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Return Address:**CROCKER LAW GROUP PLLC****ATTN: MS. THAO L. NGUYEN****720 Olive Way, Suite 1000****Seattle, WA 98101**Please print or type information **WASHINGTON STATE RECORDER'S Cover Sheet** (RCW 65.04)**Document Title(s)** (or transactions contained therein): (all areas applicable to your document must be filled in)1. **Order Appointing Custodial Receiver****Reference Number(s) of Documents assigned or released:****Grantor(s)** (Last name, first name, initials)

1. Grandview North, LLC

Grantee(s) (Last name first, then first name and initials)

1. Union Bank, N.A.

Legal description (abbreviated: i.e. lot, block, plat or section, township, range)

LOT 2 MV-01-03 BSP aka ptn Tr. 4 Mt. Vernon Acreage

Additional legal is on page 4 of document.

Assessor's Property Tax Parcel/Account Number**P120593/8045-0000-002-0000**

The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

2013 MAY 31 PM 1:32

IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR THE COUNTY OF SKAGIT

UNION BANK, N.A., successor-in-interest to
the FDIC, as Receiver for Frontier Bank,
successor-in-interest to NorthStar Bank, N.A.,

Petitioner,

vs.

Grandview North, LLC, a Washington limited
liability company,

Respondent.

Case No. 13-2-00759-5

ORDER APPOINTING
CUSTODIAL RECEIVER

THIS MATTER having come on regularly for hearing before the Court upon the
Petition for Appointment of Custodial Receiver ("Petition") filed by Petitioner Union
Bank, N.A. ("Union Bank"), with respect to the real property, including improvements
located thereon, located at 425 Commercial St., Mount Vernon, WA 98273 (the "Subject
Property"). The Court has reviewed and considered the pleadings in this case, including
Union Bank's Petition, the Declarations of Andrew Bembry and Tim Patrick in support
thereof, the responsive pleadings, if any, and, hearing the arguments of counsel, and the
Court being fully advised in these premises, NOW, THEREFORE, the Court deems itself
fully advised and finds as follows:

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1 A. Appointment of a receiver is appropriate (1) pursuant to the parties' loan
2 documents attached as exhibits to the Declaration of Andrew Bemby; (2) pursuant to
3 RCW 7.60.025(1)(a) and (nn); and (3) pursuant to the Court's inherent equitable powers
4 over these proceedings.

5 B. Real Estate Recovery Services, LLC ("Real Estate Recovery Services" or
6 "Receiver") is not interested in this action and is competent and qualified to act as the
7 receiver of the Subject Property as described in Union Bank's Petition.

8 C. Union Bank provided adequate and appropriate notice of its Petition and
9 the hearing thereon to Respondent Grandview North, LLC ("Respondent").

10 D. Good cause exists for the expansion, modification, or limitation of the
11 Receiver's various powers and duties under RCW 7.60.060(1)(j) and RCW 7.60.060(3),
12 as is set forth in greater details below.

13 Based upon the foregoing, IT IS ORDERED:

14 1. Pursuant to the terms of this Order, Real Estate Recovery Services is
15 appointed as custodial receiver to take exclusive charge, possession, and control of that
16 certain real property, including the improvements located thereon, commonly known as
17 425 Commercial St., Mount Vernon, WA 98273, Tax Parcel No. 8045-000-002-0000,
18 and more fully described as follows:

19
20 LOT 2, BINDING SITE PLAN NO. MV-01-03BSP, RECORDED JUNE
21 17, 2003, UNDER AUDITOR'S FILE NO. 200306170129, RECORDS
22 OF SKAGIT COUNTY, WASHINGTON, BEING A PORTION OF LOT
23 4, PLAT OF MOUNT VERNON ACREAGE, AS PER PLAT
24 RECORDED IN VOLUME 3 OF PLATS, PAGE 102, RECORDS OF
25 SKAGIT COUNTY, WASHINGTON, AND A PORTION OF THE
26 ABANDONED BELLINGHAM AND SKAGIT RAILWAY ADJACENT
27 THERETO.

