

IN THE COURT OF COMMON PLEAS
COUNTY OF PHILADELPHIA
CIVIL TRIAL DIVISION

| | | |
|----------------------------|---|-------------------------|
| Univest Bank and Trust Co. | : | March Term, 2017 |
| <i>Plaintiff,</i> | : | No. 02437 |
| | : | |
| v. | : | Civil Division |
| | : | |
| Lurube Developers, LLC | : | Control Number 20012667 |
| | : | |
| <i>Defendant.</i> | : | |

ORDER

And Now, this 5th day of March, 2021, upon consideration of Defendant Lurube Developers, LLC's Petition to Set Aside the Sheriff's Sale of January 7, 2020 of the Real Property at 1700 Christian Street, Philadelphia, PA 19146, and opposition thereto, and following a hearing and a sixty (60) day period thereafter in which the Petition has been held under advisement, and absent notification that Defendant's mortgage loan obligations to Plaintiff have been resolved, and for the reasons explained in an accompanying Opinion, it is hereby **ORDERED** that the Petition is **DENIED** and the stay of transfer of title following Sheriff's Sale is **LIFTED**.

And Further, the Sheriff of Philadelphia is **AUTHORIZED** to proceed with all lawful actions regarding the Sheriff's Sale of 1700 Christian Street which took place on January 7, 2020.

BY THE COURT



RAMY I. DJERASSI, J.

**IN THE COURT OF COMMON PLEAS
COUNTY OF PHILADELPHIA
CIVIL TRIAL DIVISION**

| | | |
|-----------------------------------|---|--------------------------------|
| Univest Bank and Trust Co. | : | March Term, 2017 |
| <i>Plaintiff,</i> | : | No. 02437 |
| | : | |
| v. | : | Civil Division |
| | : | |
| Lurube Developers, LLC | : | Control Number 20012667 |
| | : | |
| <i>Defendant.</i> | : | |

OPINION

INTRODUCTION

This case follows entry of judgment against Defendant Larube Developers, LLC after it defaulted on a mortgage for property it owns at 1700 Christian Street in Philadelphia. The property was sold at a Philadelphia sheriff's sale on January 7, 2020 and Defendant thereafter filed a petition to set aside. For reasons explained here, the petition is now denied and the Sheriff is authorized to resume her normal procedures regarding 1700 Christian.

STATEMENT OF FACTS

Raymond Johnson ("Mr. Johnson") is the CEO and the sole owner of LuRube Developers, LLC ("LuRube Developers") which was formed in August, 2001.

Since 2010 Larube Developers sought to develop 1700 Christian Street, a corner property in the Graduate Hospital section of Philadelphia for improvement including the addition of a

fourth floor. Unfortunately, Defendant experienced mortgage defaults, unfulfilled zoning applications and L&I violations. 1700 Christian was eventually brought to sheriff's sale on January 7, 2020,. Plaintiff Univest Bank and Trust Co. ("Univest Bank") holds the mortgage lien.¹

RELEVANT PROCEDURAL HISTORY

After Defendant defaulted on its mortgage debt to Univest Bank, judgment was confessed on March 22, 2017 in the amount of \$369,810.29.

Sheriff's sale for 1700 Christian was originally scheduled on November 7, 2017 and then continued to December 5, 2017. One day before the rescheduled sale, Plaintiff and Defendant entered into a Forbearance Agreement where Mr. Johnson and his wife agreed to be guarantors.² Defendant defaulted on the Forbearance Agreement and the guarantors have been unable to pay the loan.

On February 12, 2018, Plaintiff filed a praecipe assigning third party Pennsylvania Holding Trust authority to execute on the judgment for Univest Bank. Pennsylvania Holding Trust has handled administration of Plaintiff's interest in 1700 Christian through sheriff's sale.

A March 6, 2018 sheriff's sale listing was postponed at Defendant's request to give a new potential lender, Gelt Financial, a chance to consider investing in 1700 Christian under Defendant's ownership. Gelt Financial declined and the property was relisted for sheriff's sale, though the sales amount received new postings from Pennsylvania Holding Trust to account for

¹ Defendant argues that Rubystine Johnson had a 9% ownership interest in Defendant LuRube Developers, LLC, but the evidence did not establish this, though we find she was a guarantor of Defendant's debt under a Forbearance Agreement dated December 4, 2017.

² Under the terms of the Forbearance Agreement, Defendant agreed that Univest would forbear from selling the property at Sheriff's sale provided "a final balloon payment of all outstanding principal, accrued interest and other charges and fees due" was made on or before February 2, 2018.

new interest and attorney's fees charges. The current judgment amount is \$469,825.25, an amount undisputed by Defendant.

On October 16, 2019, a Praecipe for Writ of Execution was filed on Plaintiff's behalf and on October 31, 2019, Plaintiff sent a notice of the sheriff's sale to Defendant's counsel of record at the time, Matthew B. Weisberg, Esq. Sheriff's Sale of 1700 Christian Street took place on January 7, 2020 before the pandemic. Defendant timely filed a Petition to Set Aside the Sheriff's Sale.

By Order dated March 13, 2020, this Court directed the Sheriff to stay transfer of title to 1700 Christian pending an evidentiary hearing. Continuances arose due to the pandemic but a hearing by Zoom took place on November 6, 2020. Thereafter, we held the petition under advisement for sixty (60) days and we announced we were doing so to give Defendant another chance to obtain funds to pay the judgment.

ANALYSIS

Defendant's petition to set aside the sheriff's sale is denied.

A. Defendant received proper notice of the sale

On October 31, 2019, Defendant's attorney received notice that the sheriff's sale was scheduled to take place on January 7, 2020. Defendant did not take legal action before the date of the sale or on the date of the sale. The sheriff's sale went ahead lawfully and a few days later, Lurube Developers filed the instant petition. After delays due to the pandemic, we conducted an evidentiary hearing by Zoom hearing in November 2020.

We find the evidence was clear that Defendant was afforded multiple opportunities to avoid sheriff's sale. These included forbearance agreements and sheriff's sale postponements.

LaRube Developers was not prejudiced; Defendant had legal notice and the sheriff's sale proceeded according to law.

We have applied equity principles to determine the fairness of allowing the sheriff's sale to result in transfer of title. On one hand, Defendant had invested a substantial amount of money to improve the property and immediately following the default, Defendant took concrete steps to address the debt. On the other hand, Defendant never paid money toward this debt since March 2017. This chronic delinquency was compounded by numerous unaddressed L&I violations which burdened the property and chilled its attractiveness to new investors under the existing ownership. From an equity standpoint, the property has been vacant for years and the bank is owed a substantial sum of money after many good faith efforts to preserve the property in the ownership of the Johnson family. As one last opportunity, we decided to hold off on denying the Petition to Set Aside the Sheriff's Sale for an additional sixty (60) day period after Mr. Johnson advised that potential lenders were still available to LaRube Developers. There has not been a rescue, and accordingly Defendant's Petition to Set Aside the Sheriff's Sale is now denied, and the stay of title transfer is lifted.

CONCLUSION

For the foregoing reasons, the Sheriff is authorized to go forward in the matter of 1700 Christian Street and transfer title according to her usual procedures.

Date: March 5, 2021

BY THE COURT



RAMY I. DJERASSI, J.