

When Recorded Return to:
Servicing-AE
Northwest Business Development Association
9019 East Appleway Boulevard, Suite 200
Spokane Valley, WA 99212



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Skagit County Auditor

\$79.00

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ASSUMPTION AGREEMENT

200311200133
SBA Loan No. 6152214006

GUARDIAN NORTHWEST TITLE CO.
ACCOMMODATION RECORDING ONLY

SBA Loan Name: Double O Enterprises, Inc. dba Whidbey's Coffee Company

m4760

Parties

This Agreement, dated for reference August 1, 2013, is between Goffee Ground, LLC("Buyer"), M. Dan Ollis("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 November 19, 2003, in the original principal amount of \$167,000.00 ("Note") and a current outstanding balance of \$106,677.20. Borrower has also executed an Authorization for Debenture Guarantee Loan Agreement, a Servicing Agent 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 all of 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 and/or Business to Buyer, Buyer assumes all of Borrower's obligations to SBA. Buyer agrees to pay SBA the unpaid principal balance, all interest accrued on the Note, the fees

specified in the Servicing Agent Agreement, and all other amounts required by the SBA Loan Documents. Buyer also agrees to perform all of the Borrower's obligations contained in the SBA Loan Documents as if Buyer was the original borrower. SBA gives its one-time consent to the conveyance of the Encumbered Property to Buyer.

2. RATIFICATION OF NOTE - All of the prior acts of Borrower and the guarantor(s), specifically inclusive of but not limited to all of the provisions of the Promissory Note and the SBA Loan Documents, are in all respects hereby ratified and approved, and all provisions of the Promissory Note and the SBA Loan Documents are in full force and effect.
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 Guarantors from liability to SBA.
5. NO OFFSETTING CLAIMS - Buyer and Borrower acknowledge that none of the Borrower's obligations under the SBA 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:
 - Board/Members Resolution to Borrow/Assume (SBA Form 160 Optional);
 - Guaranty (SBA Form 148) of M. Dan Ollis;
 - W-9
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 any part of the Encumbered Property, without SBA's written consent, will be a default giving SBA the right to



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foreclose its interest in all of 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 complied and will continue to 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, hazardous wastes, or toxic material.
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/CDC 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. SEVERABILITY - If any of the provisions of this document are deemed invalid, all remaining provisions will nonetheless remain in force.
15. 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 to the extent permitted by law:
 - 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;



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- 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 or its agent failed to obtain any guarantee;
 - SBA or its agent failed to obtain, perfect, or maintain a security interest in any property offered or taken as Collateral;
 - SBA or its agent or others improperly valued or inspected the Collateral;
 - The Collateral changed in value, or was neglected, lost, destroyed, or underinsured;
 - SBA or its agent impaired the Collateral;
 - SBA or its agent did not dispose of any of the Collateral;
 - SBA or its agent did not conduct a commercially reasonable sale;
 - SBA or its agent did not obtain the fair market value of the Collateral;
 - SBA or its agent 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 or its agent made errors or omissions in Loan Documents or administration of the Loan;
 - SBA or its agent did not seek payment from any other person or entity, or any Collateral before demanding payment from Surety;
 - SBA or its agent impaired Surety's suretyship rights;
 - SBA or its agent modified the Note terms, other than to increase amounts due under the Note;
 - If SBA or its agent 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;
 - SBA or its agent has taken an action allowed under the Note, this agreement, or other Loan Documents; or
 - All rights and defenses arising out of an election of remedies by the creditor, even though that election of remedies such as a non-judicial 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 law or otherwise.
16. COUNTERPART EXECUTION - This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart.

THE BORROWERS AND BUYERS ACKNOWLEDGE THAT THEY HAVE BEEN INFORMED THAT ORAL AGREEMENTS OR ORAL COMMITMENTS TO LEND MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE. BORROWERS AND BUYERS ALSO AGREE THAT NO SUBSEQUENT ORAL AGREEMENT OR COMMITMENT MADE BY SBA WILL BE BINDING ON SBA OR ENFORCEABLE BY THEM UNLESS REDUCED TO WRITING AND EXECUTED BY THE AUTHORIZED PARTIES.