28 SITUATE IN THE CITY OF MOUNT VERNON, COUNTY OF
SKAGIT, STATE OF WASHINGTON.

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Attorneys at Law



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1 2. The Receiver shall be appointed to take possession of all the rights, title,
2 and interest in and to all leases, rents, and profits of the Subject Property. "Rents" means
3 all present and future rents, revenues, income, issues, royalties, profits and other benefits
4 derived from the Subject Property. During the receivership, and until further order of the
5 Court, the Subject Property shall remain under this Court's exclusive jurisdiction in
6 accordance with RCW 7.60.55. The Receiver shall not be subject to the control of any of
7 the parties to this matter, but shall be subject only to the Court's direction in the
8 fulfillment of the Receiver's duties;

9 3. The Receiver shall post a \$10,000.00 bond with the Clerk of the Court to
10 secure performance of the Receiver's duties hereunder, pursuant to RCW 7.60.045. The
11 Receiver is authorized to pay the initial bond premium, and any premiums for the
12 extension thereof, from funds belonging to the receivership estate or, in the event there
13 are insufficient funds in the estate, with monies advanced in accordance with paragraph
14 12;

15 4. The Receiver shall be a "custodial receiver" with exclusive control over
16 the Subject Property and all the powers vested in it under RCW Ch. 7.60.060. In addition:

- 17 a. Pursuant to RCW 7.60.060(1)(j) and RCW 7.60.060(3), the Court
18 confers upon the Receiver the authority to liquidate the Subject
19 Property, pursuant to RCW 7.60.260, upon further order of the Court.
20 The Receiver shall give Union Bank, anyone filing a notice of
21 appearance or a proof of claim in this proceeding, and lienholders of
22 record fourteen days' notice of the hearing to approve the sale of the
23 Subject Property. Receiver shall not be required to provide notice to
24 any other person or entity. The Receiver's sale of any or all of the
25 Subject Property shall be effectuated free and clear of liens and of all
26 rights of redemption, whether or not the sale will generate proceeds



1 sufficient to fully satisfy all claims secured by the Subject Property.
2 Upon any sale free and clear of liens in accordance with this Order, all
3 security interests and other liens encumbering the Subject Property
4 conveyed shall transfer and attach to the proceeds of the sale, net of
5 reasonable expenses incurred in the disposition of the Subject
6 Property, including a commercially reasonable brokerage fee, and
7 receivership expenses allocated to the disposition of the Subject
8 Property, in the same order, priority, and validity as the liens had with
9 respect to the Subject Property immediately before the conveyance;

- 10 b. Subject to the cap set forth in Paragraph 4(e) below, the Receiver is
11 authorized to contract with or hire, pay, direct, and discharge all
12 persons deemed necessary by the Receiver, in its sole discretion, for
13 the operation, maintenance, and sale of the Subject Property, including
14 construction and improvements to and marketing for sale the Subject
15 Property;
- 16 c. The Receiver may bring and prosecute actions for the recovery of any
17 receivership property that may be in the possession of any third party;
- 18 d. The Receiver shall have the power to do all things which the owner of
19 the business or the Subject Property might do in the ordinary course of
20 the operation of the business as a going concern or use of the Subject
21 Property, including, but not limited to, the purchase and sale of goods
22 or services in the ordinary course of such business, and the incurring
23 and payment of expenses of the business or Subject Property in the
24 ordinary course. Additionally, the Receiver shall have all of the
25 powers provided by RCW 7.60.130 with respect to executory contracts
26 and unexpired leases, including entering into new leases;



1 e. Except as set forth herein, the Receiver shall not make an expenditure
2 or incur an obligation outside the ordinary course of business to a third
3 party in excess of \$5,000.00, without first obtaining the consent of
4 Union Bank or a Court order, except for the hiring of a real estate
5 broker to market and sell the Subject Property pursuant to the terms
6 hereof provided that no commission is payable to such real estate
7 broker unless and until the sale of the Subject Property is actually
8 consummated;

9 f. The Receiver may open and maintain such bank accounts as may be
10 necessary for the deposit of monies collected or received by the
11 Receiver. The Receiver shall have the power to present for payment
12 any checks, money orders, and other forms of payment made payable
13 to Respondent, or such similar names, trade names, or aliases, which
14 constitute or are derived from the rents and profits (as that term is
15 defined in the Deed of Trust and/or Assignment of Rents granted by
16 Respondent for the Subject Property), endorse same and collect the
17 proceeds thereof, such proceeds to be used and maintained as
18 elsewhere provided herein. The Receiver may obtain a federal tax
19 identification number to provide to such banks so as to establish such
20 accounts;

21 5. The Receiver is authorized to perform legal, accounting, consulting, and
22 tax services with respect to the Subject Property, as necessitated by this proceeding or by
23 law, in connection with the performance of the Receiver's duties. The Receiver shall be
24 under no obligation to complete or file tax returns, or other regulatory or governmental
25 reports, on behalf of Respondent. Such responsibilities shall remain with Respondent;

