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ENGAGEMENT AGREEMENT

Having discussed this matter with you, we have agreed to represent you and/or your company according to the following terms and conditions.

1. The value of my services, as your attorney, for partner's time is billed at \$425.00 per hour, and associate's time at \$250.00 to \$275.00 per hour [which associates may be contract attorneys that our office uses to assist in providing legal work on your case]; you will be billed on a monthly basis at the above rate for the total amount of hours rendered on your behalf or such fractional part thereof, pro-rated. Such services will include office calls, conferences, correspondences, investigation, research, travel, trial preparation, telephone calls, court appearances, and other services. Legal assistant time is billed at \$95.00 per hour or such fractional part thereof, pro-rated. Our minimum billing increment is 1/10 of an hour. These rates may change periodically, and usually on an annual basis we will review our rates, and we will notify you of any rate increase.
2. In a Chapter 7 or a Chapter 13 bankruptcy case, the fees (which are still billed on an hourly basis, but see below on the Court's "no look" policy¹) are generally in the area of \$1,500 (Chapter 7) to \$3,500 (Chapter 13) [which I explain more fully in my Information Sheets you received with this Agreement], since the procedure is usually standardized: we agree to assist you in preparing your bankruptcy schedules, statement of financial affairs and necessary associated documentation.² We require the full amount of our anticipated fees, which we will discuss with you, prior to filing a Chapter 7 proceeding.³ There will be time set aside for reasonable review of the file, preparation for the First meeting of creditors, including review of reaffirmation agreements and creditor inquires. Note that we will review and advise you in regard to the law on Reaffirmation Agreements, the legal effect and requirement for said agreements [especially in regard to automobile loans], but as set forth in our Information Sheets which were given to you, **we generally will not execute or approve Reaffirmation Agreements**, for the reasons set forth in the Information Sheets, and you will need to seek court approval for them. We will advise you on how you may do that yourself. We shall appear and represent you at the Meeting of Creditors. We will also accept all phone calls and correspondence regarding your case, responding to the same as appropriate, until we are discharged. If we have agreed that you may pay the estimated fees in installments, then we can, if requested, break down our hourly charges for pre-petition and post-petition services.

¹ The Bankruptcy Court and the Trustee's (Chapter 7, Chapter 11 and Chapter 13) have the authority to review all attorney's fees paid in Chapter 7, 11 and 13. These fees have to be disclosed, and when we file the proceedings, we have to tell the court how much we were paid. The court has a base standard, which is generally referred to as the "no look" fee. In other words, if I am paid a certain amount that if within the court's "no look" guidelines, the court presumes the fee to be reasonable and does not require me to separately itemize or keep track of my time on the matter. Thus, if I charge \$1,500 for a Chapter 7, that is considered an average fee for most Chapter 7 proceedings, and the court will not require me to keep track of my individual time, knowing from experience that most attorneys generally spend sufficient time on a Chapter 7 proceedings to justify \$1,500 in fees, so that the court does not "look" at those fees for scrutiny. The same with Chapter 13 — the court has determined that \$3,500 is the "no look" fee for Chapter 13, based on thousands of cases filed in the court, and that is what we charge for a Chapter 13. If, however, your case has extraordinary problems, non-discharge disputes, creditor or Trustee objections, or other matters that are generally not expected or routine, we do keep track of our time on these extraordinary matters, and we do seek to have the Court allow additional fees over and above the Court's "no look" fee.

² However, we do not conduct an independent investigation of your assets and liabilities. It is your responsibility to list all of your creditors and to obtain their addresses; it is also your responsibility to list all of your assets and their values. We do not hire appraisers for your assets, nor do we run any independent credit checks on you to "find" out who your creditors are. We therefore cannot second guess you on your bankruptcy, and the information you provide us must be complete.

