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RICHARD T. MAUGHAN
DAVIS COUNTY, UTAH RECORDER
07/01/2005 03:03 PM
FEE \$19.00 Pgs: 5
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FATIA 4427290
When recorded return to:
Attn Tiffany DeJarnatt
Utah CDC
2404 Washington Blvd #1000
Ogden, Utah 84401

Property Tax ID: 13-077-0156 /

Assignment of Lease and Subordination Agreement

This Assignment of Lease and Subordination Agreement is entered into by **Charlies Service Inc.** ("Lessee") and **Charlies Service Investments, L.L.C.** ("Lessor").

WHEREAS, Lessee has heretofore leased from Lessor by lease dated June 28, 2005, for a term of 252 months (the "Lease") certain real property (the "Leased Premises") known as **1901 North Main, Sunset, UT 84015**, located in the county of **DAVIS**, State of Utah and described as follows.

See Attached Exhibit "A"

WHEREAS, Utah Certified Development Company and the Small Business Administration (jointly referred to as "Assignee") have authorized the making of an SBA 504 Loan, Loan No. **CDC 78550240-09 UT**, to Lessor in the amount of **\$271,000.00**, due and payable on or before a time to be determined by the U.S. Secretary of the Treasury (the "Loan")

WHEREAS, the Loan is for the benefit of both Lessee and Lessor, in that the funds are to be used for the benefit of the business conducted on the Leased Premises purchased and/or renovated by Loan proceeds.

NOW, THEREFORE, in consideration of disbursement of the Loan or any part thereof, and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, Lessee and Lessor covenant and agree as follows:

1. **Assignment of Lease.**

a. Lessee, with the consent of Lessor, hereby assigns, transfers, and conveys the Lease unto Assignee, as security for the Loan, to have and to hold for and during the remainder of the term mentioned in the Lease, and all renewals and extensions of the Lease term.

b. Lessor, with the consent of Lessee, hereby assigns, transfers, and conveys the Lease unto Assignee, as security for the Loan, to have and to hold for and during the remainder of the term mentioned in the Lease, and all renewals and extensions of the Lease term.

2. **No Default.** Lessee is not now in default in the performance of the Lease; and Lessee and Lessor will each perform the covenants and conditions required of them by the Lease for the term of the Loan and any extensions or renewals of it.

3. **Modification to Lease.** Except as otherwise herein permitted, Lessee and Lessor will not, alone or by agreement between them, modify or terminate the Lease without consent of Assignee. Lessee and Lessor may, at their discretion, modify the amount of rent paid by Lessor under the Lease provided that the modified amount (1) shall never be less than the original amount specified in the Lease and (2) shall be sufficient to cover Lessor's expenses related to the Leased Premises including, but not limited to, Lessor's total

debt service for the Lease Premises, expenditures for insurance, real and personal property taxes, and expenditures for maintaining the condition and value of the Leased premises. Under no circumstances shall the rental amount exceed the amount ordinary and reasonable for like space under rental market conditions existing at the time of modification.

4. **Notice of Default.** Lessee and Lessor shall give to Assignee prompt written notice of any default by the other party to the Lease. This notice shall specify the nature of the default and shall be mailed to Assignee at:

Utah Certified Development Company
2404 Washington Blvd. Suite 1000
Ogden, Utah 84401

- and -

U.S. Small Business Administration
2237 Federal Building
125 South State Street, Rm 2231
Salt Lake City, Utah 84138

5. **Cure of Default.** Notwithstanding any provision of the Lease to the contrary, should any default under the Lease occur, Assignee shall have sixty (60) days after receipt of notice pursuant to Paragraph 4, at the sole option and discretion of Assignee, to cure the default. If the nature of the default is such that it cannot reasonably be cured within a sixty (60) day period, Assignee shall have additional time reasonably necessary to cure the default. During this 60 day or reasonable period neither Lessee nor Lessor will take action without Assignee's written consent to enforce any claim arising from the default.

6. **Assignee's Rights upon Default.** In the event of default by Lessor in the performance of any of the obligations under the terms of the Loan, including but not limited to provisions of the note to Assignee evidencing the Loan, any renewal or extension thereof, or any other agreement made in connection therewith, including Lessee's agreements herein, Assignee may, at its option and discretion, without notice, using such force as may be necessary, enter the Leased Premises and do any one or more of the following

- a. Remove all property of Lessor or Lessee therefrom that is hypothecated as collateral for the Loan,
- b. Sell the property referred to in paragraph a. on the leased premises,
- c. Transfer and assign the Lease and Lessor's rights therein to parties satisfactory to Assignee, and upon assignment, the obligations of the Lease shall be binding on the transferee

In the event Assignee shall only undertake the options provided in paragraph a. or b., it shall have no obligation other than payment of rent accruing during the period of its possession of the Leased Premises. In the event Assignee shall transfer the Lease as provided in paragraph c., Assignee will cure all defaults in the Lease, and its sole other obligation shall be the payment of rent which accrued prior to the transfer of the Lease.

