

When Recorded
Please Return to:
Nevada State Development Corporation
6572 South McCarran Blvd.
Reno, NV 89509

THIS INSTRUMENT IS BEING RECORDED AS AN
ACCOMMODATION ONLY. NO LIABILITY, EXPRESSED
OR IMPLIED, IS ASSUMED AS TO ITS REGULARITY
OR SUFFICIENCY NOR AS TO ITS EFFECT, IF ANY,
UPON TITLE TO ANY REAL PROPERTY DESCRIBED
THEREIN.

STEWART TITLE OF DOUGLAS COUNTY

000801410

ASSUMPTION AGREEMENT

SBA Loan No. 488 578 3004
SBA Loan Name: Lee R. and Nobuko Rathbun
dba All Tune and Lube

Parties

This Agreement, dated for reference October 6, 2000, is between Sunagawa Ltd., a Limited Liability Company ("Buyer"), Lee R. Rathbun and Nobuko Rathbun ("Borrower") and The Small Business Administration, an Agency of the United States Government ("SBA").

Recitals

- A. SBA is the holder of a promissory note made by Borrower on February 26, 1993, in the principal amount of \$175,000.00. ("Note") Borrower has also executed a Loan Authorization and Agreement, Security Instruments and other documents in connection with the loan. ("SBA Loan Documents")
- B. Borrower's repayment obligation is secured by a lien(s) and/or security interest(s) upon or in Borrower's real and/or personal property as described in the SBA Loan Documents. ("Encumbered Property")
- C. Buyer has purchased or is about to purchase all or part of the Encumbered Property and desires to assume Borrower's obligations to SBA.
- D. A transfer of the Encumbered Property without SBA's consent is a default under the terms of the SBA Loan Documents and SBA's consent is conditioned upon Buyer's unconditional assumption of the Borrower's obligations to the SBA.

Agreement Terms

In consideration of the representations, promises and conditions in this agreement, the parties agree as follows:

1. ASSUMPTION OF DEBT AND RELATED OBLIGATIONS - Effective upon transfer of the Encumbered Property to Buyer, Buyer assumes all of Borrower's obligations to SBA. Buyer agrees to pay SBA the unpaid principal balance and all interest accrued on the Note. Buyer also agrees to perform all of the obligations contained in the SBA Loan Documents as if Buyer was the original borrower.
2. DUE DILIGENCE - Buyer's rights to disclosure of agency records with respect to the assumed obligation shall be deemed co-extensive with the rights of Borrower and any Guarantor(s) to the full extent permitted by law. Borrower and any Guarantor(s) agree not to assert any privacy rights with respect to Buyer's request for agency records concerning the assumed obligation.

3. NO NOVATION - Buyer and Borrower understand that this transaction is not a novation (new obligation). All security instruments now in effect will remain in effect and will bind the Buyer. SBA's rights and remedies under the security instruments will not be limited, changed or impaired by the transfer of the collateral or by anything in this agreement.
4. NO RELEASE - *This agreement does not release the Borrower (nor any other person) from liability to SBA.*
5. NO OFFSETTING CLAIMS - Buyer and Borrower acknowledge that none of the Borrower's obligations under the loan documents are subject to any right of offset, defense or counterclaim of any kind.
6. NO RELIANCE - Buyer and Borrower have each conducted such investigation and obtained such independent legal or other advice as they have decided is necessary and have not relied upon the SBA, its agents, employees or attorneys in entering into this agreement.
7. LEGAL CAPACITY AND AUTHORITY - Buyer and Borrower warrant to SBA that each has the legal capacity to enter into this agreement and perform the obligations it creates. Buyer and Borrower also warrant that the individuals signing below have the requisite legal authority to execute this agreement on their behalf.
8. FURTHER ASSURANCES AND DOCUMENTATION - Buyer and Borrower will execute all other documents required by SBA and comply with all other conditions SBA imposes. Buyer will be in default under this agreement and under the SBA Loan Documents unless Buyer has delivered (and executed as appropriate) to SBA or its designee, the following:
 - Buyer's Federal Tax I.D. number.
 - Board/Members Resolution to Borrow/Assume.
 - Secretary of State's Statement of Good Standing.
 - Articles of Incorporation/Organization. (Corp./LLC)
 - Operating Agreement. (LLC)
9. MODIFICATION - This agreement may not be modified except in writing signed by the parties to be charged. It supercedes all prior written or oral understandings or negotiations concerning the assumption of this loan.
10. NO ASSIGNMENT OR TRANSFER - DEFAULT - Buyer shall not assign any of its rights or delegate any of its obligations under this Agreement or under the Note or other SBA Loan Documents without SBA's prior written consent. Any attempted assignment or delegation, or transfer of the Encumbered Property, without SBA's written consent, will be a default giving SBA the right to foreclose its interest in the Encumbered Property.
11. GOVERNING LAW - This agreement shall be interpreted and enforced in accordance with federal law.
12. ENVIRONMENTAL WARRANTY - Borrower and Buyer represent and warrant that they and any tenant of the Encumbered Property have and will comply with all laws, rules, and regulations related to land use, zoning or environmental protection. Buyer agrees that it shall not cause or permit to exist, intentionally or unintentionally, any unlawful leaking, pumping, emitting, pouring, emptying or dumping of a toxic material, hazardous substance or hazardous waste into air or waters or onto or beneath lands. The Buyer and Borrower must notify SBA of any risk of contamination of the Encumbered Property by any hazardous substance.

