UNITED STATES DISTRICT COURT FOR THE DISTRICT OF OREGON

Corvallis Hospitality, LLC v. Wilmington Trust, National Association as Trustee for the Benefit of the Holders of LCCM 2017-LC26 Mortgage Trust Commercial Mortgage Pass-Through Certificates, Series 2017-LC26; Midland Loan Services, Inc.; Beacon Default Management, Inc.; and K-Star Asset Management, LLC

Corvallis Hospitality · No. 6:22-cv-00024-MC; consolidated with 6:22-cv-00993-MC · Decided June 5, 2026

SUMMARY

The United States District Court for the District of Oregon addresses defendants' motion for relief and entry of judgment arising from Corvallis Hospitality, LLC's default on an $18 million commercial loan. The court holds that the plaintiff's claim concerning an erroneously authorized insurance payment is moot because the payment was refunded, and determines that the plaintiff owes outstanding principal, interest, fees, costs, and other amounts under the loan agreement. The court also finds the contractual attorney-fee and cost provision enforceable and the requested fees reasonable in part.

CASE DETAILS

COURT	United States District Court for the District of Oregon
WRITING FOR THE COURT	Michael J. McShane
JURISDICTION	United States District Court for the District of Oregon
DECIDED	June 5, 2026
DOCKET	6:22-cv-00024-MC; consolidated with 6:22-cv-00993-MC
DISPOSITION	other
PROCEDURAL POSTURE	Following removal, consolidation, pleadings motions, discovery, and cross-motions for summary judgment, the district court considered defendants' motion for relief and entry of judgment concerning amounts owed under a commercial loan agreement and guaranty.
STANDARD OF REVIEW	The court exercised discretion in determining the reasonableness of contractual attorney fees and costs and evaluated the contractual provisions and submitted accounting evidence. It also applied the mootness standard for claims lacking a live controversy and reviewed the contractual enforceability of loan charges under New York law.

PRECEDENTIAL VALUE	unpublished district court opinion

TOPICS

breach of contract · commercial litigation · mortgages · foreclosure · remedies

PRACTICE AREAS

contract law · commercial real estate finance · mortgage foreclosure · attorney fees · federal preemption

QUESTIONS PRESENTED

1. Whether Corvallis Hospitality's breach-of-contract claim concerning the mistaken Marsh USA insurance payment was moot after defendants refunded the payment.
2. Whether Corvallis Hospitality owed the outstanding principal, default interest, late fees, expenses, yield-maintenance premium, special-servicing fees, liquidation fee, and interest on advances under the loan agreement.
3. Whether the loan agreement required Corvallis Hospitality to pay reasonable, actual attorney fees and costs incurred in enforcing the loan obligations.
4. Whether defendants' requested attorney hours, hourly rates, and litigation costs were reasonable.
5. Whether William Lawson was liable as guarantor under the guaranty after Corvallis Hospitality asserted a meritless defense to payment.

HOLDINGS

1. Corvallis Hospitality's breach-of-contract claim concerning the Marsh USA insurance payment was moot because defendants had provided a full refund and the borrower failed to establish any additional legally recoverable damages.
2. Corvallis Hospitality owed the outstanding principal, enforceable default interest, late fees through the acceleration date, reasonable expenses, the yield-maintenance premium, special-servicing fees, a liquidation fee upon resolution of the loan, and interest on advances as authorized by the loan agreement and related documents.
3. Section 11.13 of the loan agreement required Corvallis Hospitality to pay or reimburse defendants for reasonable, actual attorney fees and costs incurred in enforcing the loan obligations, even though the agreement did not use the phrase prevailing party.
4. The requested attorney hours and Perkins Coie rates were reasonable, but Jenner & Block's hourly rates were capped at the highest rates requested for Perkins Coie attorneys.
5. William Lawson was liable as guarantor because the guaranty made him responsible for the loan when Corvallis Hospitality asserted a meritless defense to payment, and the court found the H.B. 4204 defense meritless.

KEY QUOTATIONS

> *“A claim is moot when the issues “are no longer live or the parties lack a legally cognizable interest in the outcome.””* (Discussion § I)

> *“Section 11.13 requires CH to pay or reimburse the Lender for attorney fees and costs connected to the parties’ ongoing performance of the Loan Agreement.”* (Discussion § III.a)

> *“It is not clear a reasonable, paying client would have paid the highest rates requested by Defendants to litigate these issues.”* (Discussion § III.b.ii)

FACTUAL BACKGROUND

Corvallis Hospitality owned and operated the Hilton Garden Inn Corvallis and obtained an $18 million commercial loan in 2017. It failed to make loan payments from May through October 2020, after which Wilmington declared the loan in default and accelerated it. The borrower relied on Oregon House Bill 4204, but the court had previously held that the National Banking Act preempted the bill and that the missed payments breached the loan agreement. A separate approximately $90,873.32 insurance payment to Marsh USA was later refunded to the borrower in June 2025.

PROCEDURAL HISTORY

Corvallis Hospitality filed suit in Oregon state court in December 2021, and defendants removed the action on diversity grounds. The district court denied remand, granted judgment on the pleadings in part, dismissed and later permitted amendment of claims, consolidated a related guaranty action against William Lawson, and resolved cross-motions for summary judgment in September 2025 by finding that Corvallis Hospitality breached the loan agreement through missed payments but leaving certain damages and guaranty issues unresolved. After a January 2026 status conference, the court authorized the present motion practice instead of a trial. The court granted defendants' motion in part and denied it in part, limiting certain hourly rates and directing that proposed judgments be filed separately.