³ Because of interpretations of Section 727 relating to discharge by the 9th Circuit Court of Appeals, all fees for a Chapter 7 bankruptcy must be paid in advance of filing. However, for your information, on our Chapter 7 fees, we generally allocate 60% of our fee estimate to pre-bankruptcy services [preparing the schedules, meeting with clients, filing the proceedings, etc.] and 40% of our fee to post-filing services [such as attending the creditors meeting, dealing with creditors phone calls, working with the trustee, etc.]. In a Chapter 13, we require a minimum of \$1500 (plus filing fee) at the time of signing the paperwork, and the balance before filing, but we may under special circumstances put the balance of our fees in the Chapter 13 Plan.

3. The hourly rate for these services, assuming your case is uncontested, should not be in excess of the estimated "flat fee" of \$1,500 - \$3,500 as we will discuss. If the matter becomes contested after the filing, we will bill you at the hourly rate set forth above for the time expended. This will include representing you in adversary proceedings filed after the bankruptcy is filed, such as a creditor who files a complaint objecting to the discharge of their debt, or a proceeding by the trustee or US Trustee objecting to your discharge or Bankruptcy. These subsequent adversary proceedings are not included in the "no look" fee, and will be billed separately if you desire to retain our services for these separate lawsuits. **This retainer agreement does not include our obligation to represent you in any adversary proceedings. In addition, for us to put in an appearance in any adversary action, we will need a subsequent retainer, and we can discuss the estimated fees and costs that will be incurred depending upon the nature of the adversary proceeding.**
 - a. **Fee Earned Upon Receipt** ("flat fee"). It is agreed that, in consideration of work performed prior to the date of this Agreement and the reservation of our time to properly handle your case through conclusion for the services outlined herein, the full "flat" fee we agree to is deemed earned when paid, and we may immediately deposit the full fee into our general operating account under RPC 1.5 and 1.15A, and not into our trust account. **However, to the extent any portion of the amount paid is deemed not earned, you may be entitled to a refund of a portion of the fee if the agreed-upon legal services have not been completed. Also, even though this is an initial flat fee, this agreement does not alter your rights to terminate the client-lawyer relationship. Should you change your mind about representation and the filing of a bankruptcy, the "no look flat fee" does not extinguish the possibility that you may, or may not, have the right to a partial refund, for example, to the extent time billed is less than the fee paid when you changed your mind.**
4. If your case is a Chapter 11 bankruptcy matter, the fee will be computed and generally charged at the hourly rate of \$425.00, which may be adjusted depending on the complexity and nature of the services to be rendered, which we will discuss. The same services as mentioned in the paragraphs above will be provided to you in addition to the requirements of Chapter 11, including the preparation and filing of a Disclosure Statement and Plan of Reorganization. However, because of strict requirements regarding attorneys fees in a Chapter 11 reorganization proceeding, it is required that we receive a \$3,500 initial fee to cover all our fees prior to the filing of the Ch. 11, including meetings with you, calls to your creditors (example: mortgage companies if there is a pending foreclosure), preparation of the initial filing papers, schedules, etc. That is estimated to be about 8 - 10 hours of work. In addition **prior** to the commencement of the case, we require a deposit for post-filing fees in the Ch. 11, and our general retainer is \$7,500 (plus the court filing fee), for small business and individual Chapter 11s; and \$15,000.00 & up for public or complex Chapter 11s. This post-filing retainer will be held in trust and cannot be drawn on without court permission.(which is required in Ch. 11's.). All of our fees, however, are shown on a blended billing statement that you will get each month showing the services we have performed, the amounts you have paid, and the balances [even if we cannot actually draw on those balances until the court approves it.]
5. It is agreed that, in consideration of work to be performed and the reservation of our time to properly handle your case through conclusion, the fee may be deposited into our general operating account. To the extent any portion of the amount paid is deemed not earned at a later time, you are entitled to a refund of that portion reasonably allocated to the unearned portion of the fee paid. However, we agree that additional billings on your matter shall not be charged until we have performed services (if separately billed at our hourly rate set forth above) in excess of the retainer paid. If additional services are required to be rendered by us in representing you, in other than Chapter 11 proceedings, then we will ask that you deposit into our client Trust Account the amount so billed to you each month. Since fees during Chapter 11 bankruptcy cases may only be paid to the attorney for the debtor pursuant to an Order of the court, I must note for hearing and obtain an order of the court for you to pay fees, so you will be notified if I make this request. Also, if we do file a Chapter 11 on your behalf, then the retainer paid may be considered a Security Retainer, pursuant to local bankruptcy court rules. You will be advised of all such applications to the court; and you will note that bankruptcy rules require us to disclose not only the initial retainer paid, but also any further deposits into trust that may be made during the proceeding.
6. You, the client, will pay all costs associated with and incurred by me, the attorney, in handling this matter, which costs may also be subject to approval and allowance by the Bankruptcy Court. I will advise you when these costs are. Such costs may include, but shall not be limited to, filing and service of process fees, costs of depositions or other discovery, expert fees, copying costs, long distance phone charges, etc. Your monthly statement will include an itemization of all such costs incurred. If a major

