

DRAFTED BY AND WHEN RECORDED RETURN TO:

William J. Perrone
DYKEMA GOSSETT PLLC
800 Michigan National Tower
Lansing, Michigan 48933-1707

82553 KTK

ASSUMPTION AGREEMENT

THIS ASSUMPTION AGREEMENT (the "Agreement"), dated as of the 15th day of February, 2000, by and among TOMERLIN ENTERPRISES, a Nevada general partnership, P. O. Box 1048, Gardnerville, Nevada 89410 (the "Assignor"), FARM BUREAU MUTUAL INSURANCE COMPANY OF MICHIGAN, a Michigan Insurance Corporation, 7373 West Saginaw Highway, P.O. Box 30400, Lansing, Michigan 48909 (the "Lender") and THE DOUGLAS RAY AND S. JOANN RODERICK LIVING TRUST, U/T/A dated May 1, 1995, 61 Giorgi Lane, Yerington, Nevada 89447 (the "Assignee").

WITNESSETH

WHEREAS, pursuant to a Loan Agreement, dated as of October 29, 1998, between the Lender and the Assignor (the "Loan Agreement") and for value received, the Assignor executed and delivered to the Lender a Promissory Note, dated October 29, 1998, in the original principal sum of One Million and No/100 (\$1,000,000.00) Dollars (the "Note"); and

WHEREAS, the Note is secured by a Deed of Trust and Security Agreement which is a lien on real property located in Douglas County, Nevada, as more particularly described on Exhibit A attached hereto and incorporated herein by reference (the "Mortgaged Property"), dated October 29, 1998, and recorded on October 29, 1998 in Book 1098, Page 6556, as Document No. 452944 of the Official Records of Douglas County, Nevada (the "Deed of Trust"); and

WHEREAS, the Assignor intends to convey the Mortgaged Property to the Assignee; and

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WHEREAS, the Assignee is willing to assume the obligations of the Assignor under the Loan Agreement, the Note, the Deed of Trust, and the other documents executed by the Assignor in connection therewith (the "Loan Documents") upon the terms and conditions of this Agreement; and

WHEREAS, the Assignor desires to be released from any and all of its liability to the Lender under the Loan Documents and William R. Tomerlin (the "Guarantor") desires to be released from any and all of his liability to the Lender under the terms of his Guaranty Agreement with the Lender, dated October 29, 1998 (the "Guaranty"); and

WHEREAS, the Lender is willing to consent to the conveyance of the Mortgaged Property from the Assignor to the Assignee, the assumption of the Assignor's obligations under the Loan Documents by the Assignee and the release of the Assignor and the Guarantor from their respective liability to the Lender under the Loan Documents and the Guaranty upon the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements set forth below, the parties agree as follows:

1. Payment of Fees. Upon the execution of this Agreement, and in accordance with Section 4.5(b) of the Loan Agreement, the Assignor ^{and/or Assignee} shall pay to the Lender an assumption fee in the amount of \$9,483.00, together with all of the Lender's attorneys fees and other out-of-pocket costs and expenses incurred in connection with the negotiation and preparation of this Agreement and all related documents and the closing of the transactions contemplated herein. *DMH* *SR* (initial)

2. Consent to Conveyance. (a) Subject to the terms and conditions of this Agreement, the Lender hereby consents to the conveyance of the Mortgaged Property from the Assignor to the Assignee.

(b) This consent shall not constitute a consent to, or waive the Lender's right of prior consent to, any other or subsequent conveyance of the Mortgaged Property by the Assignee.

3. Assumption of Liabilities by Assignee. (a) From and after the date hereof, the Assignee, hereby expressly assumes all liability under, and agrees to pay, the Note in accordance with the terms and conditions thereof in the same manner as though the Assignee had executed the Note in the first instance and, from and after the date hereof, agrees to be bound by, assume all of the liabilities under

and perform each and every condition and covenant imposed upon the Assignor under the Loan Documents (all of which are hereby incorporated herein by reference). Any reference in the Loan Documents to the Assignor (as the "Borrower" or otherwise) shall, after the date hereof, be deemed to be a reference to the Assignee. The current principal balance of the Note is \$948,264.18.

(b) The Assignee hereby restates to the Lender, as of the date of this Agreement, all of the Assignor's representations, warranties and covenants contained in the Loan Documents as applicable to Assignee.

4. Release of the Assignor. The Lender hereby releases the Assignor from any and all of its liability to the Lender under the terms and conditions of the Loan Documents as assumed by the Assignee hereunder, except the obligations of the Assignor under Section 4.6 of the Loan Agreement (for events occurring prior to the date hereof) which shall survive the execution of this Agreement.