7. **Subordination of Lessor's Lien.** Lessor agrees to, and does hereby, subordinate any lien Lessor may now or hereafter have on the property of Lessee that is now or hereafter security for the Loan to Assignee's lien or liens on said property and to Assignee's rights herein

8. **Representation of Ownership.** Lessor hereby represents and warrants that title to the Leased Premises is held by Lessor in fee simple and that Lessor has full power and authority to enter into this Agreement

9. **Subordination of Lease.** All rights under the Lease together with any and all right, interest, estate, title, lien, or charge against or respecting the Leased Premises (or any portion thereof) by virtue of the Lease, shall be and the same are hereby made subject, subordinate, inferior, and junior to the lien and title of Assignee represented by Assignee's Note and security instruments related to the Loan, including without limitation the Promissory Note, Deed of Trust, Security Agreement and UCC Financing Statements (filed with the Uniform Commercial Code Division for the State of Utah and as fixture filings in ^{WEBER} ~~DAVIS~~ County, Utah) (the "Loan Documents") and to all rights, powers, title, and authority of Assignee under or in any way related to or arising out of the Loan Documents and to all sums heretofore or hereafter advanced on the security of the Loan Documents or any of them, including all sums advanced or costs incurred as fees, expenses, disbursements, or charges in connection with the Loan Documents or the Loan. The Lease Rights, together with any and all right, interest, estate, title, lien, or charge against or respecting the Leased Premises (or any portion thereof) by virtue of the Lease, are hereby subordinated to the Loan Documents the same and as fully as if the Loan Documents had been executed and delivered (and recorded or filed, as applicable, in the case of those Loan Documents identified in Paragraph E hereof as items (ii), (iv), and (v)) prior to execution, deliver and filing of the Lease and the same and as fully as if the Loan Documents had been joined in and executed by Lessee (as well as by each of the persons who in fact is a party to the Loan Document concerned).

10. This Agreement shall be binding upon and inure to the benefit of the personal representatives, successors and assigns of the parties hereto.

Dated this 28th day of June, 2005.

Lessor: Charlies Service Investments, L.L.C.

By *Vicki L. Dubose*
Vicki L. Dubose, Member

By: *Charles E. Dubose*
Charles E. Dubose, Member

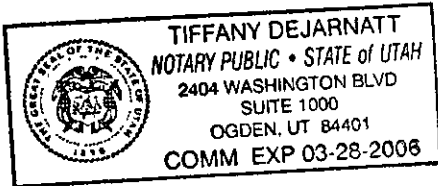
Lessee: Charlies Service Inc.

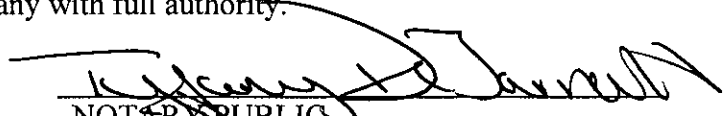
By *Vicki L. Dubose*
Vicki L. Dubose, President

ACKNOWLEDGEMENT

STATE OF UTAH)
 §
COUNTY OF DAVIS)

On this 28th day of June, 2005, personally appeared before me Vicki L. Dubose and Charles E. Dubose, who being by me duly sworn, did say that they are Members of Charlies Service Investments, L.L.C., a limited liability company, and that the foregoing instrument was signed in behalf of said limited liability company with full authority.



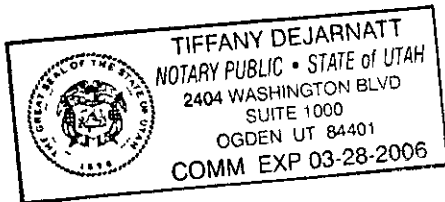



NOTARY PUBLIC
Residing at: Ogden, Utah

ACKNOWLEDGEMENT

STATE OF UTAH)
 §
COUNTY OF DAVIS)

On this 28th day of June, 2005, personally appeared before me Vicki L. Dubose, who being by me duly sworn, did say that she is the President of Charlies Service Inc., a corporation, and that the foregoing instrument was signed in behalf of said corporation by authority of a resolution of its board of directors.





NOTARY PUBLIC
Residing at: Ogden, Utah

EXHIBIT "A"

Debtor and Trustor: **Charlies Service Investments, L.L.C.**
to assist, **Charlies Service Inc.**

Secured Party and Beneficiary: **Utah Certified Development Company and**
The U. S. Small Business Administration

Real Property Description

PARCEL 1

BEGINNING ON THE WEST LINE OF A HIGHWAY NORTH 0°02' EAST 662.26 FEET AND 50.0 FEET WEST OF THE SOUTHEAST CORNER OF THE NORTHEAST QUARTER OF SECTION 26, TOWNSHIP 5 NORTH, RANGE 2 WEST, SALT LAKE MERIDIAN, AND RUNNING THENCE NORTH 89°57' WEST 233.0 FEET; THENCE NORTH 0°02' EAST 50.0 FEET PARALLEL TO THE EAST LINE OF SAID SECTION; THENCE SOUTH 89°57' EAST 233.0 FEET TO THE WEST LINE OF SAID HIGHWAY; THENCE SOUTH 0°02' WEST 50.0 FEET ALONG THE WEST LINE OF SAID HIGHWAY; TO THE POINT OF BEGINNING.

PARCEL 2

BEGINNING ON THE WEST LINE OF A HIGHWAY AT A POINT NORTH 0°02' EAST 502.26 FEET AND WEST 50 FEET FROM THE SOUTHEAST CORNER OF THE NORTHEAST QUARTER OF SECTION 26, TOWNSHIP 5 NORTH, RANGE 2 WEST, SALT LAKE MERIDIAN, AND RUNNING THENCE NORTH 89°58' WEST 233 FEET, MORE OR LESS, TO THE EAST LINE OF SUNSET SUBDIVISION; THENCE NORTH ALONG SAID LINE 160 FEET; THENCE SOUTH 89°57' EAST 233 FEET TO THE WEST LINE OF SAID HIGHWAY; THENCE SOUTH 0°02' WEST 160.0 FEET ALONG SAID HIGHWAY TO THE POINT OF BEGINNING.

13-077-0156

The address of such property is: **1901 North Main, Sunset, UT 84015**

The owner of such real property is: **Charlies Service Investments, L.L.C.**