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Vedder, Price, Kaufman  
& Annunzio  
222 N. LaSalle  
Chgo, IL 60601-1003

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**PURCHASE OPTION AND COLLATERAL ASSIGNMENT OF NOTES AND MORTGAGES**

THIS PURCHASE OPTION AND COLLATERAL ASSIGNMENT OF NOTES AND MORTGAGES (the "Purchase Option and Collateral Assignment") made and entered into this 22nd day of November, 1993 by and between LAKESHORE HEALTH SYSTEM INCORPORATED ("Assignor"), and SUMMIT ACQUISITION, INC. ("Assignee");

**WITNESSETH:**

THAT WHEREAS, pursuant to that certain Asset Purchase Agreement dated October 25, 1993 (the "Asset Purchase Agreement"), by and between Assignor and Assignee, Assignor has sold and Assignee has purchased that certain real property known as St. Mary Medical Center in Gary, Indiana, together with other assets as more particularly described in the Asset Purchase Agreement; and

WHEREAS, pursuant to the terms of the Asset Purchase Agreement, Assignor agrees to grant to Assignee and Assignee desires to obtain an option to purchase the promissory notes described on Schedule A attached hereto (collectively, the "Notes") and the related mortgages described on Schedule A attached hereto (collectively, the "Mortgages"); and

WHEREAS, in order to secure Assignor's obligations under the purchase option, Assignor desires to grant to Assignee and Assignee desires to obtain a collateral assignment of the Notes and Mortgages;

NOW, THEREFORE, for and in consideration of the premises and the mutual promises and covenants contained herein and in the Asset Purchase Agreement, and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Option to Purchase Notes and Mortgages. Assignor hereby grants Assignee the exclusive and irrevocable option (the "Purchase Option") to purchase Assignor's rights to and interest in and to any or all of the Notes and related Mortgages under the following terms and conditions:

(a) Term of Purchase Option. The term of the Purchase Option shall commence on the date hereof and, with respect to the Chiola Note and Mortgage (as defined in Schedule A) shall terminate on the "Chiola Payoff Date" (as hereinafter defined) and, with respect to the Simpson Note and Mortgage (as defined in Schedule A) shall terminate on the "Simpson Payoff Date" (as hereinafter defined). For purposes of this Purchase Option and Collateral Assignment, the term "Chiola Payoff Date" shall mean that date when Assignor receives all

