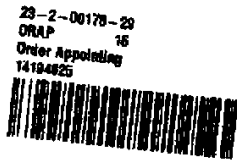


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Elliott Bay Asset Solutions, LLC
2330 – 130th Avenue NE, Suite 102
Bellevue, Washington 98005

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Recording Cover Page

<p>Document Title(s) (for transactions contained therein):</p> <p>Order Appointing General Receiver</p>
<p>Reference Number(s) of Documents assigned or released: (on page __ of document(s))</p>
<p>Grantor(s)</p> <p>A&S Hotels, LLC, a Washington Limited Liability Company</p>
<p>Additional Names on page of document.</p>
<p>Grantee(s)</p> <p>Elliott Bay Asset Solutions, LLC</p>
<p>Additional Names on page of document.</p>
<p>Legal Description (abbreviated i.e. lot, block, plat or section, township, range)</p> <p>Lot A-1, CITY OF MOUNT VERNON BINDING SIRE PLAN NO. MV-1-90, as approved September 25, 1990, and recorded September 25, 1990, in Volume 9 of Plats, Page 282, under Auditor's File No. 9009250037, records of Skagit County, Washington, being a portion of the North Half of the Northwest Quarter of the Southeast Quarter of Section 18, Township 34 North, Range 4 East of the Willametta Meridian, Situated in Skagit County, Washington.</p>
<p>Additional legal is on page of document.</p>
<p>Assessor's Property Tax Parcel/Account Number</p> <p>P26212 / 8037-000-001-0100</p>
<p>The Auditor/Recorder will rely on information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.</p>



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SUPERIOR COURT OF THE STATE OF WASHINGTON
COUNTY OF SKAGIT

BANK OF HOPE, a California bank
corporation,

Plaintiff,

vs.

A&S HOTELS, LLC, a Washington
limited liability company

Defendant.

Case No. 23-2-00178-29

ORDER APPOINTING GENERAL
RECEIVER

14

THIS MATTER, having come before the Court on the Motion for Appointment of General Receiver with the Power of Sale (the "Motion") filed by Bank of Hope (the "Bank"), and the Court having considered the: (1) Motion; (2) Declaration of Ki Wook Lee in Support of Motion for Order Appointing General Receiver with the Power of Sale; (3) Declaration of Stuart Heath in Support of Motion for Appointing General Receiver with the Power of Sale; (4) Declaration of Jesús Miguel Palomares in Support of Motion for Appointing General Receiver with the Power of Sale and (5) record and files contained therein, and the Court finding that notice of the Motion was proper, and the Court being otherwise fully advised, the Court makes the following findings:

1. On or about August 11, 2017, A&S Hotels, LLC ("A&S") entered into a business loan agreement (the "Business Loan Agreement") with the Bank, pursuant to which the Bank agreed to lend A&S the sum of \$4,100,000. Also on August 11, 2017, A&S entered into a Loan Agreement

ORDER APPOINTING GENERAL RECEIVER - 1

4857-3516-1425.2

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SEATTLE, WASHINGTON 98121

1 (the "SBA Loan Agreement") with the U.S. Small Business Administration (the "SBA"), pursuant
2 to which the SBA agreed to guaranty the loan from the Bank to A&S.

3 2. On or about August 11, 2017, A&S executed and delivered to Bank of Hope and the
4 SBA a promissory note (the "Note") in the original principal amount of \$4,100,000.

5 3. The obligations of the Note are secured by a deed of trust (the "Deed of Trust")
6 recorded on August 16, 2007, under Skagit County Auditor's No. 201708160058.

7 4. The Deed of Trust encumbers the Property legal described as:

8 Lot A-1, CITY OF MOUNT VERNON BINDING SIRE PLAN NO. MV-1-90, as
9 approved September 25, 1990, and recorded September 25, 1990, in Volume 9 of Plats,
10 Page 282, under Auditor's File No. 9009250037, records of Skagit County, Washington,
being a portion of the North Half of the Northwest Quarter of the Southeast Quarter of
Section 18, Township 34 North, Range 4 East of the Willametta Meridian, Situated in
Skagit County, Washington.

