

APN: 1220-04-601-013

WHEN RECORDED RETURN TO:

Nevada State Development Corp.
6572 S. McCarran Blvd.
Reno, Nevada 89509

DOUGLAS COUNTY, NV **2015-856370**
Rec:\$21.00
\$21.00 Pgs=8 02/03/2015 08:46 AM
NORTHERN NEVADA TITLE CC
KAREN ELLISON, RECORDER

N1500052 DC

Space Above This Line For Recorder's Use Only

SBA Loan No. 725 024 5009

**ASSIGNMENT OF LEASES AND RENTS
WITH
SUBORDINATION**

THIS ASSIGNMENT OF LEASES AND RENTS WITH SUBORDINATION (as the same may be amended, modified or supplemented from time to time, the "Assignment"), dated as of the 22nd day of December, 2014, from CHIMNEY CREEK, LLC, a Nevada limited liability company, (the "Assignor"), in favor of NEVADA STATE DEVELOPMENT CORPORATION (the "Assignee"), for further assignment by Assignee to the UNITED STATES SMALL BUSINESS ADMINISTRATION, an agency of the United States (the "SBA"), recites and provides:

Assignee has agreed to make a loan to Assignor in the principal amount of THREE HUNDRED SIXTY-THREE THOUSAND DOLLARS (\$363,000.00) (the "Loan") to provide financing for acquisition of the land described in Exhibit "A" attached hereto and, by reference, made a part hereof, and the improvements thereon situated in the County of Douglas, State of Nevada (collectively, the "Premises"). The Loan is evidenced by a promissory note of even date herewith (as the same may be amended, modified or supplemented from time to time, the "Note"), made by Assignor and payable to the order of Assignee in the principal amount of the Loan. The Note is secured in part, by a deed of trust of even date herewith (as the same may be amended, modified or supplemented from time to time, the "Deed of Trust") from Assignor to NORTHERN NEVADA TITLE COMPANY, as Trustee. Terms defined in the Note and the Deed of Trust shall have the same defined meanings when used in this Assignment. As a condition to making the Loan, the Assignee has required an assignment to the Assignee and any subsequent holder of the Note of all leases (individually, a "Lease", and collectively, the "Leases") of or relating to Assignor's interest in the Premises or any part thereof, now or hereafter existing, and all rents, issues and profits (the "Rents") now or hereafter arising from Assignor's interest in the Premises or any part thereof, all in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, for and in consideration of the agreement of Assignee to make the Loan and as ADDITIONAL SECURITY for the payment of the Note, Assignor agrees as follows:

1. Assignment of Leases. Assignor hereby assigns, transfers and sets over to Assignee, and any subsequent holder of the Note, all Assignor's right, title and interest in and to all Leases and all renewals or extensions thereof, together with all the Rents, now existing or hereafter arising. Prior to the election of Assignee to collect the Rents upon the occurrence of an event of default under the Deed of Trust, Assignor shall have the right to collect and dispose of the Rents without restriction.

2. Delivery of the Leases. All Leases currently in effect with respect to the Premises have been delivered to Assignee, are in full force and effect as of the date of this Assignment and neither Assignor nor any tenant is in default thereunder. Assignor shall not make any subsequent agreement for the lease of the Premises or any part thereof except in the ordinary course of business in accordance with the provisions of the Deed of Trust. All such subsequent Leases shall be subject to the prior written approval of Assignee, which approval shall not be unreasonable withheld, in accordance with the provisions of the Deed of Trust.

3. No Modifications of the Leases. Without the prior written consent of Assignee, which consent shall not be unreasonable withheld, Assignor shall not:
- (a) Cancel, terminate or accept any surrender of the Leases;
 - (b) Accept any prepayments for more than thirty (30) days of installments of rent under any of the Leases;
 - (c) Modify or abridge any of the terms, covenants and conditions of any of the Leases so as to reduce the terms thereof or the rental payments thereunder; or
 - (d) Change any renewal privileges contained in any of the Leases.