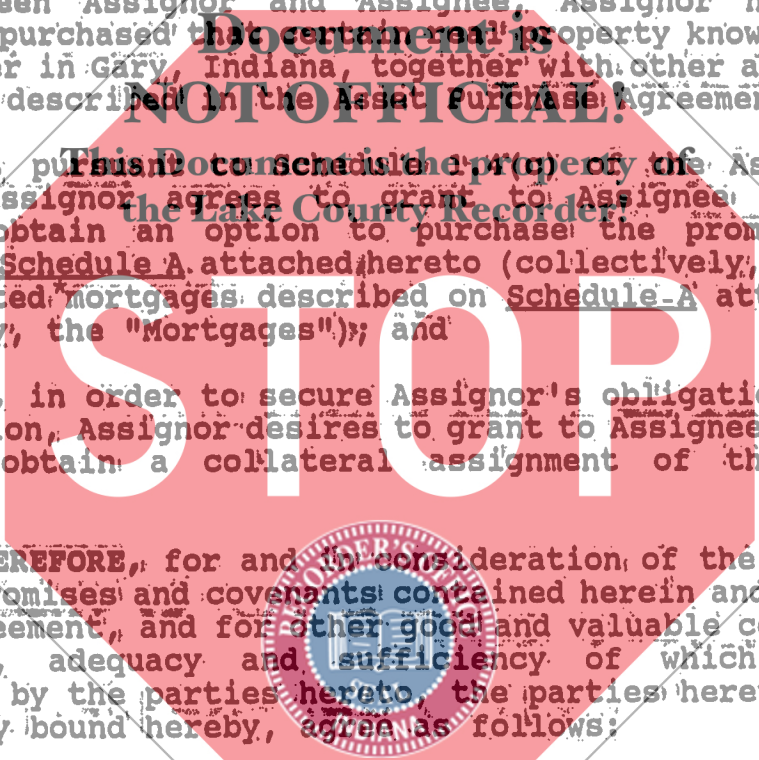
\*UNRECORDED

MAIL TO:  
JOHN MALARKOY  
VEDDER, PRICE  
222 N. LASALLE ST.  
CHGO, IL 60601

Chicago Title Insurance Company

STATE OF INDIANA, S.S. NO. LAKE COUNTY FILED FOR RECORD

SAMUEL C. WELCH, RECORDER NOV 21 1993



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principal, interest and other amounts due under the Chiola Note and Mortgage (or otherwise determines to forgive any such principal and interest under arrangements mutually agreed to between the Assignor and the maker of the Chiola Note and Mortgage) and Assignor certifies to Assignee in writing, that the Chiola Note and Mortgage has been paid in full as contemplated herein (the "Chiola Payoff Notice"); and the term "Simpson Payoff Date" shall mean the date when Assignor receives all principal, interest and other amounts due under the Simpson Note and Mortgage (or otherwise determines to forgive any such principal and interest under arrangements mutually agreed to between the Assignor and the maker of the Simpson Note and Mortgage); and Assignor certifies to Assignee in writing that the Simpson Note and Mortgage has been paid in full as contemplated herein (the "Simpson Payoff Notice"). If the Purchase Option as to the Chiola Note and Mortgage is not exercised before the Chiola Payoff Date, then as to the Chiola Note and Mortgage, this Purchase Option and Collateral Assignment shall be of no further force or effect. If the Purchase Option as to the Simpson Note and Mortgage is not exercised before the Simpson Payoff Date, then as to the Simpson Note and Mortgage, this Purchase Option and Collateral Assignment shall be of no further force or effect.

(b) Triggering Event Required for Exercise of Purchase Option. If at any time during the term of the Purchase Option (i) a maker of a Note or Mortgage is in default under such Note or Mortgage, and (ii) Assignor desires to foreclose under such Mortgage or obtain a deed in lieu of foreclosure (but with the Assignor to have no obligation to foreclose under such Mortgage or obtain a deed in lieu of foreclosure), then Assignor shall provide Assignee prior written notice of same (the "Default Notice") specifying the projected date of such proceedings, and Assignee's receipt of such Default Notice shall constitute the triggering event pursuant to which Assignee may exercise the Purchase Option. Thereafter, Assignee shall have fifteen (15) days after its receipt of the Default Notice within which to exercise the Purchase Option, in the manner described herein and to purchase the applicable Note and related Mortgage for the Purchase Price (as hereinafter defined). The purchase of said Note and Mortgage shall be accomplished as set forth in subsections (c), (d) and (e) below. During such fifteen (15) day period, Assignor shall not commence foreclosure proceedings or pursue any other remedy. If Assignee does not purchase said Note and related Mortgage within said fifteen (15) day period, Assignor may then commence foreclosure proceedings or accept a deed in lieu of foreclosure or pursue any other remedies. If Assignor forecloses pursuant to any Mortgage, and Assignor or an affiliate of Assignor is the successful bidder at said foreclosure sale, or if Assignor or an affiliate of Assignor accepts a deed in lieu of foreclosure, then, in that event,

Assignor will so notify Assignee and Assignee shall have thirty (30) days after its receipt of such notice within which to purchase the property that was encumbered by said Mortgage, at a purchase price equal to the outstanding principal, interest and costs or expenses due on the applicable Note or the amount due on any judgment taken thereon, at the time Assignor received good and marketable title to the Property.

(c) Exercise of Purchase Option. Assignee may exercise the Purchase Option only during its term and only by delivery of written notice to Assignor within the fifteen (15) day period following Assignee's receipt of the Default Notice. Assignee's exercise of its option to purchase only one of the Notes and Mortgages shall not affect its option to purchase the other Note and Mortgage. In the event that the Purchase Option is exercised, Assignee shall have until fifteen (15) days following the exercise of the Purchase Option (the "Purchase Date") to deliver the Purchase Price (as hereinafter defined) for such Note and Mortgage to Assignor. Upon the exercise of the Purchase Option, this Purchase Option and Collateral Assignment shall constitute the agreement between Assignor and Assignee for the sale and purchase of the particular Note and Mortgage for which the Purchase Option was exercised.

(d) Purchase Price. The Purchase Price for the Chiola Note and Mortgage shall be the outstanding principal and interest on the Chiola Note and Mortgage as of the Purchase Date, and the Purchase Price for the Simpson Note and Mortgage shall be the outstanding principal and interest on the Simpson Note and Mortgage as of the Purchase Date.

(e) Purchase Date. On the Purchase Date, Assignee shall deliver to Assignor the applicable Purchase Price by check and Assignor shall assign to Assignee its rights in and to the applicable Note and Mortgage by endorsing the applicable Note and by executing an assignment which shall be in recordable form. The endorsement and assignment shall be in form and content reasonably acceptable to Assignor and Assignee and their respective counsel.

2. Collateral Assignment of Note and Mortgages. As security for the performance of the Assignor's obligations to Assignee under the Purchase Option, Assignor hereby transfers, assigns, pledges, conveys and grants Assignee and its successors and assigns a security interest in any and all right, title and interest of every kind and nature of Assignor in, to and under the Notes and Mortgages, together with any and all renewals, extensions, additions, substitutions, and replacements thereof or thereto together with (a) any and all rights and privileges obtained by Assignor in connection with the making of the loans evidenced by the Notes and Mortgages; (b) all right, title, and interest of



Assignor in and to the property encumbered by the Mortgages (the "Property"); (c) all powers, options, and privileges and immunities contained in the Mortgages.

3. Representations, Warranties and Covenants of Assignor. Assignor hereby represents, warrants and covenants to Assignee as follows:

(a) Assignor has not granted any liens or encumbrances on the Notes and Mortgages or the Property, except pursuant hereto.

(b) Assignor has good and lawful authority to grant to Assignee the Purchase Option and to assign and transfer the Notes and Mortgages in the manner and form aforesaid.