11 Commonly known as the Best Western College Way located at 300 W. College Way, Mount
12 Vernon, Washington. The real property described above, together with all rights, title, and interests
13 in and to all present and future: buildings, improvements, and tenements related to the real
14 property; all leases and rental agreements related to the real property; all rent, revenue, income,
15 issues, profits, proceeds, and other benefits derived from the real property; security deposits, pre-
16 paid rents, other deposits, storage fees, and parking fees related to or arising from the real property;
17 all personal property located on the real property; all machinery, furniture, fixtures and equipment
18 located on the real property; all architectural drawings and renderings, development feasibility and
19 environmental reports, plans, permits, licenses and other entitlements related to the real property;
and all bank accounts which derive from or relate to the real property shall be the "Property."

20 5. The obligations due under the Note are further secured by a Commercial Security
21 Agreement and an Assignment of Rents (the "Security Agreement" and "Assignment of Rents,"
22 and, collectively with the Deed of Trust, Note, Business Loan Agreement, and SBA Loan
23 Agreement, the "Loan Documents"). The Security Agreement grants the Bank a security interest in
the following owned by A&S:

24
25 All inventory, equipment, accounts (including but not limited to all
26 health-care insurance receivables), chattel paper, instruments
(including but not limited to all promissory notes), letter-of-credit
rights, letters of credit, documents, deposit accounts, investment

ORDER APPOINTING GENERAL RECEIVER - 2

4857-3516-1425.2

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1 property, money, other rights to payment and performance, and
2 general intangibles (including but not limited to all software and all
3 payment intangibles); all fixtures; all attachments, accessions,
4 accessories, fittings, increases, tools, parts, repairs, supplies, and
5 commingled goods relating to the foregoing property, and all
6 additions, replacements of and substitutions for all or any part of the
7 foregoing property; all insurance refunds relating to the foregoing
8 property; all good will relating to the foregoing property; all records
9 and data and embedded software relating to the foregoing property,
10 and all equipment, inventory and software to utilize, create, maintain
11 and process any such records and data on electronic media; and all
12 supporting obligations relating to the foregoing property; all
13 whether now existing or hereafter arising, whether now owned or
14 hereafter acquired or whether now or hereafter subject to any rights
15 in the foregoing property; and all products and proceeds (including
16 but not limited to all insurance payments) of or relating to the
17 foregoing property.

18 6. As of January 31, 2023, there was due and owing under the Note the principal
19 amount of \$3,928,783.65; plus daily interest accruing later on the principal balance in the amount
20 of \$333,381.21; plus late charges and other fees of \$99,107.41. The Bank has incurred and will
21 continue to incur attorney fees and costs as part of enforcement of the Loan Documents.

22 7. A&S is in default under the terms of the Loan Documents for failure to make
23 payments when due, and for the cessation of business operations.

24 8. The Property has a history of being used as a site for the sale and use of drugs and
25 prostitution.

26 9. A&S is in control of the Property and its revenue producing potential, and
appointment of a receiver is necessary to effectuate and enforce the Bank's interest in the Property.

10. Grounds exist for the appointment of a receiver in accordance with the terms of
RCW 7.60.025 to take charge over the Property subject to the security interests of record.

11. The appointment of a receiver is reasonably necessary and other available remedies
either are not available or inadequate.