UNITED STATES SMALL BUSINESS ADMINISTRATION,
AN AGENCY OF THE UNITED STATES OF AMERICA


Michelle Serrano
Sup. Loan Specialist

STATE OF CALIFORNIA)
)
)

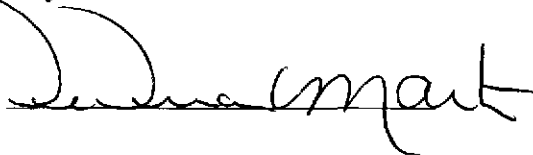
County of Fresno

On August 9, 2013 before me, DEVRIANN MARTIN, a Notary Public, personally appeared MICHELLE SERRANO, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is are subscribed to the within instruments and acknowledged to me that he she / they executed the same in his her / their authorized capacity(ies), and that by his her / their signature(s) on the instruments, the person(s), or the entity upon behalf of which the person(s) acted, executed the instruments.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.


WITNESS my hand and official seal.

Signature





Borrower

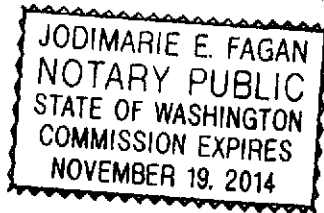



M. Dan Ollis

STATE OF Washington)
County of Snohomish) ss.
Skagit)

I certify that I know or have satisfactory evidence that M. Dan Ollis signed this instrument on oath and stated that he is authorized to execute the instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

DATED: August 19th, 2013.



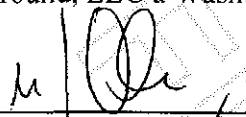


NOTARY PUBLIC in and for the State
of WA, residing at Snohomish
My appointment expires: 11/19/14



Buyer

Coffee Ground, LLC a Washington limited liability company

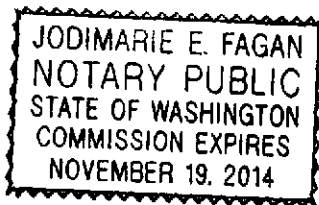

M. Dan Ollis, Sole Member


STATE OF WASHINGTON)

County of Snohomish) ss.
Skagit)

I certify that I know or have satisfactory evidence that M. Dan Ollis signed this instrument on oath and stated that he is authorized to execute the instruments and acknowledged it as Member of Coffee Ground, LLC, a Washington limited liability company, to be the free and voluntary act for the uses and purposes mentioned in the instruments.

DATED: August 19th, 2013.



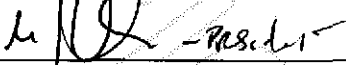

NOTARY PUBLIC in and for the State of
Washington, residing at Snohomish
My appointment expires: 11/19/14



JOINDER AND CONSENT OF GUARANTORS (if applicable)

The undersigned Guarantors join in and consent to all the terms of this agreement and acknowledge that it does not alter their liability to the SBA. **The Guarantor(s) acknowledge that SBA has not agreed to release them from any of their obligations.**

Double O Enterprises, Inc dba Whidbey's Coffee Company

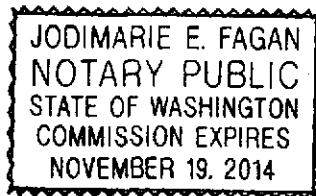
By: 
M. Dan Ollis, Owner


STATE OF Washington)

County of Skagit) ss. Skagit
)

I certify that I know or have satisfactory evidence that M. Dan Ollis signed this instrument and acknowledged it as Owner, of Double O Enterprises, Inc dba Whidbey's Coffee Company, to be the free and voluntary act of such corporation, for the uses and purposes mentioned in the instrument.

DATED: August 19th, 2013.




NOTARY PUBLIC in and for the State
of WA, residing at Skagit
My appointment expires: 11/19/14

Prepared By: Allison Edwards

AssumptionAgreement.WA-02.2007



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