cost is contemplated to be incurred, such as a deposition or consultation with an expert, I will advise you of the need for the expenditure and will make no such expenditure until I have obtained your consent. You understand that I may advance costs on your behalf, but that the primary and ultimate responsibility for payment of costs is on you.

7. At the end of each month, I will send you a statement showing services rendered if the matter is an hourly matter, and not covered by the flat fee or "no look" fee paid. If fees and/or costs exceed the balance of your account in matters other than under Chapter 11, you should immediately pay the balance. It is required that once the services have been performed for which we agreed under the initial retainer, that you pay our bill in full each month, even though said payment may be held in trust as stated above, or subject to other restrictions under local bankruptcy court rules. We will also disclose any such payment to the court, as required by local bankruptcy rules. If any bill is not paid in full, and if our outstanding unpaid fees exceed five hundred dollars (\$500.00), we may apply to the court to withdraw from further representation in your case.
8. At the close of the case, or at the close of our attorney/client relationship, and except as relating to flat fees that for which the services have been performed, I will refund to you all monies you paid which remain in the Trust Account, less an amount representing all unreimbursed costs and unpaid fees at my hourly rate. If an insufficient amount remains for such payment, you will immediately make up the difference. A 1.0% per month charge will be added to any outstanding balances exceeding 30 days in arrears; however, late charges and interest will not accrue during the pendency of Chapter 11 proceedings, and interest is generally not allowed by the Bankruptcy Court during the pendency of a proceeding.
9. You understand and agree that I have not made, nor will I make, any guarantees regarding the outcome of your case. If I find it does not appear you have timely paid any fees due, or if we reach different opinions as to handling the case, I shall have the right to cancel this agreement and withdraw from your case after we have consulted on the matter. In such event, you will owe for any costs incurred on your behalf that remain unpaid. Such sums will be due immediately upon termination of this contract.
10. You shall have at all times the right to terminate my services upon written notice to that effect. I shall have at all times the right to terminate my services upon written notice, so that you may obtain other counsel, in the event that you either: (1) fail to cooperate with any reasonable request, (2) fail to timely pay the monthly statements, or (3) should I determine that to continue my services would be unethical or impractical. However, termination in a bankruptcy proceeding will normally require a motion to the court for permission to withdraw from the case, and an order of the court approving the withdrawal.
11. You agree that you will fully cooperate with me and supply me with all information that I deem necessary to handle your case and in supplying costs when required by me. Our firm agrees to devote our full professional abilities to handling your case and to keep you informed of its progress on a regular basis. You agree to provide us with your contact information for up to three years after your case closes, in the event we receive further mail or other information regarding your case.
12. You hereby grant me a lien on any and all causes of action, any proceeds or any judgment for sums due for fees, costs and/or disbursements. You authorize me, with full power of substitution, to act for you, in your name, to receive any monies or other properties to which you are entitled and this agreement shall operate as an assignment to me to the extent of any obligations to me, of any money, property, judgment, or the proceeds thereof, to which you may be entitled. These rights, however, may not be enforceable in a bankruptcy case without notice and order from the court, but would generally apply in all non-bankruptcy proceedings.
13. You agree to pay a reasonable attorney's fee and costs of collection in the event any action is necessary to collect any fees, costs or disbursements through a collection agency or otherwise. You further agree to consent to venue in Seattle District Court or King County Superior Court of the State of Washington, at my election. Also, any unpaid bill will accrue interest at **12%** per annum until paid in full.
14. You have read this agreement, understand its terms, have received a copy, and have agreed to abide by its terms and conditions. There are no other written or oral agreements between us.
15. Fee sharing. If you were referred to my office by another attorney, it is hereby disclosed that some of the fees that are charged may be paid to the referring attorney only for the *services they perform*, and they will not be paid or share in the compensation paid by you to me. I do not increase my fees when a matter is referred to me by another attorney, as I might consult with them about the referral and the case, and they may have earned or bill for some of the total fees billed, which reduces the fees paid to me but does not increase the fees charged to you. In other words, they are being paid for their services, and I am being paid for my services. It is understood that the referring attorney may have