Based on the above, it is hereby ORDERED that:

1. The Motion is GRANTED.

2. Elliott Bay Asset Solutions, LLC ("Elliott Bay"), whose address is 2330 – 130th
Avenue NE, Suite 102, Bellevue, Washington 98005 ("the Receiver") is hereby appointed as
receiver to take charge over the Property, subject to the security interests of record. No other assets
other than the Property will be subject to the control of the Receiver. During pendency of the

ORDER APPOINTING GENERAL RECEIVER - 3

4857-3516-1425.2

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1 Receivership, and until further order of the Court, the Property shall remain under this Court's
2 exclusive jurisdiction in accordance with RCW 7.60.055. Unless and until otherwise ordered by
3 the Court, the Receiver shall be a General Receiver over the Property, with exclusive possession
4 and control over it, with the power and authority authorized by RCW 7.60.060, to manage the
5 same with all rights and options available which the owner of the Property might do in the ordinary
6 course of the operation or use of the Property including, but not limited to, the purchase and sale
7 of goods or services to manage, maintain, preserve, protect, repair, alter, improve, market, list and
8 sell the Property in the Receiver's discretion.

8 3. The Receiver is authorized to collect, settle, and compromise and otherwise liquidate
9 any and all rents, revenues, income, issues, profits, proceeds and other benefits derived from the real
10 property as well as security deposits, pre-paid rents, other deposits, storage fees, and parking fees
11 related to or arising from the Property, without further order of this Court or, in the Receiver's sole
12 discretion, with court approval on notice and hearing including an ex parte basis. The Receiver may
13 undertake its collection duties in A&S's and/or the Receiver's name in assisting it with the collection
14 of any sums due arising from or related to the Property. The Receiver may take all actions necessary
15 to manage, maintain, preserve, protect, repair, alter, improve, market, list and sell the Property
16 manage and liquidate the Property and proceeds, including without limitation notifying account
17 debtors and tenants to pay the Receiver directly the proceeds of all outstanding accounts receivable
18 and a copy of this Order may be remitted to account debtors and tenants and may be relied upon by
19 account debtors and tenants as authority to pay the Receiver solely and directly. Any account debtor
20 or tenant who makes payment to the Receiver shall have full credit in the amount of such payment
21 with respect to its obligations owing thereto.

20 4. The Receiver shall file with the Court a cash flow statement and a summary of
21 accounts payable every calendar quarter. Each report of the Receiver shall be due by the last day of
22 the month following the end of each calendar quarter, commencing July 31, 2023. This quarterly
23 report shall replace, and is in lieu of, the requirements of RCW 7.60.100.

24 5. The Receiver is authorized to perform legal, accounting, consulting and tax services
25 with respect to the Property, as necessitated by this proceeding or by law in connection with the
26 performance of the Receiver's duties. The Receiver shall be under no obligation to complete or file
tax returns or other regulatory or governmental reports on behalf of the A&S, such responsibility to

ORDER APPOINTING GENERAL RECEIVER - 4

4857-3516-1425.2

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1 remain with the A&S; but the Receiver shall furnish A&S with such access to books and records
2 within the Receiver's custody or control as reasonably may be requested by A&S and necessary in
3 order for A&S to complete and file such returns, or other Regulatory or governmental filings or
4 reports, provided that A&S shall provide thirty (30) business days advance notice of the filing or
5 submission of any such returns, filings or reports.

6 6. The Receiver shall have sole and exclusive possession of and control over the
7 Property.

8 7. A&S shall not take any actions to manage, maintain, preserve, protect, repair, alter,
9 improve, market, list and/or sell the Property. A&S shall not take any actions to encumber the
10 Property. A&S shall not enter, be on or occupy the Property. The Receiver is authorized to bring and
11 prosecute actions for (i) the recovery and/or possession of the Property, subject to the interest of
12 Plaintiff; (ii) the collection of any sums owing that arise from or relate to the Property; (iii) the
13 termination of any existing lease agreements, rental agreements, option agreements, and/or any other
14 agreements regarding possession or occupancy of the Property; and (iv) to bring turnover, ejection,
15 eviction and unlawful detainer actions necessary to restore exclusive possession of and control over
16 the Property to the Receiver.

17 8. The Receiver may open and maintain such bank accounts as may be necessary for the
18 deposit of monies collected or received by the Receiver. Such bank accounts shall not be considered
19 lawyer's trust accounts but rather Receiver bank accounts for use in this receivership proceeding
20 pursuant to this Order. Any deposits or proceeds of deposits deposited in the Property's bank
21 accounts may be transferred to the Receiver's accounts. The Receiver may use the A&S's federal
22 tax identification numbers to provide to such banks so as to establish such accounts and A&S shall
23 provide thier federal tax identification numbers to the Receiver within three (3) days.

