

Below is the Order of the Court.



Karen A. Overstreet

Karen A. Overstreet
U.S. Bankruptcy Judge
(Dated as of Entered on Docket date above)

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UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON

In re
J AND Y INVESTMENT LLC,
Debtor.

No. 13-10218

ORDER AUTHORIZING DEBTOR'S USE
OF CASH COLLATERAL FOR UP TO
SIX MONTH PERIOD ENDING
AUGUST 31, 2013

THIS MATTER came before the Court for a final hearing upon the Debtor's Motion for Order Authorizing Debtor's Interim Use of Cash Collateral and Setting Final Hearing (the "Motion") filed by J and Y Investment, LLC (the "Debtor"), debtor-in-possession herein, pursuant to §§ 363(c) and 364(c) of the Bankruptcy Code, Fed. R. Bankr. P. 4001(b)-(d), and Local Bankruptcy Rules 4001-2 and -3 and 9013-1(d)(2)(E), seeking entry of an Order (the "Interim Order") (1) authorizing, on an interim basis, the Debtor's use of cash collateral pursuant to the budget attached as Exhibit A to this Order (the "Budget") and (2) authorizing the Debtor to grant, on an interim basis, adequate protection in favor of BACM 2004-1 320th Street South, LLC ("Lender") on account of the Debtor's use of cash collateral. The Court, having reviewed the files and records herein, having considered the

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BUSH STROUT & KORNFELD LLP
LAW OFFICES
5000 Two Union Square
601 Union Street
Seattle, Washington 98101-2373
Telephone (206) 292-2110
Facsimile (206) 292-2104

1 presentations of counsel at a preliminary hearing held on January 18, 2013 and at a final hearing on
2 March 1, 2012, and having entered the Interim Order pending the final hearing scheduled for March 1,
3 2013, and having made oral findings of fact and conclusions of law at both hearings, incorporated
4 herein, now therefore reaffirms and supplements the prior findings of fact and conclusions of law
5 incorporated in the Interim Order, as follows, based on the foregoing, the limited record reflects the
6 following:

7 A. The Debtor filed its petition for relief under Chapter 11 on January 10, 2013 (the
8 "Petition Date"). The Debtor has retained control over its assets and continues to operate its business
9 pursuant to §§ 1107 and 1108 of the Bankruptcy Code.

10 B. The Debtor owns the real property and office building located at 2505 S. 320th Street,
11 Federal Way, Washington (the "Property").

12 C. Prior to the Petition Date, the Debtor entered into a financing arrangement with Lender.
13 In connection with its acquisition of the Property, the Debtor assumed the underlying secured debt
14 against the Property. Specifically, on November 12, 2004, the Debtor entered into an Assumption of
15 Liability and Modification Agreement (the "Assumption Agreement") with Primestar Investment
16 Corp. ("Primestar") and Wells Fargo Bank, N.A., as trustee for the registered holders of Banc of
17 America Commercial Mortgage Inc. Commercial Mortgage Pass-Through Certificates, Series 2004-1.
18 Pursuant to the Assumption Agreement, the Debtor assumed certain obligations of Primestar in
19 connection with a loan from Bank of America, N.A. to Primestar made on or about October 1, 2003
20 (the "Loan"). The Loan is evidenced by a promissory note dated October 1, 2003 in the original
21 principal sum of \$10,125,000 (as amended, the "Note"), and a Deed of Trust and Security Agreement
22 ("Deed of Trust") of even date encumbering the Property, leases, and income generated therefrom.
23 The beneficial interest in the Deed of Trust was assigned to the Lender by successive assignments, the

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1 most recent of which was recorded on January 26, 2011 under Recording No. 20110126001613 in the
2 records of King County, Washington. The Loan is currently serviced by Bank of America, N.A. and
3 specially serviced by LNR Partners, LLC, and the lender's interest in the Loan and related Loan
4 documents is currently held by BACM 2004-1 320th Street South, LLC (the "Lender"). The principal
5 balance of the loan has been substantially reduced. At this time, the Lender asserts that the principal
6 sum owing on the Loan is \$8,466,384.00. The Lender further asserts that, as of the Petition Date, the
7 entire Loan balance exceeded \$10,268,000, and that, as of February 22, 2013, the Loan balance
8 exceeded \$10,420,000.

9 D. The Lender asserts that the value of the Property as of January 29, 2013, based on an
10 appraisal dated as of February 1, 2013, is \$8,800,000. Accordingly, the Lender asserts that it is
11 undersecured by more than \$1,620,000.