given you legal advice and then decided to refer the matter to me for further services or joint services; but each attorney maintains their own respective law practices. In addition, in some instances I may not be available to attend a hearing or meeting with you, but I may (or will) arrange for another attorney to attend the hearing or meeting (such as the trustee §341 meeting) so that you are not unrepresented, and any costs/fees for that matter is included in the attorney fees you have paid me, and there will be no additional charge to you; and that attorney will be paid for their services from the total compensation you have paid. Again, they are being paid for their services and I am being paid for my services, and it will not increase the total fees agreed to. You consent to this association by execution of this agreement. We also may use contract attorneys in our office to assist in your case. They are paid by our office and not by you, to assist in preparation of legal pleadings, research, motions and other matters. As set forth above, they are usually billed at a lower rate than Mr. Feinstein, usually at \$250 to \$275 hour, depending on their own experience and the work performed.

16. Files: All files generated by my office, including correspondence, pleadings, memorandums, etc. will be copied to you for you to maintain as your file in this matter. Copies kept by my office of correspondence, pleadings, etc. are my files. If you deliver any original documents to my office, those shall remain yours, and I will normally copy those originals and return the originals to you, unless they are needed as an exhibit in the case. If you terminate my services, or after the matter for which we are engaged is completed, you are entitled to any original documents you delivered to my office. However, the "client file" that I have in my office is my file and it will not be turned over to you, as you will have been copied on a regular basis everything in that file, as your file on this matter. If you engage another attorney, please give that attorney a copy of your file, as you will or should have a duplicate of virtually everything that I have. I keep my files, after my services have been terminated or completed, for about three years, and then I dispose of my "dead" files. It is imperative that you keep your file for as long as you deem necessary, which may be more than three years. Promptly inform me if you need another copy of anything that I have in my file after the matter is completed or after my services are discharged, since you will not be specifically contacted at a later point in time to inform you that I am disposing of my file on this matter.