24 9. Pursuant to the applicable provisions of RCW 7.60.110, the entry of this Order
25 operates as a stay, applicable to all persons, of:

- 26 a. The commencement or continuation, including the issuance or employment of
process, of a judicial, administrative, or other action or proceeding against the
Property that was or could have been commenced before the entry of this Order, or
to recover a claim against the person that arose before the entry of this Order;

- 1 b. The enforcement, against the Property of a judgment obtained before the entry of this
2 Order;
- 3 c. Any act to obtain possession of the Property from the Receiver, or to interfere with,
4 or exercise control over the Property;
- 5 d. Any act to create, perfect, or enforce any lien or claim against the Property.

6 The stay as to the acts specified above shall remain in place during the pendency of this
7 proceeding unless the Court for good cause shown enters an order of the court lifting the stay, after
8 notice and a hearing.

9 10. The Receiver is authorized to assume or reject executory contracts and unexpired
10 leases of the Property as the Receiver deems to be in the best interests of the creditors generally,
11 provided such assumption or rejection shall require a further order of this Court upon appropriate
12 notice to the parties in accordance with RCW 7.60.130.

13 11. The Receiver is authorized to pay, as or after they have become due, all valid
14 obligations properly incurred in connection with its administration of the Property or the exercise of
15 its duties under this Order. The Receiver's authorization under this paragraph does not include
16 compensation of the Receiver or its professionals, which compensation shall be subject to the terms
17 of this Order.

18 12. In order to perform its responsibilities, the Receiver is authorized to contract or
19 otherwise provide for goods, materials, services and supplies as determined by the Receiver to be
20 necessary and appropriate, and to pay such sums as the Receiver determines to be reasonable for
21 such goods, materials, services and supplies. The Receiver may employ as non-professional
22 consultants such other entities or persons as the Receiver deems appropriate, including former
23 employees of Debtor under such terms of employment as the Receiver may deem appropriate (who
24 may, but need not be, the same as those who applied for employment with Debtor). In accordance
25 with RCW 7.60.150, the Receiver, upon order of the Court following notice and a hearing, and upon
26 the conditions or terms the Court considers just and proper, may abandon the Property as
27 burdensome to the Receiver or of inconsequential value or benefit. Property that is abandoned no
28 longer constitutes property of the receivership estate subject to the automatic stay.

29 13. No obligation incurred by the Receiver in the good faith performance by it or its
30 members, principals, associates, contractors, and/or employees of its duties in accordance with the

ORDER APPOINTING GENERAL RECEIVER - 6

4857-3516-1425.2

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1 orders of this Court, except to the extent such services are found to have resulted from willful
2 misconduct or fraudulent behavior, whether pursuant to any contract, by reason of any tort, or
3 otherwise shall be its personal obligation; rather, the recourse of any person or entity to whom the
4 Receiver becomes obligated in connection with the performance of its responsibilities, shall be solely
5 against the Property. The Receiver shall have no personal obligation for any obligation incurred by
6 the Receiver in the good faith performance of its duties hereunder, whether pursuant to any contract,
7 by reason of any tort, or otherwise.

8 14. The Receiver is authorized, though not required, to undertake such maintenance,
9 repairs, alterations or improvements to the Property as the Receiver determines to be prudent for
10 preservation or protection of the Property or for the purposes of marketing, listing and/or selling the
11 Property. The Receiver is authorized, and is hereby required, to make such repairs, alterations or
12 improvements to the Property that are legally required. To the extent the Receiver does not have
13 adequate funds, and cannot raise adequate funds, repairs, alterations, or improvements required by
14 law may be grounds for the
15 abandonment of the Property by the Receiver.