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1 6. No obligation incurred by the Receiver in the good faith performance by it
2 of the Receiver's duties in accordance with the order of this Court, except to the extent
3 such obligation is found to have resulted from willful misconduct or fraudulent behavior,
4 whether pursuant to any contract, by reason of any tort, or otherwise, shall be the
5 Receiver's personal obligation; rather, the recourse of any person or entity to whom the
6 Receiver becomes obligated in connection with the performance of its responsibilities,
7 shall be solely against the Subject Property. Notwithstanding any provisions of this Order
8 that may be construed otherwise, the Receiver shall not be required to expend any
9 personal funds to comply with any of the provisions of this Order;

10 7. The Receiver is authorized to do all things determined by the Receiver to
11 be necessary to protect and preserve the Subject Property and the proceeds thereof, and to
12 maintain or enhance their value or income producing potential, and to exercise all of the
13 powers, duties, and other authorities as may be provided by law or which may be
14 necessary in the fulfillment of the Receiver's duties, and all powers that the owner of the
15 Subject Property itself might exercise with respect thereto or with respect to the business
16 associated with it, including, but not limited to, making such repairs, alterations or
17 improvements to the Subject Property as the Receiver deems prudent or legally required;

18 8. The Receiver is authorized to acquire or renew all governmental licenses,
19 permits, or other authorizations, either in the Receiver's name or in the name of
20 Respondent, pertaining to the Subject Property or any business associated therewith;

21 9. The Receiver's fee, initially to be funded by the Petitioner, shall be:

- 22 a. A onetime set-up fee of \$2,750.00, plus an initial advance of \$5,000.00
23 for anticipated expenses;
24 b. \$250.00 per hour for work performed by professionals;
25 c. \$125.00 per hour for work performed by administrative staff;



1 d. 1% disposition fee upon asset sale or payoff (partial or in full) if a fee
2 is also paid to a broker, or 3% disposition fee upon asset sale or payoff
3 (partial or in full) if no fee is paid to a broker;

4 e. Payment of the Receiver shall be subject to paragraph 17 below;

5 10. The Receiver may appoint attorneys, accountants, and other professionals
6 to assist the Receiver in carrying on its obligations, as provided by RCW 7.60.180; the
7 Receiver is authorized to retain the law firm of Crocker Law Group PLLC as its counsel,
8 at the firm's customary rates, and the primary working attorney shall be Steven Reilly,
9 whose hourly rate is \$250.00, with paralegal assistance at \$180.00/hour; the supervising
10 attorney is Shelly Crocker, whose hourly rate for this project is discounted to \$410.00.
11 Other rates for the firm range from \$150.00 to \$450.00 per hour, but the firm will use the
12 professional with the lowest billing rate appropriate for the task;

13 11. Any utility company providing services to the Subject Property, including
14 gas, electricity, water, sewer, trash collection, telephone, communications or similar
15 services, shall be prohibited from discontinuing service to the Subject Property based
16 upon unpaid bills incurred by Respondent. Further, such utilities shall transfer any
17 deposits held by the utility to the exclusive control of the Receiver and be prohibited
18 from demanding that the Receiver deposit additional funds in advance to maintain or
19 secure such services, unless so ordered by the court as adequate assurance of payment;

20 12. The Receiver is authorized to request advances from Petitioner in such
21 amounts as may be necessary to satisfy the costs and expenses of the receivership, (each,
22 a "Receivership Advance"); *provided, however*, that any Receivership Advances may be
23 made in Union Bank's sole discretion. Each Receivership Advance will be treated as the
24 lender's expenditures made under the terms of the Deeds of Trust between Union Bank
25 and the Respondents and the loan documents executed in connection therewith, and shall
26 be secured by the same collateral, and to the same extent, as prior advances made

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1 thereunder. Any such Receivership Advances will be secured by a first-priority lien on
2 the Receivership Estate in favor of Union Bank, which shall be binding, perfected, and
3 enforceable without the necessity for any or further action by Petitioner. In the event that
4 Union Bank declines to make Receivership Advances, Receiver will be entitled to
5 terminate its role as receiver upon five days' notice;

6 13. The Receiver may issue demand that the U.S. Postal Service grant
7 exclusive possession and control of mail, including postal boxes, as may have been used
8 by Respondent and may direct that certain mail related to the Subject Property be re-
9 directed to the Receiver;

10 14. Upon taking possession of the Subject Property, the Receiver shall
11 determine whether, in the Receiver's judgment, there is sufficient insurance coverage.
12 With respect to any insurance coverage in existence or obtained, the Receiver, Union
13 Bank, and the property management company, if one exists, shall be named as additional
14 insureds on the policies for the period of the receivership. If sufficient insurance coverage
15 does not exist, the Receiver shall immediately notify the parties to this proceeding and
16 shall have thirty (30) calendar days to procure sufficient all-risk and liability insurance on
17 the Subject Property (excluding earthquake and flood insurance); provided, however, that
18 if the Receiver does not have sufficient funds to do so, the Receiver shall seek
19 instructions from the Court with regard to adequately insuring the Subject Property. The
20 Receiver shall not be responsible for claims arising from the lack of procurement or
21 inability to obtain insurance;

