value, whichever was greater. If the Shields stayed more than five years before
6 selling the house, then they would owe the principal plus either 7% non-compounded interest per
7 year or 50% of the appreciation in value, whichever was the lesser.

8 On December 27, 2005, the Shields decided to sell the house. A buyer paid \$540,000 for
9 the house. The CRA contended that it is entitled by the terms of the note, and the second trust
10 deed, to the principal of \$45,800 plus 50% of the appreciation (\$330,000 minus any amounts
11 spent by the Shields that increased their basis).

12 On January 23, 2006, the Shields filed suit against the CRA seeking to invalidate the
13 shared appreciation provision in the note and the deed. The Third Amended Complaint has four
14 causes of action: 1) Violation of Civil Code section 2943, failure to provide a legally timely
15 written payoff demand when requested; 2) Violation of the state usury laws; 3) Declaratory
16 Relief; 4) Violation of Civil Code section 1671 (invalid liquidated damages provision). The
17 Shields had also requested a payoff demand statement from the CRA which the CRA never
18 provided.¹

19 The CRA contended that it is neither in violation of state usury laws nor the state laws
20 regarding liquidated damages nor any statutory prohibitions against pre-payment penalties.
21 Moreover, it contended that it had a right to the principle and 50% of the appreciation under the
22 note, and the second trust deed should be upheld because the Shields' sold the property after
23 three years and thus failed to live in the house for at least five years.

24 ///

25 ///

26 _____

27 ¹The CRA does admit that after the Shields' multiple requests for a demand statement
28 over several months and numerous discussions with the Shields' lawyer about the information
required before the CRA could issue a written demand statement, the CRA ultimately never sent
the requested statement.

1 The Court, after considering the undisputed facts, the terms of the note and trust deed,
2 and the briefs and motions filed by the plaintiffs and the defendant, rules in favor of plaintiffs
3 and makes the following findings:

- 4 1. The CRA violated Civil Code section 2943 in its willful refusal to provide a
5 payoff demand statement when requested by both the Shields and the escrow
6 company.
- 7 2. The loan repayment terms in the promissory note and deed of trust violate State
8 law as they are pre-payment fees, coupled with an acceleration clause, are
9 unreasonable in amount and they are in violation of Civil Code section 2954.10
10 and Title 12 of the Code of Federal Regulations, section 541.14, which
11 specifically preclude a prepayment fee when there is an acceleration clause in a
12 deed of trust that is due on sale. In addition, the sale at issue was not a credit/cash
13 sale but a single transaction with one price by the seller who financed the sale
14 with a deed of trust secured by the property. The prepayment statutes equally
15 apply to CRA. The Court further finds that the requested prepayment penalty by
16 the CRA is unconscionable and in violations of numerous Civil Code sections
17 relating to penalties, prepayment fees, and truth and lending disclosures.
- 18 3. Plaintiffs are entitled to statutory prejudgment interest running from December 27,
19 2005 to the date the judgment in this matter is executed.
- 20 4. Plaintiffs are entitled to attorneys' fees and costs incurred in prosecuting their
21 complaint as provided by the contract and statute and are the prevailing party in
22 this matter.

23 **THEREFORE IT IS ORDERED THAT:**

- 24 1. Plaintiffs are entitled to recover statutory damages of \$600.00 for defendant's
25 violations of Civil Code section 2943 for the two violations of Civil Code section
26 2943, one being the escrow company demand, one being the demand by Shields'
27 counsel.

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2. Plaintiffs are entitled to recover \$33,230.44 plus prejudgment interest at 7% in the amount of \$4,192.85. The Court finds that the monies held in Stewart Title company in the amount of \$37,423.29 shall be released to plaintiffs' attorney Ronald Richards, Esq., by bank wire to his attorney client trust account.
3. Stewart Title shall release \$52,576.71 to Defendant CRA, which is the principle on the note, \$45,800, plus 7% interest, non-compounded.
4. Defendant CRA is ordered to reconvey the deed of trust for the property at issue upon receipt of the proceeds from title within seven days or execute a reconveyance and deposit it with Stewart Title in exchange for a release of funds.
5. Defendant is instructed to cancel the promissory note dated 12-13-02 which is now fully discharged and satisfied.
6. Plaintiffs are to recover attorneys fees and costs pursuant to law. Plaintiff may file a motion for attorneys' fees and costs pursuant to Rule 3.1702 of the California Rules of Court. The Court finds that Plaintiffs are the prevailing party in this action. A hearing date that motion has been set for September 13, 2007 at 10:00 a.m.