16 15. The Receiver is authorized to do all things determined by the Receiver to be necessary
17 to protect and preserve the Property and to maintain or enhance its value or income-producing
18 potential, including but not necessarily limited to leasing or renting space on or within the Property
19 to others, to retaining property managers, agents and consultants, and to exercising all of the powers,
20 duties and other authorities as may be provided by law or which may be necessary in the fulfillment
21 of its duties, and all powers which an owner of the Property might exercise with respect thereto.

22 16. Pursuant to RCW 7.60.060(3), the Receiver, with the Court's approval, after thirty
23 (30) days' notice of the hearing to the parties to this cause of action, those who file a proof of claim,
24 and those who file a notice of appearance, may use, sell, or lease the Property, other than in the
25 ordinary course of business, consistent with RCW 7.60.260. The Receiver's sale of the Property
26 shall be effected free and clear of all other liens and of all rights of redemption, whether or not the
sale will generate proceeds sufficient to fully satisfy all claims, whether allowed or disallowed,
secured by the Property. Subject to the provisos above, the Receiver's sale of the Property shall be
effected free and clear of liens and of all rights of redemption, whether or not the sale will generate
proceeds sufficient to fully satisfy all claims secured by the Property, whether allowed or disallowed.

ORDER APPOINTING GENERAL RECEIVER - 7

4857-3616-1426.2

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1 Upon any sale free and clear of liens in accordance with this order, all security interests and other
2 liens encumbering the Property conveyed transfer and attach to the proceeds of the sale, net of
3 reasonable expenses incurred in the disposition of the Property, in the same order, priority, and
4 validity as the liens had with respect to the Property immediately before the conveyance. The Court
5 may authorize the Receiver at the time of sale to satisfy, in whole or in part, any allowed claim
6 secured by the Property out of the proceeds of its sale if the interest of any other creditor having a
7 lien against the proceeds of the sale would not thereby be impaired.

8 17. The Receiver is authorized at its sole discretion to acquire or renew all governmental
9 licenses, permits or other authorizations, either in the Receiver's name or in the name of the owner
10 of the Property pertaining to the Property or any business associated therewith.

11 18. The parties to this proceeding, their attorneys, and all of the existing and former
12 officers, directors, managers, agents, consultants, contractors, and employees of the A&S shall
13 cooperate with the Receiver in connection with its efforts to manage, maintain, repair, alter, improve,
14 market, list and/or sell the Property. Each of them shall relinquish and deliver possession of the
15 Property to the Receiver within five (5) business days of the entry of this Order. Each of them are
16 enjoined from interfering with the Receiver's exclusive possession, control, management,
17 maintenance, repair, alteration, improvement, marketing, listing and/or selling of the Property. Each
18 of them shall turn over to the Receiver any and all information, documents, books and records that
19 refer or relate to the Property. Without limiting the foregoing, within five (5) business days of the
20 date of this Order, the A&S shall deliver to the Receiver all of the following, to the extent the same
21 are in their possession or under A&S's control:

- 22 a. Exclusive possession and control of the Property, including delivery of all keys, key
23 cards, automatic gate or door openers, and access codes and passwords;
- 24 b. All studies, reports and/or plans that refer or relate to the Property including, without
25 limitation, studies or reports addressing the buildings, improvements, tenements,
26 geotech conditions, soils, surveys, maps, site plans, wetlands, arborist, hydrology,
traffic, site distances, endangered species, fire alarms or suppression, water analysis,
land use, engineering, architectural, and/or other development issues including,
without limitation, correspondence with governmental jurisdictions, license
applications, licenses, permit applications, and/or permits;