12 E. The Debtor requires the immediate use of rental income from the Property ("Cash
13 Collateral") for a six month period. The Debtor proposes to use Cash Collateral pursuant to the terms
14 set forth in the Budget. The Court has considered the briefs and papers submitted by the parties and
15 oral argument of the parties' counsel, and has determined that the Motion should be granted in part
16 and denied in part.

17 Now, therefore, it is hereby ORDERED as follows:

18 1. The Debtor's request for authority to use Cash Collateral is hereby approved in part and
19 denied in part. The Debtor is hereby authorized, on an interim basis, to use Cash Collateral to fund the
20 costs and expenses of its operations that become due and payable on or before August 31, 2013, but
21 only in accordance with the terms of this Order and the Budget, as modified by the provisions set forth
22 in paragraph 4 below.
23

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1 2. The Lender is hereby granted, on an interim basis, a first priority, perfected
2 replacement lien encumbering leases and subleases entered into following the Petition Date, and the
3 rents generated therefrom (the "Interim Replacement Liens"). The Lender shall continue to hold a
4 security interest in leases entered into prior to the Petition Date and the associated rental income.

5 3. To the extent the interests of the Lender are not adequately protected by the Interim
6 Replacement Liens, the Lender shall retain its right to seek allowance of a claim under Bankruptcy
7 Code § 507(b).

8 4. The Debtor shall have the right to pay all expenses set forth in the Budget,
9 modified as follows:

10 a. The Debtor shall not pay any management fees or any amounts set forth in the
11 Budget line item labeled "Management Fee" except as may be further ordered by the Court;

12 b. The line item labeled "Professional Fund" is hereby stricken from the Budget;
13 and

14 c. The Debtor is authorized to set aside five thousand dollars (\$5,000.00) for
15 payment of a valuation expert, whose employment and compensation shall be subject to further Court
16 order.

17 The Debtor shall not pay any professional fees without further approval of the Court.
18 Expenses shall be allowed to vary by 10% by line item and 5% by cumulative budget, and any budget
19 item accrued but not paid in one month shall roll forward and the Debtor shall be allowed to pay such
20 item in subsequent periods.

21 5. The validity and priority of the Lender's prepetition liens and security interests are not
22 affected by this Order, and shall remain unaffected during the postpetition period.
23

1 6. As further adequate protection and to ensure minimal delays for the Lender and
2 promote an efficient reorganization:

3 a. The Debtor shall file its Plan of Reorganization no later than 75 days from the
4 Petition Date (March 26, 2013);

5 b. The Debtor shall make the monthly adequate protection payments to the Lender
6 (identified in the Budget as "Interest Payment LNR") via wire transfer pursuant to wire instructions
7 provided by the Lender by the fifth day of each calendar month; and

8 c. The Interim Replacement Liens granted to the Lender pursuant to this Order
9 shall at all times be senior to the rights of the Debtor, any creditor or any successor trustee in this or
10 any subsequent proceeding under the Bankruptcy Code.

11 If the Debtor does not file its Plan of Reorganization by March 26, 2013 or fails to make any
12 adequate protection payment pursuant to this Order or as further ordered by the Court, such failure
13 constitutes a breach of the Order, the Lender shall be entitled to file a motion seeking to immediately
14 terminate or modify this Order, and/or immediate relief from the automatic stay, and to obtain a
15 hearing on such motion(s), on a shortened time basis.

16 7. This order shall serve as authority to the persons obligated to Debtor on post-petition
17 accounts receivable to honor any request for payment made to them by the Debtor as to such accounts.

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1 8. This Order shall constitute a final order and shall be effective as of the date of signature
2 by the Court.

3 //End of Order//

4 Presented by:

5 BUSH STROUT & KORNFELD LLP

6
7 By /s/ Katriana L. Samiljan
Katriana L. Samiljan, WSBA No. 28672
8 Armand J. Kornfeld, WSBA No. 17214
9 Attorneys for J and Y Investment, LLC, Debtor

10 Agreed as to form; notice of presentation waived:

11 STOEL RIVES LLP

12
13 By /s/ Andrew A. Guy
Andrew A. Guy, WSBA No. 9278
14 Attorneys for BACM 2004-1 320th Street South, LLC

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Primestar Investment Corp. / J & Y Investments, L.L.C.
Federal Way Center
PROJECTED OPERATING EXPENSES 2013

