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Chicago Title Insurance Company

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STATE OF INDIANA
LAKE COUNTY
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MORTON V. CARTER
RECORDER

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COLLATERAL ASSIGNMENT OF LEASES, INCOME AND REVENUES

THIS COLLATERAL ASSIGNMENT OF LEASES, INCOME AND REVENUES (the "Collateral Assignment") is made as of June 16, 1999, by INDIANA WAY II, L.L.C., a Michigan limited liability company, whose address is 12930 W. Bay Shore Drive, Traverse City, Michigan 49684 ("Assignor"), in favor of OLD KENT BANK, a Michigan banking corporation, of 111 Lyon Street, N.W., Grand Rapids, Michigan 49503 (the "Bank").

Assignor is the lessor of certain property more particularly described on the attached Exhibit A (the "Premises") which is to be acquired by Assignor from Morton Properties, Inc. ("Morton"). Morton executed and delivered to Bank a Mortgage granting Bank a mortgage lien on Morton's interest in the Premises. The obligations under the Mortgage will be assumed by Assignor upon Assignor's acquisition of the Premises. The Mortgage secures (a) payment of all present and future amounts due to Bank with respect to a \$2,625,000 Loan extended by Bank to Morton under a Loan Agreement, dated as of the same date as this Collateral Assignment (the "Loan Agreement"), (b) all obligations to Bank under all documents executed by Assignor pursuant to the Loan Agreement, and (c) Assignor's obligations to Bank under all other documents and instruments now or hereafter evidencing or securing any other indebtedness of Assignor now or hereafter owing to Bank including, but not limited to, Morton's obligations to Bank that are hereafter assumed by Assignor (collectively, the "Loan Documents"). Bank has required that Assignor execute, and in order to induce Bank to enter into the transactions described in the Loan Agreement, Assignor has executed this Collateral Assignment as additional security for the payment and performance of the obligations under the Loan Documents and any extensions, modifications, or renewals thereof (collectively, the "Indebtedness").

ASSIGNOR AGREES AND COVENANTS WITH BANK AS FOLLOWS:

1. As security for the Indebtedness, Assignor hereby sells, assigns, transfers, and sets over to Bank all of Assignor's right, title, and interest in and to (a) all existing and hereafter entered into leases, written or oral, demising any part of the Premises (collectively the "Leases"), and (b) all rents, issues, profits, all of Assignor's present and future revenues, receipts, income, accounts, accounts receivable and other receivables including, without limitation, revenues, receipts, income, receivables and accounts relating to or arising from rentals, rent equivalent income, and all other items of revenue, receipts or other income derived from any portion of the Premises (collectively, the "Rents"). This Assignment shall constitute an absolute and present assignment of the Leases and Rents and other benefits derived from the Premises, subject,

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however, to the conditional permission given to Assignor to collect and use the Rents and other benefits from the Premises while there exists no default hereunder.

2. Any failure to observe or perform any covenant or obligation contained in this Collateral Assignment or a breach of any warranty hereunder or the occurrence of any event of default under the Loan Documents shall be considered a default hereunder. In the event of a default by Assignor, Bank, without in any way waiving such default, may, at its option, without notice and without regard to the adequacy of the security for the Indebtedness secured hereby and by the Loan Documents, either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, take possession of the Premises and have, hold, manage, lease, and operate the same on such terms and for such period of time as Bank may deem proper and, either with or without taking possession of the Premises in its own name, sue for or otherwise collect and receive all Rents, including those past due and unpaid, with full power to make from time to time all alterations, renovations, repairs, or replacements thereto or thereof as may seem proper to the Bank and to apply such Rents to the payment of: (a) all expenses of managing the Premises, including, without being limited thereto, the salaries, fees, and wages of a managing agent and such other employees as Bank may deem necessary or desirable and all reasonable expenses of operating and maintaining the Premises, including, without being limited thereto, all taxes, charges, claims, assessments, water rents, sewer rents, and any other liens, and premiums for all insurance which Bank may deem necessary or desirable, and the cost of all alterations, renovations, repairs, or replacements, and all expenses incident to taking and retaining possession of the Premises; and (b) the Indebtedness secured hereby and by the Loan Documents, together with all costs and reasonable attorney fees, in such order of priority as to any of the items mentioned in this paragraph as Bank in its sole discretion may determine, any statute, law, custom, or use to the contrary notwithstanding. All sums expended by Bank in connection therewith shall become part of the Indebtedness, payable by Assignor to Bank upon demand, together with interest thereon at a rate per annum equal to 3% above the rate of interest announced by Bank as its "prime" rate of interest. The exercise by Bank of the option granted in this paragraph, the collection of the Rents, and the application thereof as herein provided shall not be considered a waiver of any default by Assignor under the Loan Documents or under the Leases or this Collateral Assignment.