4. Representations and Warranties. Assignor represents and warrants that:

- (a) Except for the assignment made by Assignor to HERITAGE BANK OF NEVADA, the first trust lender, Assignor has not previously sold, assigned, transferred, mortgaged or pledged the Leases or the Rents, whether now due or hereafter to become due;
- (b) The Rents now due or to become due for any periods subsequent to the date hereof have not been collected and payment thereof has not been anticipated for a period of more than one (1) month in advance, waived or released, discounted, set off or otherwise discharged or compromised except as set forth in the Leases;
- (c) It has not received any funds or deposits from any tenant for which credit has not already been made on account of accrued income other than the security deposits provided for in the Leases;
- (d) It has not received any bonafide and acceptable offer to purchase the Premises or any part thereof which would in any way affect any right or option of first refusal to purchase all or any portion of the Premises now contained in any Lease; and
- (e) It has not done anything which might prevent Assignee from or limit Assignee in operating under or enforcing any of the provisions hereof.

Assignor shall act in good faith to enforce or secure the performance of each and every obligation, covenant, condition and agreement to be performed by any tenants under all the Leases.

5. Remedies Upon Default. Immediately upon the occurrence of an event of default under the Deed of Trust and the expiration of any applicable cure period, Assignee is hereby expressly and irrevocably authorized to enter and take possession of the Premises by actual physical possession, or by written notice served personally upon, or sent by registered or certified mail, postage prepaid, to Assignor, as Assignee may elect, and no further authorization shall be required. Following any such entry and taking of possession, Assignee may:

- (a) Manage and operate the Premises or any part thereof;

- (b) Lease any part or parts of the Premises for such period of time, and upon such terms and conditions as Assignee may, in its discretion, deem proper;
- (c) Enforce any of the Leases;
- (d) Demand, collect, sue for, attach, levy, recover, receive, compromise and adjust, and make, execute and deliver receipts and releases for all Rents that may then or may thereafter become due, owing or payable with respect to the Premises, or any part thereof, from any present or future lessees, tenants, subtenants, or occupants thereof;
- (e) Institute, prosecute to completion or compromise and settle, all summary proceedings and actions for rent or for removing any and all lessees, tenants, subtenants or occupants of the Premises or any part or parts thereof;
- (f) Enforce or enjoin or restrain the violation of any of the terms, provisions and conditions of any of the Leases;
- (g) Make such repairs and alterations to the Premises as Assignee may, in its discretion, deem proper;
- (h) Pay from and out of the Rents collected or from or out of any other funds, the insurance premiums and any other taxes, assessments, water rates, sewer rates or other governmental charges levied, assessed or imposed against the Premises or any portion thereof, and also any and all other charges, costs and expenses which it may deem necessary or advisable for Assignee to pay in the management or operation of the Premises, including (without limiting the generality of any rights, powers, privileges and authorities conferred in this Assignment) the costs of such repairs and alterations, compensations for renting the Premises, or any portions thereof, and legal expenses in enforcing claims, preparing papers or for any other services that may be required; and
- (I) Generally, do, execute and perform any other act, deed, matter or thing whatsoever that ought to be done, executed and performed in and about or with respect to the Premises as fully as Assignor might do.

6. Disposition of Rents Upon Default. Assignor hereby irrevocable directs the tenants under the Leases upon demand and notice from Assignee of any event of default, to pay to Assignee all Rents accruing or due under the Leases from and after the receipt of such demand and notice. Such tenants in making such payments to Assignee shall be under no obligation to inquire into or determine the actual existence of any such event of default claimed by Assignee.

7. Attornment. To the extent not provided by applicable law, each Lease of the Premises or of any part thereof shall provide that in the event of the enforcement by Assignee of the remedies provided for by law or by this Assignment, the tenant thereunder will, upon request of any person succeeding to the interest of Assignor as a result of such enforcement, automatically become the tenant of such successor-in-interest, without change in the terms or other provisions of such Lease; provided, however, that the successor-in-interest shall not be bound by;

- (a) Any payment of rent or additional rent for more than one (1) months in advance, except prepayments in the nature of security for the performance by the tenant of its obligations under the Lease; or

(b) Any amendment or modification of the Lease made without the consent of Assignee or such successor-in-interest. Each Lease also shall provide that, upon request by the successor-in-interest, the tenant shall execute and deliver an instrument or instruments confirming such attornment.