5. Substitution and Release of the Guarantor. (a) Upon the execution of a substituted Guaranty Agreement from Douglas R. Roderick and S. JoAnn Roderick (the "New Guarantors") to the Lender, jointly and severally, guaranteeing the timely payment of all amounts owing to the Lender under the Loan Documents and the timely performance of all of the covenants and conditions thereunder, the Lender shall release the Guarantor from any and all of his liability to the Lender under the terms of his Guaranty, except his guarantee of the Assignor's indemnity liability under Section 4.6 of the Loan Agreement.

(b) The substitute Guaranty Agreement shall be in a form and content acceptable in all respects to the Lender.

6. Transfer of Escrow. The parties acknowledge and agree that, pursuant to the assumptions of this Agreement, any of the Assignor's funds on deposit with the Lender or the Lender's loan servicer for the payment of taxes and insurance shall, as of the date of this Agreement, be deemed to be the funds of the Assignee, and the Assignee hereby authorizes the Lender to hold and expend such funds for the purposes for which they were deposited pursuant to the Loan Documents. The escrow balance as of February 1, 2000 is \$8,962.64.

7. Indemnity. The Assignor and the Assignee shall indemnify and hold the Lender harmless from and against the claims of any broker which claims to be owed a commission or finder's fee as a result of this Agreement or the transfer of the Mortgaged Property from the Assignor to the Assignee.

8. Financial Reporting. In addition to any other reporting obligations under the Loan Documents, the Assignee shall, on an annual basis and within 120 days after the close of each of its fiscal years, provide to the Lender (i) its then-current financial statements and copies of its most recent federal income tax returns; (ii) an annual report reflecting all income and expense data pertinent to the Mortgaged Property; and (iii) a complete and current rent roll for the Mortgaged Property, all in a form and substance satisfactory to the Lender.

9. No Event of Default. (a) The Assignor and the Assignee hereby acknowledge that no default by Lender has occurred under the Loan Documents and that no event which, with the passage of time or the giving of notice, or both, would constitute a default or could form the basis for a claim by either the Assignor or the Assignee (or both) against the Lender has occurred, and the Assignor expressly hereby waives any such claims it may now have or may hereafter have against the Lender with respect to the Loan Documents.

(b) The Lender hereby acknowledges that, to the best of its knowledge, no default by the Assignor has occurred under the Loan Documents and that no event which, with the passage of time or the giving of notice, or both, would constitute a default or could form a basis for a claim by the Lender against the Assignor has occurred.

10. Further Assurances. The Assignor and the Assignee agree to do such further acts and things and to execute and/or deliver to the Lender such additional certificates, opinions, title insurance endorsements, assignments, agreements, powers and instruments (including any UCC financing statements) which the Lender may reasonably require or deem advisable to carry into effect the purposes of this Agreement or to better assure and confirm unto the Lender the priority and perfection of its security interests or its rights, powers and remedies under the Loan Documents.

11. Preservation of Priority. This Agreement shall not be construed to create any merger, or alter or prejudice the rights and priorities of the Lender as against any surety, subsequent encumbrancer or any other person or entity claiming an interest in any of the real or personal property which is subject to the Deed of Trust. In the event this Agreement is so construed by a court of competent jurisdiction, the Lender may, at its sole option and discretion, elect to declare the entire outstanding principal balance of the Note, together with all accrued interest and any other charges then due to the Lender under the Note or the other Loan Documents, to be immediately due and payable without notice or demand.

12. Binding Effect. The covenants and agreements contained in this Agreement shall run with the land and shall inure to the benefit of and be binding upon the successors and assigns of the Lender and upon the heirs, successors and permitted assigns of the Assignor and the Assignee.

13. Governing Law. This Agreement shall be deemed to be a contract made under the laws of the State of Nevada and shall be construed for all purposes in accordance with the laws of such state without regard to principles of conflicts of law.

14. Counterparts. This Agreement may be executed in any number of counterparts, but all counterparts shall constitute but one original.

IN WITNESS WHEREOF, the parties have executed or caused this Agreement to be executed on their behalf by their duly authorized representatives.

TOMERLIN ENTERPRISES,
a Nevada general partnership
ASSIGNOR

By: William R. Tomerlin
William R. Tomerlin, General Partner

STATE OF NEVADA)
COUNTY OF DOUGLAS) ss.

On February 17, 2000, personally appeared before me, a notary public, William R. Tomerlin, personally known or proved to me to be the duly authorized general partner of Tomerlin Enterprises, a

Nevada general partnership, whose name is subscribed to the above instrument and who acknowledged that he executed the instrument on behalf of the Partnership.