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13. ENVIRONMENTAL INDEMNITY - SBA is relying upon the warranties in this agreement in consenting to the assumption. Borrower and Buyer agree, jointly and severally, to hold SBA and any SBA participant SBA harmless from any loss, including but not limited to penalties, fines, claims, costs (including clean-up costs) and other expenses, including consultants or experts' expenses, which arise as a result of any inaccuracy or any breach of the warranties and promises in this agreement. This environmental indemnity will survive the term of this agreement and will not terminate by virtue of payment in full, foreclosure or acceptance of a deed in lieu of foreclosure.
14. RIGHTS, NOTICES, AND DEFENSES WAIVED - Borrower and Buyer agree if, by operation of law or otherwise, one or both of them become a surety, that they (a) grant to SBA full power, in its uncontrolled discretion and without notice, to deal in any manner with the liabilities and collateral for the note and (b) waive all of the following rights, notices and defenses:
- The Right to:
 - Require presentment, protest, or demand;
 - Redeem any Collateral before or after SBA disposes of it;
 - Have any disposition of Collateral advertised; and
 - Require a valuation of Collateral before or after SBA disposes of it.
 - Notice of:
 - Any default under the Note or under any SBA Loan Document;
 - Presentment, dishonor, protest, or demand;
 - Execution of any SBA Loan Document;
 - Any action or inaction on the Note or Collateral, such as disbursements, payment, nonpayment, acceleration, intent to accelerate, assignment, collection activity, and incurring enforcement expenses;
 - Any change in the financial condition or business operations of any person or entity related to the SBA Loan;
 - Any changes in the terms of the Note or other Loan Documents, except increases in the amounts due under the Note; and
 - The time or place of any sale or other disposition of Collateral.
 - Defenses based upon any claim that:
 - SBA failed to obtain any guarantee;
 - SBA failed to obtain, perfect, or maintain a security interest in any property offered or taken as Collateral;
 - SBA or others improperly valued or inspected the Collateral;
 - The Collateral changed in value, or was neglected, lost, destroyed, or underinsured;
 - SBA impaired the Collateral;
 - SBA did not dispose of any of the Collateral;
 - SBA did not conduct a commercially reasonable sale;
 - SBA did not obtain the fair market value of the Collateral;
 - SBA did not make or perfect a claim upon the death or disability of any person;
 - The financial condition of any person or entity was overstated or has adversely changed;
 - SBA made errors or omissions in Loan Documents or administration of the Loan;
 - SBA did not seek payment from any other person or entity, or any Collateral before demanding payment from Surety;
 - SBA impaired Surety's suretyship rights;

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- SBA modified the Note terms, other than to increase amounts due under the Note.
- If SBA modifies the Note to increase the amounts due under the Note without Surety's consent, Surety will not be liable for the increased amounts and related interest and expenses, but remains liable for all other amounts;
- Borrower has avoided liability on the Note; or
- SBA has taken an action allowed under the Note, this Guarantee, or other Loan Documents.
- All rights and defenses arising out of an election of remedies by the creditor, even though that election of remedies such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed the surety's rights of subrogation and reimbursement against the principal by the operation of Section 580d of the California Code of Civil Procedure or otherwise.