AUG 9 2007
Date

Soussan G. Bruguera
The Honorable Soussan G. Bruguera
Judge of the Superior Court

1 **PROOF OF SERVICE**

2 STATE OF CALIFORNIA)
3 : ss.
4 COUNTY OF LOS ANGELES)

5 I am employed in the County of Los Angeles, State of California. I am over the age of 18,
6 and not a party to the within action; my business address is P.O. Box 11480, Beverly Hills,
7 California 90213.

8 On August 2, 2007, I served the foregoing documents described as:

9 **PROPOSED ORDER**

10 on the parties interested in this action, by:

11 placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid
12 in the United States Mail at Los Angeles, California 90213, addressed as follows:

13 Melody Bormaster
14 Deputy City Attorney
15 200 North Main Street, City Hall East, 9th Floor
16 Los Angeles, California 90012
17 fax 213-473-6818

18 *Attorneys for Defendant*

19 *The Community Redevelopment Agency of the City of Los Angeles, California*

20 by causing such document to be delivered by hand to the office(s) of the address (es) as
21 follows:

22 by transmitting by facsimile a true copy thereof, addressed and fax number as follows:

23 (See Attached Exhibit " ") *EMAIL*

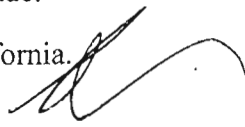
24 (State), I am readily familiar with the Law Offices of Ronald Richards & Associates' practice for collection and processing of correspondence for mailing. Under that practice it would
25 be deposited with U.S. postal service on that same day with postage thereon fully prepaid at Los
26 Angeles, California in the ordinary course of business. I am aware that on motion of the party
27 served, service is presumed invalid if postal cancellation date or postage meter date is more than
28 one day after date of deposit for mailing in affidavit.

(State) I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

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

(Federal/Bankruptcy) I declare that I am an employee in the office of a member of the bar of this Court at whose direction the service was made.

Executed on August 2, 2007, at Los Angeles, California.



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LOS ANGELES
SUPERIOR COURT

1 Ronald Richards, Esq. (SBN 176246)
2 LAW OFFICES OF RONALD RICHARDS & ASSOCIATES
3 9255 Doheny Rd., Suite 1204
4 West Hollywood, CA 90069
5 **Mailing Address:**
6 **P.O. Box 11480**
7 **Beverly Hills, California 90213**
8 **Telephone (310) 556-1001**
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6 Attorneys for plaintiffs LARRY and MELISSA SHIELDS

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
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15 THE COMMUNITY REDEVELOPMENT
16 AGENCY OF THE CITY OF LOS
17 ANGELES, CALIFORNIA, and DOES 1
18 through 100, inclusive,

18 Defendants.

Case No. BC 346 249

[assigned for all purposes to the Honorable
Soussan G. Bruguera, Judge, dept. 71]

(~~PROPOSED~~) JUDGMENT

19 The Court hereby adopts all its findings in the previous order after the hearing on July 26,
20 2007 and incorporates them herein by reference.

21 **AS SUCH, JUDGMENT IS ENTERED AS FOLLOWS:**

- 22 1. Plaintiffs are entitled to recover statutory damages of \$600.00 for defendant's
23 violations of Civil Code section 2943 for the two violations of Civil Code section
24 2943, one being the escrow company demand, one being the demand by Shields'
25 counsel.
- 26 2. Plaintiffs are entitled to recover \$33,230.44 plus prejudgment interest at 7% in the
27 amount of \$4,192.85. The Court finds that the monies held in Stewart Title
28 company in the amount of \$37,423.29 shall be released to plaintiffs' attorney

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Ronald Richards, Esq., by bank wire to his attorney client trust account.

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5. Defendant is instructed to cancel the promissory note dated 12-13-02 which is now fully discharged and satisfied.
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Date

The Honorable Soussan G. Bruguera
Judge of the Superior Court