Notary Public
County, Nevada
Appointment Expires: _____

THE DOUGLAS RAY AND S. JOANN RODERICK
LIVING TRUST U/T/A DATED MAY 1, 1995
ASSIGNEE

Douglas Ray Roderick, Trustee

Douglas Ray Roderick, Co-Trustee

S. JoAnn Roderick, Trustee

S. JoAnn Roderick, Co-Trustee

STATE OF NEVADA)
) ss.
COUNTY OF DOUGLAS)

On February 18TH, 2000, personally appeared before me, a notary public, Douglas Ray Roderick and S. JoAnn Roderick, personally known or proved to me to be the duly authorized co-Trustees of The Douglas Ray and S. JoAnn Roderick Living Trust U/T/A Dated May 1, 1995, whose names are subscribed to the above instrument and who acknowledged that they executed the instrument on behalf of the Living Trust.

Charlene L. Hanover

Notary Public
DOUGLAS County, Nevada
Appointment Expires: _____



FARM BUREAU MUTUAL INSURANCE COMPANY
OF MICHIGAN
a Michigan insurance corporation
LENDER

By: *[Signature]*

Its: **STEPHEN G. POTTER**
MORTGAGE AND REAL ESTATE
DEPARTMENT MANAGER
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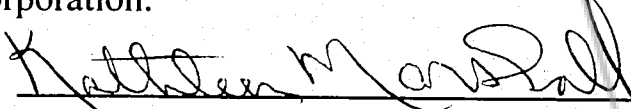
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STATE OF MICHIGAN)
) ss.
COUNTY OF INGHAM)

On this 25th day of February, 2000, before me, a Notary Public personally appeared Stephen C. Potter, the Mortgage and Real Estate Dept Mgr of Farm Bureau Mutual Insurance Company of Michigan, a Michigan insurance corporation, who acknowledged that he executed this instrument on behalf of said corporation.

(SEAL)

SEAL



Kathleen Marshall Notary Public
Clinton County, Michigan
Appointment Expires: July 21, 2002
Acting in Ingham County, Michigan

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ID\WJP

EXHIBIT A

DESCRIPTION OF REAL ESTATE

Parcel One:

Description of all that certain lot, piece or parcel of land situate in the County of Douglas, State of Nevada, being a portion of Section 3, T.12N., R.20E., M.D.B.&M., being more particularly described as follows:

Commencing at the Northeasterly corner of Lot 22, as shown on the Annexation Map for the Carson Industrial Park to the Town of Gardnerville, being recorded as File No. 51482, Douglas County Records; said point being the TRUE POINT OF BEGINNING; thence S. 34°22'00" E. 476.82 feet to a point on the Westerly right of way line of Industrial Way; thence along said Industrial Way right of way line S. 55°38'00" W. 214.30 feet; thence leaving said right of way line N. 34°22'00" W. 270.00 feet; thence S. 55°38'00" W. 120.00 feet; thence N. 31°50'32" W. 247.53 feet; thence N. 52°40'15" E. 39.26 feet; thence N. 37°19'45" W. 37.80 feet; thence N. 71°18'00" E. 297.18 feet to the TRUE POINT OF BEGINNING.

A.P.N. 1220-03-410-003

Parcel Two:

Description of all that certain lot, piece or parcel of land situate in the County of Douglas, State of Nevada, being a portion of Section 3, T.12N., R.20E., MD.B.&M., being more particularly described as follows:

Commencing at the Southeasterly corner of Lot 21 as shown on the Annexation Map for the Carson Industrial Park to the Town of Gardnerville, being recorded as File No. 51482, Douglas County Records; said point being on the Westerly right of way line of Industrial Way; said point also being the TRUE POINT OF BEGINNING; thence along said right way line S. 55°38'00" W. 110.80 feet; thence leaving said right of way line N. 34°22'00" W. 5.00 feet; thence from a tangent bearing of S. 55°38'00" W. along a curve to the right with a radius of 20.00 feet, a tangent length of 20.88 feet, a delta angle of 92°27'47" and arc length of 32.28 feet; thence N. 31°50'00" W. 244.35 feet; thence N. 55°38'00" E. 120.00 feet; thence S. 34°22'00" E. 270.00 feet to THE TRUE POINT OF BEGINNING.

A.P.N. 1220-03-410-005

REQUESTED BY
WESTERN TITLE COMPANY, INC.

IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

2000 FEB 29 PM 4: 33

LINDA SLATER
RECORDER

\$15⁰⁰ PAID *K2* DEPUTY

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