3. Bank shall not be liable for any loss sustained by the Assignor resulting from Bank's failure to let the Premises after default or from any other act or omission of Bank in managing the Premises after default unless such loss is caused by the willful misconduct or bad faith of Bank. Nor shall Bank be obligated to perform or discharge, nor does Bank hereby undertake to perform or discharge, any obligation, duty, or liability under the Leases or under or by reason of this Collateral Assignment, and Assignor shall, and does hereby agree to, indemnify Bank for, and to hold Bank harmless from, any and all liability, loss, or damage which may or might be incurred under the Leases or under or by reason of this Collateral Assignment and from any and all claims and demands whatsoever which may be asserted against Bank by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained in the Leases. Should Bank incur any such liability under the Leases or under or by reason of this Collateral Assignment or in defense of any such claims and demands, the amount thereof, including costs, expenses, and reasonable attorney fees, shall be secured hereby, and Assignor shall reimburse Bank therefor immediately upon demand. This

Collateral Assignment shall not operate to place responsibility upon Bank for the control, care, management, or repair of the Premises, nor for the carrying out of any of the terms and conditions of the Leases, nor shall it operate to make Bank a "mortgagee in possession" in contemplation of law, nor shall it operate to make Bank responsible or liable for any waste committed on the Premises by the tenants or any other parties, or for any dangerous or defective condition of the Premises, or for any negligence in the management, upkeep, repair, or control of the Premises resulting in loss or injury or death to any tenant, licensee, invitee, employee, or stranger.

4. Assignor warrants to and covenants with Bank that:

(a) Assignor is and will be the sole and absolute owner of any Leases, subject to no prior assignments, liens, or encumbrances other than Permitted Liens permitted by the Loan Agreement and the Leases are and will be valid and enforceable.

(b) No Rents under the Leases have been or shall be assigned or have been or shall be collected more than one month in advance.

(c) The tenants under the Leases do not have and will not have any material defenses, setoffs, or counterclaims against Assignor.

(d) Assignor will perform each of its obligations, as Landlord, under the Leases.

(e) Assignor will keep the Premises free and clear of all liens and encumbrances, except in favor of Bank and except as permitted by the Loan Documents.

(f) Assignor will not execute any other assignment of any or all of the Leases or the Rents, except as permitted by the Loan Documents.

(g) Assignor shall, at the request of Bank, assign to Bank any lease upon any part of the Premises made subsequent hereto, and shall execute and deliver to Bank such further assurances and assignments as Bank shall from time to time require.

5. Assignor agrees to enforce all obligations of the tenants under the Leases, except to the extent enforcement would not be justified in the exercise of reasonable business judgment.

6. Assignor hereby authorizes and directs the tenants under the Leases, upon receipt from Bank of written notice to the effect that Bank is then the holder of the Loan Documents and that a default exists thereunder or under this Collateral Assignment, to pay over to the Bank all Rents arising or accruing under the Leases or from the Premises and to continue to do so until otherwise notified by Bank, without liability for the determination of Bank's right thereto.

7. In the event that the Leases grant to any tenants an option to purchase or right of first refusal to purchase a portion of the Premises, Assignor hereby sells, assigns, transfers, and sets over to Bank the right to receive the purchase price paid on the exercise of such option or

right pursuant to the terms and conditions of this Collateral Assignment, provided that, to the extent that the purchase exceeds the outstanding Indebtedness, the Bank shall pay the excess to the Assignor.

8. Assignor agrees to execute and deliver to Bank all instruments deemed by Bank to be necessary in order to document the transfer and assignment of Leases covering a portion of the Premises and entered into subsequent to the date of this Collateral Assignment.

9. Bank may take or release other security for the payment of the Indebtedness, may release any party primarily or secondarily liable therefor and may apply any other security held by it to the satisfaction of such Indebtedness without prejudice to any of its rights under this Collateral Assignment. Nothing contained in this Collateral Assignment and no act done or omitted by Bank pursuant to the powers and rights granted it hereunder shall be deemed to be a waiver by Bank of its rights and remedies under the Loan Documents. The right of Bank to collect said Indebtedness and to enforce any other security therefor held by it may be exercised by Bank either prior to, simultaneously with, or subsequent to any action taken by it hereunder.

