UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

In re: Park View Apt, LLC

Park View Apt., LLC · No. Case No. 24-11663 (LSS) · Decided June 9, 2026

SUMMARY

The United States Bankruptcy Court for the District of Delaware addresses whether rental proceeds held in the debtor's debtor-in-possession account constitute American First National Bank's cash collateral. The court concludes that the rents are subject to the bank's perfected assignment of rents and security interest, and that the debtor could not use them without consent or court authorization under 11 U.S.C. § 363(c)(2). The court grants the motion to enforce and directs that the funds be turned over to American First because its secured claim remains unpaid.

CASE DETAILS

COURT	United States Bankruptcy Court for the District of Delaware
WRITING FOR THE COURT	Laurie Selber Silverstein
JURISDICTION	United States Bankruptcy Court for the District of Delaware
DECIDED	June 9, 2026
DOCKET	Case No. 24-11663 (LSS)
DISPOSITION	other
PROCEDURAL POSTURE	The United States Trustee moved to dismiss the Chapter 11 case. American First National Bank, the debtor's secured lender, consented to dismissal but sought enforcement of a prior stipulation and turnover of funds in the debtor-in-possession account. The court treated the dispute as a cash-collateral matter and decided it on the motions and briefing because there were no disputed facts or due-process concerns.
STANDARD OF REVIEW	The court applied the plain language of 11 U.S.C. §§ 363(a) and 363(c)(2), California law governing assignments of rents, and the undisputed facts.
PRECEDENTIAL VALUE	Unknown
PARTIES	American First National Bank, N.A. v. Park View Apt, LLC

TOPICS

bankruptcy chapter 11 real estate remedies foreclosure

PRACTICE AREAS

Bankruptcy Real estate finance Secured transactions Cash collateral

QUESTIONS PRESENTED

1. Whether rents collected before and after the bankruptcy filing and retained in the debtor's DIP Account constituted American First's cash collateral under 11 U.S.C. § 363(a).
2. Whether American First's failure to take an affirmative enforcement action before the rents were collected or during the bankruptcy case eliminated its interest in the rents or prevented them from constituting cash collateral.
3. Whether the funds in the DIP Account had to be turned over to American First before dismissal of the bankruptcy case.

HOLDINGS

1. The rents collected both prepetition and postpetition and retained in the debtor's identifiable, non-commingled DIP Account were cash collateral because American First held a perfected security interest and assignment of rents in them.
2. American First was not required to take an additional enforcement action before the rents were collected or during the bankruptcy case in order to retain an interest in the funds as against the debtor and establish that the funds were cash collateral.
3. Because the DIP Account funds were American First's cash collateral and American First's secured claim had not been paid in full, the funds had to be turned over to American First.

KEY QUOTATIONS

> *"Under both California law and federal bankruptcy law, a secured creditor that has not enforced a properly perfected assignment of rents is not entitled to possession of rental proceeds that are transferred to third parties."* (at 11)

> *"Thus, rents collected prepetition and postpetition and in which the lender has an interest are cash collateral."* (at 11)

> *"As I have determined that the funds in the DIP Account are cash collateral, and it is undisputed that American First's secured claim has not been paid in full, the funds must be turned over to American First."* (at 12)

FACTUAL BACKGROUND

Park View owned two parcels of real property in Los Angeles, California, and American First was its prepetition secured lender. American First held a perfected security interest and assignment of rents, and the parties' approved stipulation recognized its first-priority secured claim and lien. The debtor failed to pay the stipulated claim amount, American First foreclosed, and rents collected before and after the bankruptcy filing remained in the debtor's non-commingled DIP Account rather than being transferred to third parties.

PROCEDURAL HISTORY

Park View Apt, LLC filed Chapter 11 on August 6, 2024. After confirmation proceedings and an unresolved claim objection, the parties entered into a stipulation approved by the court; the debtor failed to pay American First by the specified deadline, the plan did not become effective, the automatic stay terminated as to American First, and American First foreclosed. The United States Trustee then sought dismissal, while American First moved to enforce the stipulation and obtain the funds held in the DIP Account. After a joint hearing on April 23, 2026, the court granted enforcement to the extent described in the memorandum order.

DISPOSITION

other

CASES CITED

- In re GOCO Realty Fund I, 151 B.R. 241 (Bankr. N.D. Cal. 1993)
- Sears Sav. Bank v. Tucson Indus. Partners (In re Tucson Indus. Partners), 129 B.R. 614, 625 (B.A.P. 9th Cir. 1991), vacated as moot, 990 F.2d 1099 (9th Cir. 1993)
- In re Pavilion Place Assocs., 89 B.R. 36, 39 (Bankr. D. Minn. 1988)
- N.Y. Life Ins. Co. v. Bremer Towers, 714 F. Supp. 414, 418 (D. Minn. 1989)
- In re Constable Plaza Assocs., L.P., 125 B.R. 98 (Bankr. S.D.N.Y. 1991)
- In re Brandon Assocs., 128 B.R. 729, 730 (Bankr. W.D. Va. 1991)
- In re Coventry Commons Assocs., 143 B.R. 837 (E.D. Mich. 1992)
- Vienna Park Props. v. United Postal Sav. Ass'n (In re Vienna Park Props.), 976 F.2d 106 (2d Cir. 1992)
- In re 1560 Wilson Boulevard L.P., 206 B.R. 819, 824 (Bankr. E.D. Va. 1996)
- In re Continental Airlines, Inc., 146 B.R. 536, 539 (Bankr. D. Del. 1992)