- 1 c. Copies of all materials pertaining to any pending or threatened litigation involving
2 the Property;
- 3 d. Copies of all notices, citations, complaints, petitions and other correspondence or
4 communication of any nature relating to any actual or alleged violations of or non-
5 compliance with any laws or regulations applicable to the Property;
- 6 e. All rents, revenues, income, issues, profits, proceeds, and other benefits derived from
7 the Property collected from and after the date of the entry of this Order (to the extent
8 that such amounts are still in the A&S's possession or control);
- 9 f. Possession and control (including but not limited to signature authority for all bank
10 accounts) over all security deposits, pre-paid rents, and any other deposits . This shall
11 include, without limitation, all receipts for security deposits, pre-paid rents and any
12 other deposits and the identity and address of the depository bank(s) or other
13 institution(s), and all account names and account numbers of accounts in which
14 security deposits,
15 pre-paid rents, and any other deposits are held;
- 16 g. All leases and rental agreements;
- 17 h. Current rent roll of all rental unit addresses (unit numbers), name of tenants, monthly
18 rent and other payments due from tenants, itemized list of all past-due rents, late fees,
19 monthly charges and other delinquent amounts due from tenants, and a schedule of
20 all security and other deposits, plus all prepaid rents, previously received in
21 connection with leasing at the Property (and how much of such deposits have been
22 applied);
- 23 i. All records of current tenant's rents and deposits and other records relating to the
24 operation, income and expenses of the Property which show the applications of such
25 rents and deposits;
- 26 j. All contracts and agreements relating to the Property, including, without limitation,
all leases, rental agreements, management agreements, and vendor and service
contracts;
- k. Records indicating all amounts owing to contractors and suppliers for tenant
improvements, and other improvements on the Property;

ORDER APPOINTING GENERAL RECEIVER - 9

4857-3516-1425.2

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- 1 l. Records indicating all amounts paid to A&S from and after the date of the entry of
2 this Order, for management fees or services on account of ownership, or otherwise;
- 3 m. All documents relating to the development or potential development of the Property
4 including, without limitation, all architectural drawings and renderings, development
5 feasibility and environmental reports, plans, permits, licenses and other entitlements
6 related to the Property;
- 7 n. All documents relating to marketing, listing and/or selling the Property including,
8 without limitation, all offers to purchase the Property;
- 9 o. A schedule of all employees employed at the Property, setting forth the name, salary,
10 vacation and benefits for each such employee, and copies of all employment contracts
11 with such employees, if any;
- 12 p. Copies of recent invoices and statements from all utility providers, and schedules of
13 all and all deposits or other funds being held by such utility providers; and
- 14 q. Copies of all insurance policies applicable to the Property, and the names and
15 addresses of all insurance agents or carrier representatives.

16 19. Immediately, upon appointment, the Receiver may direct all tenants of the Property
17 to make their rent payments, along with any other payments required under their leases affecting the
18 Property, directly to the Receiver.

19 20. The Receiver's fees shall be based upon the usual and customary hourly rates of
20 personnel to whom the duties or functions are delegated. The Receiver shall be paid as compensation
21 for acting as the Receiver herein the sum of \$375.00 per hour for Principals, \$295.00 per hour for
22 Directors, \$195.00 per hour for Associates/Paralegals/Licensed Assistants/Accounting
23 Assistance/Project Coordinators, and \$150.00 per hour for administrative work. The Receiver shall
24 also be reimbursed for all third-party expenses at cost. The parties and the Court recognize that these
25 hourly rates are subject to periodic review and adjustments to reflect economic or other conditions
26 including changes in the experience and expertise of the Receiver's personnel.

27 21. The approved fees and costs of the Receiver and its attorneys or other professionals
28 employed by it pursuant to the authority granted by this Court, together with all other necessary and
29 reasonable expenses incurred by this receivership, shall be a lien against the Property, subject only
30 to valid and perfected security interests and liens obtained prior to the Receiver's appointment by

1 persons who are not parties to this proceeding and who are determined by the Court not to have been
2 benefited by the Receiver's administration of the Property; provided, however, that the Receiver's
3 surcharging lien shall not be subject to any existing mechanic's liens against the Property. Any
4 security interests or liens of any party to this proceeding against the Property is and shall be
5 subordinate to all such receivership fees, costs and expenses. Allowance and payment of the fees of
6 the Receiver and of its authorized attorneys or other professionals, whether on an interim or final
basis, shall be made as provided in this order.