8. Subordination. Lessee (Tenant) identified in the Lease(s) hereby agrees, warrants and covenants any Lease, and Lessee's (Tenant's) interest therein, are and shall be at all times subject and subordinate to the Deed of Trust encumbering the real property described on Exhibit "A" attached hereto for the benefit of NEVADA STATE DEVELOPMENT CORPORATION, its successors and assigns, and to any renewals, modifications, or extensions of said Deed of Trust. By reason of such subordination, if the interest of Lessor (Landlord) identified in the Lease(s) shall be acquired by NEVADA STATE DEVELOPMENT CORPORATION or by any other person ("Purchaser") by foreclosure or other proceedings brought to enforce the rights of the holder of the aforesaid Deed of Trust, by deed in lieu of foreclosure, or by any other method, Lessee (Tenant) agrees and acknowledges that the Lease may be terminated regardless of the term thereof or, at the option of Purchaser, the Purchaser may succeed to the interest of the Lessor (Landlord) under the Lease and Lessee (Tenant) shall be bound to Purchaser under all of the terms, conditions and covenants of the Lease for the balance of the term thereof, and any extensions and renewals thereof, with the same force and effect as if Purchaser were the original lessor under the Lease and, in the event of the exercise of such option, Lessee (Tenant) does hereby attorn to Purchaser as its lessor and Purchaser agrees to accept such attornment which shall be deemed self-operative without the execution of any other instrument provided, however, Purchaser shall not be liable or responsible to Lessee (Tenant) for any damages sustained by Lessee (Tenant) by reason of any default or acts by Lessor (Landlord) prior to the date of such attornment.

9. Indemnification. Assignor hereby agrees to indemnify and hold Assignee harmless from and against any and all liabilities, losses, damages and expenses, including reasonable attorney's fees, which it may incur under any of the Leases, or by reason of this Assignment or by reason of any action taken by Assignee or Assignor hereunder, and from any and against any and all claims and demands whatsoever which may be asserted against Assignee by reason of any alleged obligation or undertaking on its part to perform or discharge any of the terms, covenants and conditions contained in any of the Leases. Should Assignee incur any such liabilities, losses, damages or expenses, the amount thereof, together with interest thereon at the rate set forth in the Note, shall be payable by Assignor to Assignee immediately upon demand therefor, or at the option of Assignee, Assignee may reimburse itself therefor out of any Rents collected by Assignee. Nothing contained herein shall operate or be construed to obligate Assignee to perform any of the terms, covenants and conditions contained in any of the Leases or otherwise to impose any obligation upon Assignee with respect to any of the Leases. This Assignment shall not operate to place upon Assignee any responsibility for the operation, control, care, management or repair of the Premises, and the execution of this Assignment by Assignor shall constitute conclusive evidence that all responsibility for the operation, control, care, management and repair of the Premises is and shall be that of Assignor.

10. Further Assurances. Assignor agrees to execute and deliver to Assignee, at any time or times during which this Assignment shall be in effect, such further instruments as Assignee may deem necessary to make effective or more effective this Assignment and the covenants of Assignor herein contained.

11. No Waiver. Failure of Assignee to avail itself of any of the terms, covenants and conditions of this Assignment for any period of time, or any time or times, shall not be construed or deemed to be a waiver of any of its rights hereunder. The rights and remedies of Assignee under this Assignment are cumulative and are not in lieu of, but are in addition to, any other rights and remedies which Assignee shall have under or by virtue of any of the Loan Documents. The rights and remedies of Assignee hereunder may be exercised from time to time and as often as such exercise is deemed expedient.

12. Assignment of Assignee's Rights. Any holder of the secured indebtedness shall have the right to assign to any subsequent holder of the secured indebtedness, the right, title and interest of Assignor hereby assigned, subject, however, to the provisions of this Assignment. In the event all the right, title and interest of Assignor in the Premises are barred or foreclosed, no assignee of the interest of Assignor shall be liable to account to Assignor for any Rents thereafter accruing.