	January	February	March	April	May	June	July	August
Starting Cash Balance	\$ 234,192.25	\$ 301,983.00	\$ 366,192.78	\$ 375,944.00	\$ 296,662.61	\$ 308,708.35	\$ 320,042.92	\$ 322,412.51
Revenue								
Monthly Rental Income	\$ 92,180.17	\$ 94,180.34	\$ 94,180.51	\$ 94,180.67	\$ 94,180.84	\$ 95,128.85	\$ 95,129.49	\$ 95,129.44
Elevator	\$ 696.50	\$ 1,069.04	\$ 1,069.04	\$ 1,069.04	\$ 1,069.04	\$ 1,069.04	\$ 1,069.04	\$ 1,069.04
Janitorial	\$ 2,923.33	\$ 4,385.00	\$ 4,385.00	\$ 4,385.00	\$ 4,385.00	\$ 4,385.00	\$ 4,385.00	\$ 4,385.00
Puget Sound Energy	\$ 8,215.38	\$ 11,889.74	\$ 12,393.83	\$ 9,901.58	\$ 9,787.65	\$ 11,306.60	\$ 11,082.02	\$ 11,082.02
Lakehaven Utilities	\$ 48.85	\$ 788.46	\$ 33.76	\$ 792.13	\$ 94.52	\$ 435.20	\$ 746.39	\$ 746.39
Mechanical Maintenance	\$ 5,008.84	\$ 258.88	\$ 258.88	\$ 7,513.26	\$ 258.88	\$ 258.88	\$ 7,513.26	\$ 258.88
Landscaping	\$ 592.76	\$ 904.47	\$ 904.47	\$ 904.47	\$ 904.47	\$ 904.47	\$ 904.47	\$ 904.47
Security Phone / Internet	\$ 668.42	\$ 671.58	\$ 671.58	\$ 674.23	\$ 676.73	\$ 675.26	\$ 674.85	\$ 674.50
Insurance								
AAA Fire & Safety	\$ 27.33	\$ 41.00	\$ 41.00	\$ 1,128.34	\$ 287.38	\$ 41.00	\$ 41.00	\$ 41.00
Waste Disposal	\$ 571.92	\$ 1,008.26	\$ 1,008.26	\$ 1,008.26	\$ 1,008.26	\$ 1,008.26	\$ 1,008.26	\$ 1,008.26
Professional Fund								
Repair Maintenance / Supplies	\$ 833.33	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00
Day Security / Custodial / Maintenance / PR	\$ 3,836.09	\$ 5,754.13	\$ 5,754.13	\$ 5,754.13	\$ 5,754.13	\$ 5,754.13	\$ 5,754.13	\$ 5,754.13
Property Tax				\$ 81,447.59				
Management Fee				\$ 4,709.03	\$ 4,709.03	\$ 4,756.44	\$ 4,756.47	\$ 4,756.47
Payroll and Other Taxes	\$ 966.67	\$ 1,450.00	\$ 1,450.00	\$ 1,450.00	\$ 1,450.00	\$ 1,450.00	\$ 1,450.00	\$ 1,450.00
Quarterly Payment US Trustee				\$ 975.00			\$ 1,625.00	
Interest Payment LNR				\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00
Petty Cash		\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
Total Expenses	\$ 24,389.42	\$ 29,970.56	\$ 84,429.29	\$ 173,462.06	\$ 82,135.10	\$ 83,794.28	\$ 92,759.89	\$ 83,880.16
Monthly Net Profit / Loss	\$ 67,907.75	\$ 64,209.78	\$ 9,751.22	\$ (79,281.39)	\$ 12,045.74	\$ 11,334.57	\$ 2,369.59	\$ 11,249.28
Ending Cash Balance	\$ 301,983.00	\$ 366,192.78	\$ 375,944.00	\$ 296,662.61	\$ 308,708.35	\$ 320,042.92	\$ 322,412.51	\$ 333,661.79