7 22. Any party wishing to challenge the appointment of the Receiver and/or the terms of
8 this Order must do so within 30 days of the entry of this order. Failure by a party to present any
9 such objections shall be deemed as consent from the party, whether or not they are secured.

10 23. Upon notice to the parties and any other parties requesting notice, without further
11 order of the Court, the Receiver may appoint attorneys, accountants, real estate brokers, land use
12 planners, architects, engineers, environmental consultants, land development consultants, and other
professionals to assist it in carrying out its obligations as Receiver.

13 24. Stuart Heath and William Weisfield, Principals of Elliott Bay, are Attorneys at Law
14 and members of the Washington State Bar Association. Neither Stuart Heath, William Weisfield,
15 nor Elliott Bay shall be deemed to have provided legal services or legal advice to any party, entity,
16 or other person by virtue of Elliott Bay's services as Receiver. The Receiver may act as its own
17 attorney in accordance with RCW 7.60.180(3). Effective as of the date of this order, each of Debtor's
18 attorneys and professionals are hereby discharged from further representation of Debtor unless and
19 until rehired by Receiver or rehired by Debtor following termination of this receivership. Pursuant
20 to RPC 1.9, no attorney who has represented Debtor in this matter may represent a party in interest
21 without first obtaining the Receiver's informed written consent. Receiver shall have all the powers
22 of the directors, officers, managers, governors, agents, consultants, contractors, and employees of
23 Debtor, whose authorities are hereby suspended. Parties in interest shall not continue any pending
24 action in Debtor's name nor bring any new action in Debtor's name. The aforementioned
25 prohibitions include, but are not limited to, the filing of an appeal of this order or the filing of a
26 voluntary bankruptcy in debtor's name as such authority is vested exclusively in the Receiver. Any
parties in interest desiring to take such action must proceed in their own name.

ORDER APPOINTING GENERAL RECEIVER - 11

4857-3516-1425.2

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SEATTLE, WASHINGTON 98121

1 25. The Receiver is authorized to engage real estate brokers to market and sell the
2 Property without further order of the court. Stuart Heath is a principal of the Receiver and is also a
3 licensed real estate broker and owns an independent real estate brokerage, Elliott Bay Land
4 Company, Inc. dba Bellmark Real Estate. Elliott Bay Asset Solutions, LLC is hereby authorized and
5 empowered, without further order of the Court, to retain Elliott Bay Land Company, Inc. dba
6 Bellmark Real Estate as the exclusive listing broker or the co-listing broker to list and market the
7 Real Property and Property provided that the real estate broker commissions shall not exceed six
8 percent (6%) of the sales price for each Real Property and/or Property. In the event that the Receiver
9 engages Elliott Bay Land Company, Inc. as the exclusive listing broker or the co-listing broker and
10 Elliott Bay Land Company, Inc. dba Bellmark Real Estate is paid a real estate broker's commission,
11 then the Receiver shall not be paid an hourly fee for time spent performing real estate brokerage
12 services to list and market the Property.

12 26. After paying the expenses of the Receivership, each month, the Receiver in its
13 discretion will establish an operating reserve for on-going expenses. After establishment of the
14 operating reserve, all remaining net proceeds collected by the Receiver shall be retained for
15 managing, maintaining, repairing, altering, improving, marketing, listing and selling the Property,
16 as provided for herein. Upon sale of the Property, any remaining funds shall be disbursed to lien
17 holders with allowed claims to be applied to the obligations of the Property secured by Deeds of
18 Trust/Judgment Liens against the Property after application of proceeds from sale. The distributions
19 of the remaining funds shall be according to the priority of the liens, after credit for proceeds received
20 from the sale of the Property, to allowed claims. A lender's acceptance and application of any net
21 income received from the Receiver shall not constitute a waiver or cure of the defaults under any
22 notes and/or deeds of trust.