DISPOSITION

other

REMAND INSTRUCTIONS

No remand. Defendants may update the amounts due, file proposed judgments on dates to be set by separate order, and file a proposed judgment of foreclosure and sale if the judgment is not satisfied.

CASES CITED

- H. Naito Corp. v. Quest Ent. Ventures, L.P., No. Civ. 00-506-AS, 2001 WL 34041860, at *1, *4 (D. Or. Jul. 2, 2001)
- Wilmington Tr., Nat’l Ass’n v. Winta Asset Mgmt. LLC, 2023 WL 9603893, at *2, *9 (S.D.N.Y. Dec. 21, 2023)
- Comer v. Cisneros, 37 F.3d 775, 798 (2d Cir. 1994)
- Cnty. of L.A. v. Davis, 440 U.S. 625, 631 (1979)

- Sholopa v. Turk Hava Yollari A.O., Inc., 595 F.Supp.3d 257, 262 (S.D.N.Y. 2022)
- Orlander v. Staples, Inc., 802 F.3d 289, 294 (2d Cir. 2015)
- Doyle v. Midland Credit Management, Inc., 722 F.3d 78, 81 (2d Cir. 2013)
- Ostenfeld v. Laundress, LLC, 2024 WL 967124, at *6–7 (S.D.N.Y. Mar. 5, 2024)
- Tractebel Energy Mktg., Inc. v. AEP Power Mktg., Inc., 487 F.3d 89, 110 (2d Cir. 2007)
- Capstone Cap. Grp., LLC v. Hahn, 2022 WL 2532449, at *5 (S.D.N.Y. Mar. 15, 2022)
- CIT Bank, N.A. v. Elliot, 2019 WL 5694332, at *2 (E.D.N.Y. Jul. 25, 2019)
- Fed. Deposit Ins. Corp. v. Glickman, 450 F.2d 416, 419 (9th Cir. 1971)
- NetJets Aviation, Inc. v. LHC Commc'ns, LLC, 537 F.3d 168, 175 (2d Cir. 2008)
- Diamond D Enters. USA, Inc. v. Steinsvaag, 979 F.2d 14, 19 (2d Cir. 1992)
- U.S. Fid. and Guar. Co. v. Braspetro Oil Servs. Co., 369 F.3d 34, 74 (2d Cir. 2004)
- McGuire v. Rusell Miller, Inc., 1 F.3d 1306, 1313 (2d Cir. 1993)
- Wistron NeWeb Corp. v. Genesis Networks Telecom Servs., LLC, 2023 WL 5211352, at *9 (S.D.N.Y. Aug. 14, 2023)
- Kassim v. City of Schenectady, 415 F.3d 246, 252 (2d Cir. 2005)
- Bank of the West v. M/V NEVER SAY NEVER, 2008 WL 4159360, at *3 (E.D.N.Y. Sep. 9, 2008)
- Ursa Minor Ltd. v. Aon Fin. Prods., Inc., 2001 WL 1842042, at *7 (S.D.N.Y. May 30, 2001)
- Lawtone-Bowles v. City of N.Y., 2021 WL 1326865, at *3 (S.D.N.Y. Apr. 8, 2021)
- N. Am. Photon Infotech Ltd. v. ZoomInfo LLC, 2026 WL 453442, at *6 (S.D.N.Y. Feb. 18, 2026)
- Lilly v. City of N.Y., 934 F.3d 222, 228, 230 (2d Cir. 2019)
- Arbor Hill Concerned Citizens Neighborhood Ass'n v. Cnty. of Albany & Albany Cnty. Bd. of Elections, 522 F.3d 182, 191 (2d Cir. 2008)
- Simmons v. N.Y.C. Transit Auth., 575 F.3d 170, 174 (2d Cir. 2009)
- Barjon v. Dalton, 132 F.3d 496, 500 (9th Cir. 1997)
- Wilmington Tr., Nat'l Ass'n v. Winta Asset Mgmt. LLC, 2023 WL 9603893, at *6
- Wells Fargo Bank as Tr. for the Benefit of the Holders of COMM 2015-LC19 Mortg. Tr. Com. Mortg. Pass-Through Certificates v. 5615 N. LLC, 2023 WL 7394340, at *7, *10 (S.D.N.Y. May 4, 2023)
- Appaloosa Inv. L.P.I. v. Fed. Home Loan Mortg. Corp., 2022 WL 2720520, at *4 (2d Cir. Jul. 14, 2022)
- Wells Fargo Bank Nat'l Ass'n as Tr. for Holders of Comm 2014-UBS6 Mortg. Tr. Com. Mortg. Pass-Through Certificates v. 366 Realty LLC, 725 F.Supp.3d 272, 284, 295 (E.D.N.Y. 2024)
- U.S. Bank Nat'l Ass'n v. Kontogiannis, 2013 WL 12108071, at *3 (E.D.N.Y. Sep. 27, 2013)
- Cruden v. Bank of N.Y., 957 F.2d 961, 976 (2d Cir. 1992)