

The Honorable Ricardo S. Martinez

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IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

UNITED STATES OF AMERICA,

Plaintiff,

v.

CAROL L. ENGEN, et al.,

Defendants.

)  
) Case No. 2:18-cv-00712-RSM

)  
) **FIRST AMENDED STIPULATION**  
) **REGARDING PRIORITY**

)  
) **Noting Date: November 5, 2021**

\_\_\_\_\_ )  
The United States of America (“United States”), King County, and Washington State Department of Revenue (“Washington State”) (collectively “the Parties”), by and through their respective undersigned counsel, agree and stipulate as follows:

1. On May 16, 2018, the United States commenced this action, seeking, *inter alia*, to reduce federal tax assessments against Carol L. Engen to judgment, and foreclose federal tax liens on real property located in King County (“Subject Property”). Dkt. No. 1.

2. The Subject Property is commonly referred to as 16423 NE 15th Street, Bellevue, WA 98008, bearing King County Assessor’s Parcel No. 329830-0450, and legally described as follows:

LOT 26, BLOCK 2, HIGHLAND HILLS NO. 2, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 62 OF PLATS, PAGE 74, RECORDS OF KING COUNTY, WASHINGTON.

1           *See* Dkt. No. 1, at ¶ 8.

2           3.       King County was named as a defendant in this matter pursuant to 26 U.S.C. §  
3 7403(b) because it may have an interest in the Subject Property. Dkt. No. 1, at ¶ 6; Dkt. No. 102,  
4 at ¶ 6.

5           4.       On June 23, 2021, the United States filed a first amended complaint solely to add  
6 Washington State as a defendant in this matter pursuant to 26 U.S.C. § 7403(b) because it may  
7 have an interest in the Subject Property. Dkt. No. 102, at ¶ 8.

8           5.       Washington State's interest in the Subject Property is based on a deferred  
9 property tax lien pursuant to RCW 84.60.010, 84.38.100, and is due and payable upon the sale of  
10 the Subject Property pursuant to RCW 84.38.130. The lien was recorded on December 3, 2020  
11 with the King County Recorder's office. The Parties agree that Washington State's lien has  
12 priority over King County's liens through December 31, 2021, and that on January 1, 2022, King  
13 County's tax lien for the taxes due in 2022 (assessed in 2021) will have priority over the  
14 Washington State lien, provided that if a deferral is applied for and granted by the Washington  
15 State Department of Revenue for the 2021 taxes (due in 2022), the Washington State liens will  
16 maintain priority over the King County tax liens, described below, and the United States' federal  
17 tax liens and judgment lien against the Subject Property.

18           6.       King County's interest in the Subject Property is for any unpaid real property  
19 taxes, which are secured by liens that encumber the Subject Property pursuant to RCW  
20 84.60.020. To the extent there is any unpaid amount owed to King County to which 26 U.S.C.  
21 § 6323(b)(6) applies, on the date of the sale of the Subject Property, the Parties agree that such  
22 amount will be pro-rated through the date of the sale confirmation, and will have priority over  
23 the United States' federal tax liens and judgment lien against the Subject Property.

24           7.       In the event the Court orders the sale of the Subject Property, the Subject Property  
25 will be sold free and clear of all the interests of the parties to this case. The proposed Order of  
26 Foreclosure and Judicial Sale submitted by the United States shall provide that the sale proceeds  
27 will be distributed first to the Internal Revenue Service to the extent of its costs and expenses of

1 the sale; second to Washington State to satisfy its lien described in Paragraph 5, above; third to  
2 King County to satisfy any amounts described in Paragraph 6, above; fourth to the United States  
3 for federal tax liens; and fifth to the Clerk of the Court for any balance remaining after the above  
4 payments until further order of the Court. If the affected parties cannot stipulate to the amounts  
5 of their liens, the Parties shall file written briefs setting forth their positions and the Court shall  
6 determine the amounts of the liens.

7 8. In the event King County and/or Washington State initiate collection procedures  
8 on account of their liens against the Subject Property while this action is pending, including but  
9 not limited to, assignment of the property tax liens, King County and/or Washington State shall  
10 notify counsel for the United States, in writing, prior to initiating such action.

11 9. The United States, King County, and Washington State agree to bear their own  
12 respective costs related to this litigation, including any possible attorney's fees, except costs of  
13 sale, which are paid out of the sale proceeds, ahead of any other party, as detailed in Paragraph 7,  
14 above. In addition, King County and Washington State will be bound by the Court's Order of  
15 Sale of the Subject Property, and the United States will not seek any monetary judgment against  
16 King County or Washington State.

17 **(signatures on next page)**  
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1 DATED: November 5, 2021

DAVID A. HUBBERT  
Acting Assistant Attorney General

/s/ Yen Jeannette Tran

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*Attorneys for the United States of America*

10  
11 DATED: November 4, 2021

/s/ Jennifer H. Atchison via E-Mail

JENNIFER H. ATCHISON  
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18 DATED: November 5, 2021

/s/ Susan Edison via E-Mail

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*Attorney for the State of Washington Department of  
Revenue*

1 **ORDER**

2 The foregoing Stipulation between the United States, King County, and State of  
3 Washington Department of Revenue is APPROVED. IT IS SO ORDERED.  
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5 DATED this 9<sup>th</sup> day of November, 2021.  
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10 RICARDO S. MARTINEZ  
11 CHIEF UNITED STATES DISTRICT JUDGE  
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15 **CERTIFICATE OF SERVICE**

16 I hereby certify that on this 5th day of November, 2021, I electronically filed the  
17 foregoing with the Clerk of Court using the CM/ECF system, which will send notice of such  
18 filing to the following CM/ECF participant(s):

19 Jennifer H. Atchison ([jennifer.atchison@kingcounty.gov](mailto:jennifer.atchison@kingcounty.gov))  
20 *Attorney for King County*

21 Carol L. Engen ([washnative@comcast.net](mailto:washnative@comcast.net))  
22 *Pro Se Defendant*

23 Susan Edison ([bcuedison@atg.wa.gov](mailto:bcuedison@atg.wa.gov))  
24 *Attorney for State of Washington Department of Revenue*

25 /s/ Yen Jeannette Tran  
26 YEN JEANNETTE TRAN  
27 Trial Attorney, Tax Division  
U.S. Department of Justice