23 27. Any party asserting a claim secured interest in the Property arising prior to the
24 appointment of the Receiver must submit a claim, in writing, by serving a copy of such claim upon
25 the Receiver within ninety (90) days of the entry of this order to be entitled to distributions. Such
26 claim must state the name and address of the creditor, the nature of the claim, the amount owed as
of the entry of this Order, include the document upon which the asserted debt is based, evidence of
perfection of the asserted interest in the Property, and be signed by the person asserting the claim or
an authorized representative of such person. A claim submitted in conformity with the requirements

ORDER APPOINTING GENERAL RECEIVER - 12

4857-3516-1425.2

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1 of this paragraph shall constitute prima facie evidence of the validity and amount of the asserted
2 claim.

3 28. Pursuant to RCW 7.60.060(3), the Receiver or any party in interest can object to the
4 allowance of any claim or the disbursement of a payment on a lien claim against the Property by
5 following the procedure for objection to and allowance of claims set forth in RCW 7.60.220.

6 29. The Receivership shall not be terminated, and the rights and obligations of the parties
7 subject to this Order shall remain in full force, until this Court approves the Receiver's final report
8 or until the Court enters an order terminating the Receivership.

9 30. Notwithstanding any provisions of this Order which may be construed otherwise, the
10 Receiver shall not be required to expend any of its own funds to comply with any of the provisions
11 of
12 this Order.

13 31. The Court acknowledges the Receiver's ability to perform its duties under this Order
14 may be limited by various factors, including but not limited to Receiver's limited access to
15 information. The Court therefore requires only Receiver's best efforts to comply with the duties set
16 forth in this Order and the Receiver may at any time apply to this Court for further or other
17 instructions, or for a modification of this Order, or for further powers necessary to enable the
18 Receiver properly to perform its duties, or for a termination of the Receiver's appointment.

19 32. The Bank shall have the right, but not the obligation, to advance sufficient funds to
20 cover the Receiver's fees and costs and third-party expenses. Any such funds advanced by The Bank
21 shall constitute part of the indebtedness secured by its judgment lien. The Receiver is authorized to
22 request advances from The Bank in such amounts as may be necessary to satisfy the fees, costs and
23 expenses of the receivership, provided, however, The Bank shall have no obligation to make such
24 advance.

25 33. The Receiver shall have no liability for, and shall not be obligated to undertake, any
26 claim, remediation or cleanup with respect to hazardous substances or materials existing under, on,
27 adjacent to, or about the Property. Any liability relating to hazardous substances or materials shall
28 be attached to the Property and not the Receiver personally. Receiver's management or continued
29 operations of the Property shall not subject the Receiver to any liability arising from or in connection

1 with any claim, remediation or cleanup with respect to hazardous substances under, on, adjacent to,
2 or about the Property occurring as a result of the continuing operations.

3 34. Upon fourteen days written notice to the The Bank and A&S, the Receiver may
4 request discharge by means of a motion to this Court. The Receiver shall file a final report and
5 accounting setting forth all receipts and disbursements of the estate which shall be annexed to the
6 motion for discharge and filed with the Court. Upon approval of the final report, the Court shall
7 discharge the Receiver. The Receiver's discharge releases the Receiver from any further duties and
responsibilities as receiver under RCW 7.60 et. seq.

8 35. The Receiver shall post a \$5,000.00 bond with the Clerk of the Court to secure
9 performance of the Receiver's duties hereunder pursuant to RCW 7.60.045. The Receiver is
10 authorized to pay the initial bond premium, and for any extension thereof, from funds in his
11 possession in the receivership estate.

12 Dated this 24 day of March, 2023.

13
14
15 
16 JUDGE

17 Presented by:

18 MILLER NASH LLP

19
20 /s/ David C. Neu
David C. Neu, WSBA No. 33143
21 Jesús Miguel Palomares, WSBA No. 51858
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23 Attorneys for Bank of Hope
24
25
26

Is objected to
Brian Peterson

ORDER APPOINTING GENERAL RECEIVER - 14

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