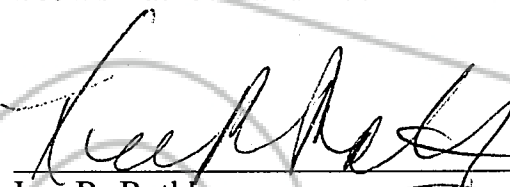
The undersigned join in and consent to all the terms of this agreement and acknowledge that it does not alter their liability to the SBA.

Buyer:
Sunagawa Ltd.

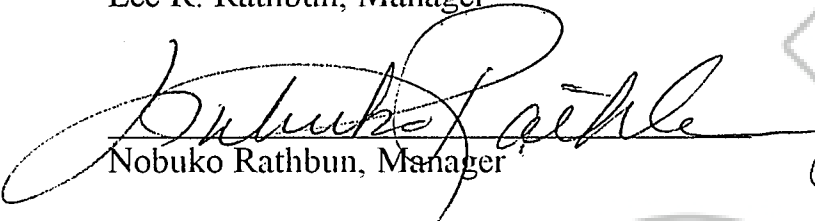
Borrower:
Lee R. Rathbun and Nobuko Rathbun



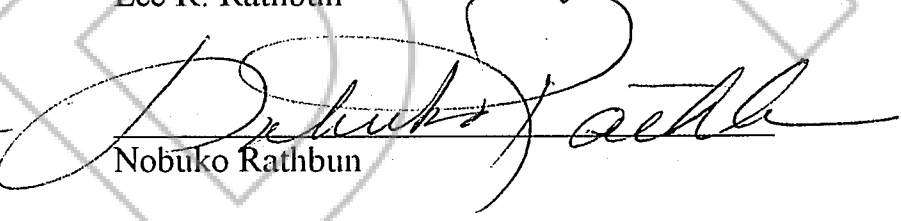
Lee R. Rathbun, Manager



Lee R. Rathbun




Nobuko Rathbun, Manager



Nobuko Rathbun

U.S. SMALL BUSINESS ADMINISTRATION, an
Agency of the U. S. Government

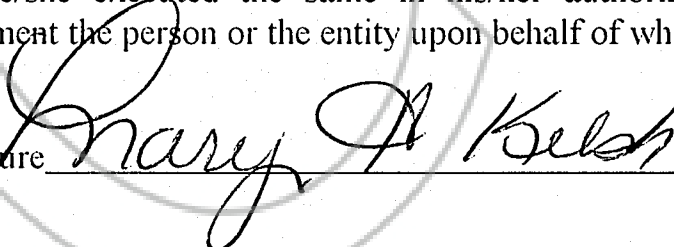


By:  10/18/00

STEVEN K. DAVIDSON (Date)

State of Nevada
County of Douglas

On 11-8-00 before me, MARY H. KELSH, a Notary Public, personally appeared Lee R. Rathbun, personally known to me (or proved on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

Signature 



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State of Nevada
County of Douglas

On 11-8-00 before me, MARY H. Kelsch, a Notary Public, personally appeared Nobuko Rathbun, personally known to me (or proved on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

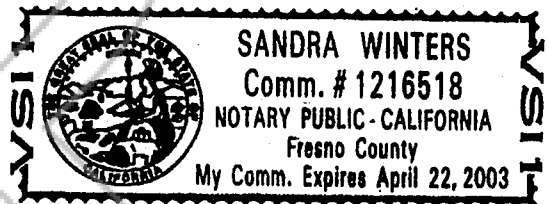
Signature Mary H Kelsch



State of California
County of Fresno

On Oct. 19, 2000 before me, SANDRA WINTERS, a Notary Public, personally appeared STEVEN K. DAVIDSON, personally known to me (or proved on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

Signature Sandra Winters



Commercial Loan Servicing Center
2719 North Air Fresno Drive, Suite 107, Fresno, California 93727
www.sba.gov

REQUESTED BY
STEWART TITLE of DOUGLAS COUNTY
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

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LINDA SLATER
RECORDER

\$ 11.00 PAID KZ DEPUTY

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