

## SETTLEMENT AGREEMENT

This Agreement is entered into by and between the CITY OF AUBURN, Washington, a municipal corporation of the ("the City"), YIHUI WU ("the Claimant"), and RONALD RALPH, HILLTOP INVESTMENTS, LLC, MICHEL P. STERN, AND NORTH CREEK REAL ESTATE INVESTORS, LLC ("Lender").

### RECITALS

Yihui Wu owns real property located at 11626 SE 270<sup>th</sup> Street in Kent, Washington (King County Tax Parcel No. 787900-0020-09 ("Property")).

On or about December 11, 2018, the Auburn Police Department executed a search warrant at the above-referenced property under APD case number 18-13348.

On January 30, 2019, the City filed a civil action in the King County Superior Court to seize the Property, which action is currently pending under Cause No. 19-2-02915-3KNT.

The City and Claimant desire to settle this matter and have agreed to the disposition of the real property in consideration of the uncertainty of litigation, and the time and expense associated with proceeding to a trial.

### AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which is mutually acknowledged, the City and Claimants agree as follows:

1. Good Faith Seizure. There was probable cause sufficient for the seizure of the above described real property. Seizure of the property was lawful, and notice of the seizures followed due process. It is undisputed that the Auburn Police Department acted in good faith in pursuing the seizure and intended forfeiture of the real property.

2. Property Awarded to the City. The City is awarded real property located at 11626 SE 270<sup>th</sup> Street in Kent, Washington (King County Tax Parcel No. 787900-0020-09) through operation of this Settlement Agreement. The Property legal description is as follows:

**11626 SOUTHEAST 270TH STREET, KENT, KING COUNTY,  
WASHINGTON  
PARCEL NO. 787900-0020-09  
LOT 2, SOUTH BEND, ACCORDING TO THE PLAT THEREOF RECORDED  
IN VOLUME 174 OF PLATS, PAGE(S) 30 THROUGH 32, RECORDS OF  
KING COUNTY, WASHINGTON.  
SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON.**

Claimants agree to forfeit to the City their right, title, and interest to the property, including all fixtures appliances, and appurtenances to the Property existing on the date of seizure, and simultaneous to execution of this Agreement execute an agreed motion and order to dismiss in superior court cause number 19-2-02915-3 KNT. Claimants agree to provide and execute any document reasonably necessary to facilitate a transfer of the property. City agrees to take said property in "as-is" condition and claimants give no warranties and makes no representations regarding the condition or habitability of the property.

3. Property Access. On the date of Claimant's signature of this Agreement, Claimants shall deliver to Plaintiffs at 25 West Main Street, Auburn, WA, 98001, all of the following that are in their possession: house keys, garage door openers, garage door codes, all other security codes, and any written manuals or warranties for appliances, equipment, or fixtures for the Property. On the date of Claimant's signature of this Agreement, the Claimants will provide the City access to the Property for a full inspection.

3.1 Claimant will have one opportunity to enter into the home after execution of the Settlement Agreement to retrieve personal property (such as clothing, suitcases, and hygiene items) within five days after execution of this Agreement. Claimant will be required to provide at least two business days' notice to the City of the request to visit the home, limit the home visit to retrieve personal belongings to a two hour window during normal business hours, and to be accompanied at all times on the Property by two agents of the City's choosing including one Police Officer to enter into and secure the Property.

4. Division of Gross Proceeds After Sale of the Property. Upon sale of the Property, the division of proceeds will be applied as follows:

4.1 Any taxes due and owing will be paid in full;

4.2 Any real estate commissions or closing costs will be paid in full;

4.3 Any utility liens, assessments including all Home Owners Association dues and assessments, or bills due and owing will be paid in full;

4.4 Any other costs or liens secured by the property will be paid in full including any outstanding mortgage payoff amount;

4.5 Legal fees incurred by Doris Eslinger, counsel representing mortgaging entities, including Ronald Ralph, Hilltop Investments, LLC, Michel P. Stern, and North Creek Real Estate Investors, LLC, the holder of a Promissory Note secured by a Deed of Trust on the Property ("Lender"), as a result of the negotiation with Parties and the sale of the Property in the amount of \$2,109.35 as of July 31, 2019, plus an additional amount to be paid consistent with Section 9(b) of the Promissory Note.

4.6 The costs, if any, of removing personal property from the home will be paid in full, including but not limited to the cost of hiring contractors to remove personal property and the cost of delivering and destroying personal property;

4.7 Any proceeds required to be remitted to the State Treasurer on behalf of the seizing agency;

4.8 Fifty (50) percent of the net sale will be retained by the City and fifty (50) percent of the net sale will be retained by Claimant after Clauses 4.1 through 4.7

are satisfied, but in no event will Claimant sale proceeds exceed seventy-five thousand dollars (\$75,000).

**The City shall not accept any purchase offer without Lender's prior written consent if the City anticipates the proceeds of the sale is insufficient to fully satisfy the total payment owed to Lender (i.e., outstanding principal and other costs incurred relating to the loan).**

5. Encumbrances. Claimants agree to be in compliance with the terms in the Deed of Trust and Promissory Note prior to transferring the title of the said property to the City. If Claimants are out of compliance with any term(s) in the Deed of Trust or Promissory Note, any amount required to cure will be deducted from Claimants portion of the sale proceeds including but not limited to, outstanding mortgage or interest payments, hazard insurance, property insurance, lienable utilities, etc.