EXHIBIT A

J & Y INVESTMENT L.L.C.
 FEDERAL WAY CENTER
 PROJECTED BUDGET FOR 2013

SUITE	TENANT	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST
1ST FLOOR									
Roof	NEXTEL	\$ 3,556.00	\$ 3,556.00	\$ 3,556.00	\$ 3,556.00	\$ 3,556.00	\$ 3,556.00	\$ 3,556.00	\$ 3,556.00
Roof	CITY OF FEDERAL WAY	\$ 310.00	\$ 310.00	\$ 310.00	\$ 310.00	\$ 310.00	\$ 310.00	\$ 310.00	\$ 310.00
Lobby	STAR BEST CAFE	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00
100	PARK CHENAUR & ASSOCIATES	\$ 4,459.90	\$ 4,459.90	\$ 4,459.90	\$ 4,459.90	\$ 4,459.90	\$ 4,459.90	\$ 4,459.90	\$ 4,459.90
110	NW TERRITORIAL MINT	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00
2ND FLOOR									
210	LOBEL FINANCIAL	\$ 4,093.83	\$ 4,093.83	\$ 4,093.83	\$ 4,093.83	\$ 4,093.83	\$ 4,093.83	\$ 4,093.83	\$ 4,093.83
220	WELLS FARGO	\$ 7,839.38	\$ 7,839.38	\$ 7,839.38	\$ 7,839.38	\$ 7,839.38	\$ 7,839.38	\$ 7,839.38	\$ 7,839.38
235	VACANT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
240	ALLSTATE AGENCY	\$ 1,491.33	\$ 1,491.33	\$ 1,491.33	\$ 1,491.33	\$ 1,491.33	\$ 1,491.33	\$ 1,491.33	\$ 1,491.33
255	NEW STAR REALTY	\$ 2,050.63	\$ 2,050.74	\$ 2,050.85	\$ 2,050.95	\$ 2,051.06	\$ 2,051.17	\$ 2,051.28	\$ 2,051.39
260	VACANT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
300	PAPERSTREET PERIODONTICS	\$ 5,361.98	\$ 5,361.98	\$ 5,361.98	\$ 5,361.98	\$ 5,361.98	\$ 5,361.98	\$ 5,361.98	\$ 5,361.98
330									
4TH FLOOR									
410	LANDMARK PROFESSIONAL	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00
420	ED NELSON LAW	\$ 2,338.20	\$ 2,338.20	\$ 2,338.20	\$ 2,338.20	\$ 2,338.20	\$ 2,338.20	\$ 2,338.20	\$ 2,338.20
440	MCGUINNESS	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
450	ATOMY INC.	\$ 2,243.51	\$ 2,243.51	\$ 2,243.51	\$ 2,243.51	\$ 2,243.51	\$ 2,243.51	\$ 2,243.51	\$ 2,243.51
5TH FLOOR									
510									
540	U.S. CORP. ENGINEERING	\$ 11,711.00	\$ 11,711.00	\$ 11,711.00	\$ 11,711.00	\$ 11,711.00	\$ 11,711.00	\$ 11,711.00	\$ 11,711.00
560	REPUBLIC MORTGAGE	\$ 2,845.42	\$ 2,845.42	\$ 2,845.42	\$ 2,845.42	\$ 2,845.42	\$ 2,845.42	\$ 2,845.42	\$ 2,845.42
580	REPUBLIC MORTGAGE	\$ 4,356.70	\$ 4,356.76	\$ 4,356.82	\$ 4,356.88	\$ 4,356.94	\$ 4,357.00	\$ 4,357.06	\$ 4,357.12
6TH FLOOR									
620	SEATTLE LAW GROUP	\$ 3,130.23	\$ 3,130.23	\$ 3,130.23	\$ 3,130.23	\$ 3,130.23	\$ 3,130.23	\$ 3,130.23	\$ 3,130.23
625	NEO DENTAL INC.	\$ 2,102.68	\$ 2,102.68	\$ 2,102.68	\$ 2,102.68	\$ 2,102.68	\$ 2,102.68	\$ 2,102.68	\$ 2,102.68
630	VACANT								
640	WELLS FARGO	\$ 8,289.38	\$ 8,289.38	\$ 8,289.38	\$ 8,289.38	\$ 8,289.38	\$ 8,289.38	\$ 8,289.38	\$ 8,289.38
670									
N/A	ADVERTISING / MISC. INCOME	\$ 850.00	\$ 850.00	\$ 850.00	\$ 850.00	\$ 850.00	\$ 850.00	\$ 850.00	\$ 850.00
MONTH TOTAL		\$ 92,180.17	\$ 94,180.34	\$ 94,180.51	\$ 94,180.67	\$ 94,180.84	\$ 95,128.85	\$ 95,129.49	\$ 95,129.44

** NEW POTENTIAL TENANT UNDER LEASE NEGOTIATION
 NO TENANT IMPROVEMENT
 5% COMMISSION ONLY