13. Release. Upon payment in full of the secured indebtedness, as evidenced by a recorded satisfaction or release of the Deed of Trust, as well as any sums which may be payable hereunder, this Assignment shall become and be void and of no effect.

14. Amendments and Discharge. No change, amendment, modification, cancellation or discharge of this Assignment, or any part hereof, shall be valid unless Assignee shall have consented thereto in writing.

15. Successors and Assigns. The terms, covenants, and conditions contained herein shall inure to the benefit of, and bind Assignor, Assignee and their successors and assigns.

16. Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of Nevada without reference to conflict of law principles, except that federal law shall govern when SBA is the holder of the Note as more fully set forth below.

(a) When SBA is the holder of the Note, this document and all documents evidencing or securing this Loan will be construed in accordance with Federal law.

(b) CDC or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, or other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax or liability. No Borrower or Guarantor may claim or assert against SBA any local or state law to deny any obligation of Borrower, or defeat any claim of SBA with respect to this Loan.

Any clause in this document requiring arbitration is not enforceable when SBA is the holder of the Note secured by this instrument.

17. Severability. If any provision of this Assignment, or the application hereof to any person, entity or circumstance, shall to any extent be invalid or unenforceable, the remainder of the provisions of this Assignment, or the application of such provision to other persons, entities or circumstances shall not

be affected thereby, and each provision of this Assignment shall be valid and enforceable to the fullest extent permitted by law.

IN WITNESS WHEREOF, the undersigned have executed this Assignment of Leases and Rents With Subordination as of the date first above written.

DATED Dec 22 - 2014, 2014.

ASSIGNOR/LANDLORD:

LESSEE/TENANT:

CHIMNEY CREEK, LLC, a Nevada limited liability company

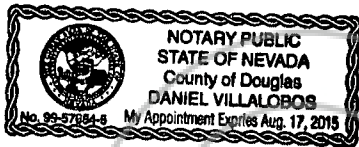
GEORGE KENNETH FUJII, dba WEST COAST MARTIAL ARTS

By [Signature]
GEORGE K. FUJII, Member

By [Signature]
GEORGE K. FUJII

STATE OF NEVADA)
) ss.
COUNTY OF)

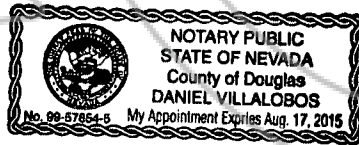
This instrument was acknowledged before me on Dec. 22, 2015, by GEORGE K. FUJII, as the Member of CHIMNEY CREEK, LLC, a Nevada limited liability company.



[Signature]
NOTARY PUBLIC

STATE OF NEVADA)
) ss.
COUNTY OF)

This instrument was acknowledged before me on Dec. 22, 2015, by GEORGE K. FUJII.



[Signature]
NOTARY PUBLIC

Assignee does hereby sell, assign and transfer unto SBA, all of its right, title and interest in this Assignment of Leases and Rents with Subordination.

NEVADA STATE DEVELOPMENT CORPORATION

By Karen Szachara
KAREN SZACHARA, Senior Vice President

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

This instrument was acknowledged before me on January 29, 2015,
by KAREN SZACHARA, as Senior Vice President of Nevada State Development Corporation.



Stephanie Morris
NOTARY PUBLIC

EXHIBIT "A"

All that certain real property situated in the County of Douglas, State of Nevada, described as follows:

Parcel 1:

A parcel of land located in the South 1/2 of the Northeast 1/4 of Section 4, Township 12 North, Range 20 East, M.D.B.&M., Douglas County, Nevada, more particularly described as follows:

Parcel B2 of Parcel Map LD#00-034 for Lampe Corners LTD., filed for record in the office of the Douglas County Recorder on August 23, 2000, in Book 0800, Page 4151, as Document No. 498148.

Parcel 2:

A non-exclusive easement for pedestrian and vehicular access and egress as granted by Declaration of Covenants, Conditions, and Restrictions recorded August 21, 2002 in Book 802, Page 6990 as Instrument No. 550105 of Official Records, Douglas County, Nevada.