6. Dismissal of Lawsuit and Release of Lis Pendens. Within five (5) business days following execution of this Agreement by all parties, the City will file a Motion and Order of Dismissal with prejudice and without costs in King County Cause NO. 19-2-02915-3KNT. The City will also release the recorded lis pendens under King County recording no. 20190219001511 against the Property.

6. Indemnification. The Claimants shall indemnify, defend, and hold harmless the City, its agents, and employees from and against any and all liability arising from this forfeiture action and sale of the Property. In the event that the City shall elect to defend itself against any claim or suit arising from this agreement, the Claimant shall, in addition to indemnifying and holding the City harmless from any liability, indemnify the City for any and all expenses incurred by the City in defending such claim or suit, including reasonable attorneys' fees.

7. Reliance Upon Own Judgment and Counsel. The City and Claimants have read this agreement and have knowingly, intelligently, and voluntarily entered into said agreement with full knowledge of the consequences of such agreement. The City and Claimants agree that each of them was represented by counsel, or had the opportunity to independently consult with counsel of their choosing. As such, this agreement shall not be construed against either party as the drafter.

8. No Admission of Liability. The Parties agree that this Agreement is a compromise and settlement of potential and/or disputed claims, and neither this Agreement nor any action taken to carry out this Agreement may be construed as, or used as an admission or concession of, or constitute a finding of, civil or criminal liability, fault, wrongdoing, or culpability by either party. Claimants deny all of the allegations contained in King County Superior Court Case No. 19-2-04606-6 KNT, but for purposes of this Agreement, agree that Claimants are entering into this Agreement knowingly, voluntarily and intelligently.

9. Entire Agreement. This Agreement and the Promissory Note incorporated in Exhibit A contains the entire agreement between the parties, and no other agreements, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or bind any of the parties. Either party may request changes to the Agreement. Proposed changes which are mutually agreed upon shall be incorporated by written amendments to this Agreement.

10. Binding on Successors and Assigns. All the terms and conditions of this Settlement Agreement and its exhibits shall be binding upon and inure to the benefit of the Claimants and the City and their respective heirs, successors, agents, and assigns.

11. Counterparts. This Settlement Agreement may be executed by multiple counterparts, each of which shall be deemed an original, binding on the parties to the Agreement, and all of which shall constitute one final agreement.

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12. Attorneys' Fees. In the event of a breach or a default under this Settlement Agreement, the breaching or defaulting party agrees to pay all attorneys' fees and costs incurred by the prevailing party in collecting amounts owed, or enforcing the agreement.

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NANCY BACKUS, MAYOR

\_\_\_\_\_  
DATE

State of Washington        )  
  )ss.  
County of King                )

I certify that I know or have satisfactory evidence that NANCY BACKUS is the person who appeared before me, and said individual acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the MAYOR OF THE CITY OF AUBURN to be the free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Notary Public in and for the State of Washington  
Residing at \_\_\_\_\_  
My appointment expires \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
Steve Gross, WSBA 24658  
City Attorney

\_\_\_\_\_  
Date

Yihui Wu  
YUHUI WU

10/08/2019  
Date

State of Washington )  
County of King )ss.

I certify that I know or have satisfactory evidence that YIHUI WU is the person who appeared before me, and said individual acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: 10/8/2019

**Notary Public**  
**State of Washington**  
**CHRISTOPHER R. BLACK**  
**MY COMMISSION EXPIRES**  
**AUGUST 24, 2021**



\_\_\_\_\_  
Notary Public in and for the State of Washington  
Residing at Seattle, WA  
My appointment expires 8/24/2021

*CR*

Christopher R. Black, WSBA 31744  
Attorney for Yihui Wu

10/9/2019  
Date

*Doris Eslinger*

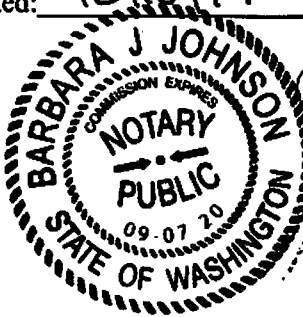
DORIS ESLINGER, WSBA 41804  
ATTORNEY FOR RONALD RALPH,  
NORTH CREEK REAL ESTATE INVESTORS,  
HILLTOP INVESTMENTS, AND  
MICHAEL P. STERN

10/10/19  
DATE

State of Washington )  
  )ss.  
County of King )

I certify that I know or have satisfactory evidence that DORIS ESLINGER is the person who appeared before me, and said individual acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the ATTORNEY FOR RONALD RALPH, NORTH CREEK REAL ESTATE INVESTORS, HILLTOP INVESTMENTS, AND MICHEL P. STERN to be the free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: 10/10/19



*Barbara J. Johnson*  
Notary Public in and for the State of Washington  
Residing at Woodinville, WA  
My appointment expires 9/7/20