17. *Conflicts.*

- a. It is inherent in a small business corporate case that the owner of the corporation and the corporation itself may have similar and may have separate goals. A good example of this is a corporate debt which is guaranteed by the owner. The owner may want to pay that guaranteed debt, wherein it may or may not be in the best interest of the corporation to pay the debt in full in a Plan. If I am engaged to represent the corporation, **I have and do herein advise the owners to obtain their own legal counsel during the proceeding.** However, I will take my directions from the management of the corporation, and I will advise management when I think that they are instructing me to perform legal services that are not in the corporation's best interest. Accordingly, I require that the corporation and its owners waive any potential conflict of interest, and understand that my duty runs to my client; and if that client is a corporation, then any conflicts for legal services to be performed must be resolved by me in favor of my client, and the owners will again be advised to seek separate counsel.
- b. Another potential conflict arises when you may want a referral during your proceeding to refinance your home. I have dealt with several lenders over time that provide mortgage broker services to debtors, to try to get them the best rates possible in financing or re-financing their home or automobile. I don't receive any payment or remuneration from them for these referrals, but they are part of the "bankruptcy networking" between many debtor's attorneys, lenders, and brokers to help people through the process. On occasion, I also do "creditor" representation in bankruptcy matters [such as relief from stay], and have been asked to represent these lenders in bankruptcy proceedings. Even though I will not represent them in any finance/refinance with you, and they all have their own regular attorneys, I want to disclose to you that if you ask for a referral to a mortgage lender or broker, I may give you names of companies that perform these services that I have used successfully with other clients (or I wouldn't recommend them!) and you are not obligated to contact them, or use their services. I merely provide leads for your own use, and if you do use any of these contacts, you WAIVE any conflict that might exist since I may have represented them sometime in the past.

18. Further, my duty under the Rules of Professional Conduct is to my client, you. If my fees or retainer is paid by a third party on your behalf, please make sure to advise them that this creates no obligation or duty from me to them and I will only be representing you in this proceedings. This is very common in corporate bankruptcies when the owners have to advance or loan funds to the company to pay my retainer; or in individual cases when fees are paid or advanced from family members. I am not representing them or their interests, and before they loan you the money, they may need to obtain their

own legal advice to protect their interests in your proceedings, as I will not be able to give them that advice. Please discuss this with me if this is your situation, as there are strict rules on representation, regardless of who pays the fees.

CLIENT TO SIGN AND RETURN THIS SIGNATURE PAGE AND RETURN TO VORTMAN AND FEINSTEIN; HOWEVER, IF NOT SIGNED, THIS AGREEMENT SHALL BE DEEMED TO BE READ, UNDERSTOOD, AND BINDING IF YOU RETURN THE ACCOMPANYING BANKRUPTCY WORKSHEETS AND PAPERWORK TO OUR OFFICE FOR FURTHER LEGAL SERVICES AND WE PERFORM ADDITIONAL SERVICES. FURTHER, THE CLIENT ACKNOWLEDGES AND STATES THAT BY SIGNING THIS RETAINER AGREEMENT, THEY ARE PROVIDING THIS INFORMATION TO ME FOR THE PURPOSE OF OBTAINING LEGAL ADVICE CONCERNING THEIR FINANCIAL SITUATION.

DATED this _____ day of _____, 2015.

THIS AGREEMENT IS APPROVED BY BOTH PARTIES.

VORTMAN & FEINSTEIN

/s/ Larry B. Feinstein

Larry B. Feinstein, Attorney

DEBTOR

DEBTOR

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Guarantee

This guarantee is on behalf of a corporation, partnership, or LLC in which I am an owner or principal, and I have a financial stake in the client, and this is on behalf of myself and my marital community. I unconditionally guarantee that all attorney's fees will be paid, upon the terms contained above. I waive all notices of default and the right to cure. If I have retained you on behalf of my corporation, partnership or LLC and this is for a Chapter 11 reorganization, I acknowledge that your duty is solely and only for the benefit of the corporation, and this Guarantee does not create a conflict of interest on your behalf; if a conflict arises, you have informed me that I should retain my own counsel to represent me in the business' reorganizations proceeding. This guarantee, as such, will only be enforceable if the business' Chapter 11 is converted to a Chapter 7 or is dismissed and the corporation, partnership or LLC has outstanding but unpaid fees to your firm. If the business successfully reorganizes, then you will be paid from the distributions of the Chapter 11 plan, and I will only be liable if the business defaults under the Plan.

GUARANTOR

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