22 15. The receivership shall not be terminated, and the rights and obligations of
23 the parties subject to this Order shall remain in full force, until this Court enters an order
24 terminating the receivership;

25 ///

26 ///

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1 16. This Court shall retain jurisdiction over any dispute arising from the
2 receivership, or relating to the Receiver, which jurisdiction shall be exclusive and shall
3 survive the termination of the receivership;

4 17. The Receiver is authorized to make payment for its fees and costs on a
5 periodic basis, but in any event not more than monthly. The approved fees and costs of
6 the Receiver and its professionals shall be paid from the gross receipts derived from the
7 Subject Property and shall be a first-priority lien on the receivership estate and the
8 Subject Property, with priority over all other liens, including, without limitation, statutory
9 liens. If the assets are not sufficient to pay the Receiver's fees as presented, Union Bank
10 shall advance funds to the Receiver sufficient to pay such approved fees and costs. Any
11 such advance will be considered a Receivership Advance. The Receiver and its
12 professionals may file monthly a Notice of Compensation and serve it on Union Bank
13 and its counsel and any persons who have requested notice, and if no objections are
14 served upon the Receiver within ten (10) days of the date of the Notice, the Receiver may
15 pay the requested amounts without further court order. If there are objections which are
16 unresolved after thirty (30) days, the parties may seek resolution by filing a motion with
17 the court;

18 18. Respondent, and its attorneys, agents, or employees, shall cooperate with
19 the Receiver in connection with the Receiver's management and operation of the Subject
20 Property. Each of them shall relinquish and deliver possession of the Subject Property to
21 the Receiver upon demand, and shall turn over to the Receiver:

- 22 a. The possession of the Subject Property, including all keys to all locks
23 on the Subject Property, and the records, books of account, ledgers,
24 and all business records for the Subject Property (including, without
25 limitation, the plans, specifications and drawings relating to or
26 pertaining to any part or all of the Subject Property), wherever located

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1 and in whatever mode maintained (including, without limitation,
2 information contained on computers and any and all software relating
3 thereto, as well as all banking records, statements and cancelled
4 checks);

5 b. All documents that constitute or pertain to licenses, permits or
6 governmental approvals relating to the Subject Property;

7 c. All documents that constitute or pertain to insurance policies, whether
8 currently in effect or lapsed, that relate to the Subject Property;

9 d. All leases and subleases, royalty agreements, licenses, assignments or
10 other agreements of any kind, whether currently in effect or lapsed,
11 that relate to the Subject Property;

12 e. All documents pertaining to past, present, or future construction of any
13 type with respect to all or part of the Subject Property;

14 f. All documents pertaining to toxic chemicals or hazardous materials, if
15 any, ever brought, used and/or remaining upon the Subject Property,
16 including, without limitation, all reports, surveys, inspections,
17 checklist, proposals, orders, citations, fines, warnings and notices;

18 g. All rents, profits and/or other proceeds derived from the Subject
19 Property, including, without limitation, any security deposits,
20 advances, prepaid rents, storage fees and parking fees, wherever and in
21 whatever mode maintained. Any security or other deposits that tenants
22 have paid to Respondent or its agents and that are not paid to the
23 Receiver, and over which the Receiver has no control, shall be
24 obligations of Respondent and may not be refunded by the Receiver
25 without an order of this Court. Any other security or other deposits
26 that tenants have paid or may pay to the Receiver, if otherwise



1 refundable under the terms of their leases or agreements with the
2 Receiver, shall be refundable by the Receiver in accordance with the
3 leases or agreements;

4 h. Upon request of the Receiver, Respondent shall instruct all property
5 managers, agents, tenants, or others now or hereafter in possession of
6 the Subject Property or any portion of the Subject Property to make all
7 such rent or other payments to the Receiver or the Receiver's
8 designee;

9 19. All financial institutions, credit card processors, insurance agents or
10 underwriters, utility providers, vendors, suppliers, tradesmen, materialmen, service
11 providers, franchisors, taxing agencies, and all government agencies and departments are
12 hereby ordered to take direction from the Receiver as it relates to the accounts of
13 Respondent and to surrender any and all funds held on deposit or apply said funds as
14 directed by the Receiver;