(c) The copies of the Notes and Mortgages attached hereto are currently in effect, and Assignor has, simultaneously herewith, delivered the original Notes and Mortgages to Assignee, and Assignor hereafter shall deliver to Assignee from time to time as the proper party of execution thereof originals of any extensions, renewals, modifications or amendments thereto, certified by Assignor to be the Note(s) and Mortgage(s) then in effect.

4. Default. A "Default" for purposes of this Purchase Option and Collateral Assignment shall only refer to a Default by the Assignor in the due observance or performance of the terms and provisions of the Section 1 hereof, or any representation, warranty or covenant of Section 3 hereof.

5. Remedies of Assignee Upon Default. Assignor hereby covenants and agrees with Assignee that, in addition to any and all other rights and remedies granted to Assignee hereunder or under any other document, instrument or agreement, and in addition to any and all other rights and remedies available at law or in equity, upon the occurrence of a Default hereunder, Assignee is hereby granted the power to sell the interest of Assignor under the Notes and Mortgages, including, without limitation, the powers of sale thereunder in accordance with the Uniform Commercial Code as then in effect in the State of Indiana, subject to the terms of this Purchase Option and Collateral Assignment.

6. Collections. Except as otherwise provided in this Purchase Option and Collateral Assignment, so long as Assignor is not in Default hereunder, Assignor shall have the right to collect and receive all proceeds arising under and derived from the Notes and Mortgages, and make all extensions and renewals.

7. Indemnification. Assignor shall indemnify and hold Assignee harmless from any and all costs, liabilities and expenses

incurred by Assignee arising out of a Default by the Assignor as defined in Section 4 hereof.

8. Assignor's Right to Grant Extensions, Renewals, Modifications, or Amendments to Makers. Assignor shall have every right to grant extensions, make renewals, make modifications or amendments, make accommodations with makers, or otherwise enter into agreements regarding the Chiola Promissory Note and Mortgage and the Simpson Promissory Note and Mortgage with the makers of the respective notes and without notice to or requirement for obtaining any consent from Assignee. If, through any agreement entered into between the Assignor and the maker of either the Chiola Note or the Simpson Note, the Assignor determines to finally forgive any balance of principal, interest and other amounts due under either such Note, then upon such forgiveness by Assignor, the date of such forgiveness shall be considered the "Chiola Payoff Date" or the "Simpson Payoff Date" as applicable under the provisions of Section 1(a) of this Agreement.

9. Miscellaneous. Any capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Asset Purchase Agreement. This Purchase Option and Collateral Assignment shall be binding upon the successors and assigns of Assignor and shall inure to the benefit of Assignee and its successors and assigns. In the event of conflict between any of the terms and provisions hereof and the provisions of the Asset Purchase Agreement, this Purchase Option and Collateral Assignment shall be deemed to control. This Purchase Option and Collateral Assignment, and the rights and obligations of the parties hereunder, shall be governed by and construed and enforced in accordance with the laws of the State of Indiana.

10. Termination. This Purchase Option and Collateral Assignment shall automatically terminate and be of no further force or effect upon the later to occur of the Chiola Payoff Date or the Simpson Payoff Date. As promptly as is practicable following such termination, Assignee shall execute and deliver to Assignor such documents as may be reasonably requested by Assignor to evidence such termination and the reassignment to Assignor, without recourse or warranty, of all right, title, and interest of Assignee in the Notes and Mortgages.

IN WITNESS WHEREOF, the parties hereto have executed this Purchase Option and Collateral Assignment under seal as of the day and year first above written.

ASSIGNOR:

LAKESHORE HEALTH SYSTEM  
INCORPORATED

ATTEST:

(SEAL)

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: Bob Kaminski  
Title: \_\_\_\_\_

Document is  
NOT OFFICIAL!

ASSIGNEE:

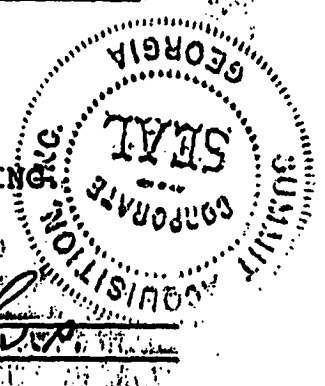
This Document is the property of  
the Lake County Recorder!

SUMMIT ACQUISITION, INC.

ATTEST:

By: [Signature]  
Its: Notary Public

By: [Signature]  
Title: System Admin



**SCHEDULE A**

**Notes and Related Mortgages**

1. Note dated January 15, 1987 (the "Chiola Note") and Real Estate Mortgage dated January 15, 1987 (the "Chiola Mortgage") by and between Lakeshore Health System Incorporated and Chiola Medical Associates, P.C. (collectively, the "Chiola Note and Mortgage").
2. Note dated January 25, 1988 (the "Simpson Note") and Real Estate Mortgage dated January 25, 1988 (the "Simpson Mortgage") by and between Lakeshore Health System Incorporated and Steve Simpson, M.D. (collectively, the "Simpson Note and Mortgage").



\*UNRECORDED