15 20. Unless otherwise ordered by the Court, the Receiver is not obligated to
16 undertake, and will have no liability for any remediation or cleanup with respect to
17 hazardous materials presently existing under, on or about the Subject Property. The
18 Receiver is authorized, in its sole discretion, to initiate environmental due diligence
19 requested by the Petitioner. The Receiver shall have no liability for any environmental
20 due diligence, inspections, or other environmental monitoring it initiates;

21 21. Unless and until the Receiver determines that the net proceeds resulting
22 from the sale of the Subject Property exceed (1) the fees and expenses payable to the
23 Receiver and its professionals and (2) the then-unpaid balance of Petitioner's loan to
24 Respondents, the Receiver shall have no duty to: (a) prepare or file schedules of property
25 and liabilities pursuant to RCW 7.60.090, (b) except as provided in paragraph 22 below,

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1 prepare or file monthly reports pursuant to RCW 7.60.100, or (c) require the submission
2 of or administer any claims;

3 22. The Receiver shall make periodic reports to the Court and to Union Bank
4 of the steps taken to further the above-described activities and such other matters as are
5 proper, and shall make a final report and accounting to the Court upon discharge. Each
6 report shall include a statement of income, expenses, and reimbursements for the
7 preceding calendar quarter, along with any additional information regarding the operation
8 of the Subject Property in narrative form. The Receiver's periodic reports shall be made
9 on a quarterly basis, commencing with a report of the partial quarter ending June 30, with
10 each such report due 30 days following the completion of the quarter. The Receiver shall
11 have no other reporting requirements except for those just described;

12 23. The Receiver shall, on the thirtieth (30th) day of each month for the
13 immediately preceding month during this receivership, deliver to Union Bank the Net
14 Rents derived from the Subject Property during that month in excess of \$10,000. For
15 purposes of this Order, "Net Rents" shall mean all Rents and Proceeds derived from the
16 Subject Property, less expenses paid in the ordinary course of business and fees of the
17 Receiver and its authorized counsel and other employed professionals. The Receiver may
18 maintain a balance of \$10,000 in its account for the Subject Property to cover ordinary
19 course expenses;

20 24. In the event of a sale of any or all of the Subject Property, the Receiver
21 shall deliver to Petitioner, within 90 days of closing, any remaining Net Rents collected
22 by the Receiver during the pendency of this action, related to the property to be sold and
23 then in the possession of the Receiver;

24 25. If the Receiver disposes of any or all of the Subject Property pursuant to
25 RCW 7.60.260, unless otherwise ordered by the Court, all proceeds from each such
26 disposition, net of closing costs and unpaid receivership expenses, shall be remitted
27

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1 directly to Union Bank up to the amount of the indebtedness owed to Union Bank upon
2 Court order. The Receiver shall seek further instruction from the Court as to disposition
3 of any remaining proceeds;

4 26. The Receiver may at any time apply to this Court for further or other
5 instructions, or for a modification of this Order, or for further powers necessary to enable
6 the Receiver to properly perform its duties, or for a termination of the Receiver's
7 appointment;

8 27. The entry of this Order appointing a custodial receiver with respect to the
9 Subject Property shall operate as a stay in accordance with RCW 7.60.110, applicable to
10 all persons except Union Bank and its employees, attorneys or other authorized agents,
11 and the Receiver.

12
13 DONE in open court this 31 day of May, 2013.

14 
15 JUDGE/COMMISSIONER
16
17

18 Presented by:

19 ASSAYAG ♦ MAUSS
20 A Limited Liability Partnership
21

22 By: 

23 Matthew A. Goldberg, WSBA 37410

24 mattg@amlegalgroup.com

25 Allison C. Bizzano, WSBA 45809

26 allisonb@amlegalgroup.com

27 Barbara J. Konior, WSBA 32515

28 barbarak@amlegalgroup.com

Attorneys for Petitioner Union Bank, N.A.

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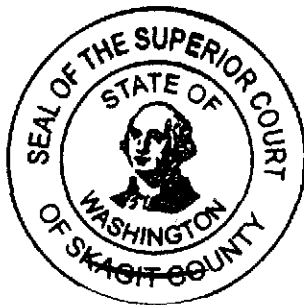
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State of Washington, } ss.
County of Skagit

I, Nancy K. Scott, County Clerk of Skagit County and ex-officio Clerk of the Superior Court of the State of Washington, for the County of Skagit, do hereby certify that the foregoing instrument is a true and correct copy of the original, consisting of 13 pages, now on file in my office.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Seal of said Court at my office at Mount Vernon this 31 day of May, 20 13. Nancy K. Scott, County Clerk.

By 

Deputy Clerk