10. The rights and remedies of Bank under this Collateral Assignment are cumulative and are in addition to all other rights and remedies which Bank may have under the Loan Documents or other agreements between Bank and Assignor, or by law.

11. This Collateral Assignment shall run with the land and be good and valid as against Assignor herein or those claiming by, under or through Assignor from the date of this instrument. This Assignment shall continue to be operative during the foreclosure or any other proceedings taken to enforce the Loan Documents. In the event of a sale or foreclosure which shall result in a deficiency, this Collateral Assignment shall stand as security during the redemption period for the payment of said deficiency.

12. Bank shall have the right to assign its rights under this Collateral Assignment, and this Collateral Assignment shall inure to the benefit of Bank, its successors, and assigns.

13. This Collateral Assignment shall be construed under and governed by the laws of the State of Michigan applied to contracts made and to be performed in that state.

Assignor has executed this Collateral Assignment on the day and year first above written.

INDIANA WAY II, L.L.C.

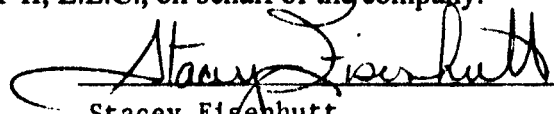
By: _____

Evert L. Foote

Its Authorized Member

STATE OF INDIANA)
COUNTY OF Lake)

The foregoing Collateral Assignment was acknowledged before me on June 16, 1999
by Evert L. Foote Member of INDIANA WAY II, L.L.C., on behalf of the company.


Stacey Eisenhutt
Notary Public, Lake County, IN
My Commission Expires: January 15, 2008

Prepared by and return to:
OLD KENT BANK
111 Lyon Street, N.W.
Grand Rapids, MI 49503

#23148

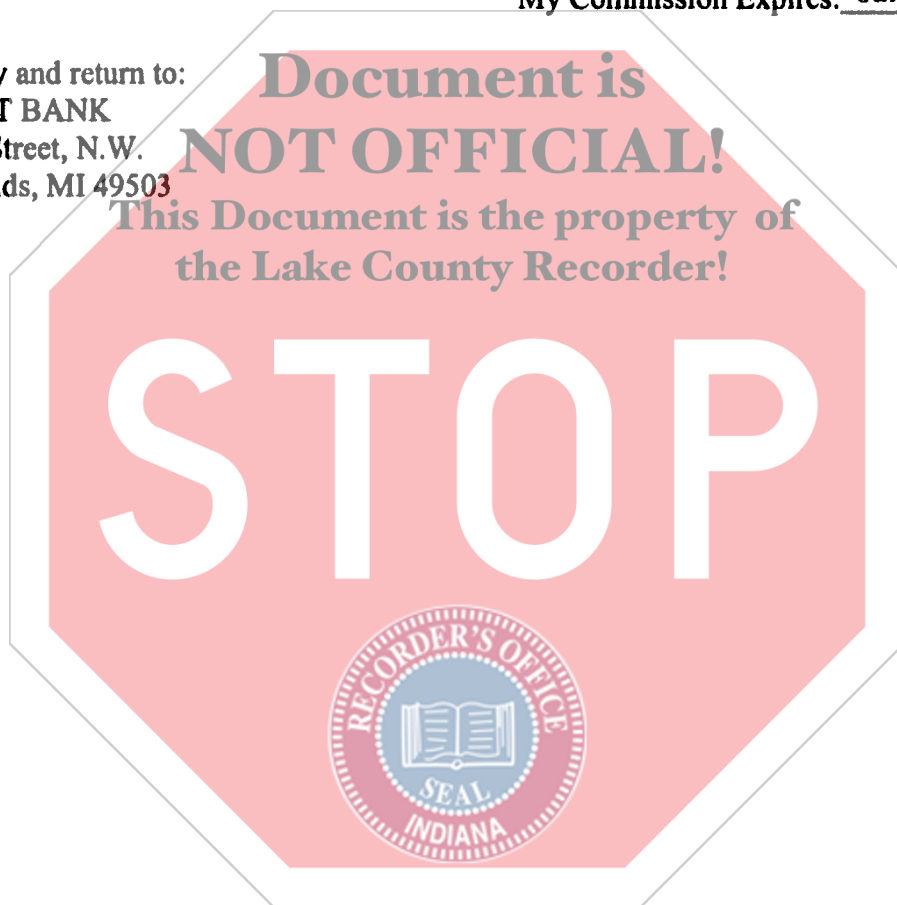


EXHIBIT A

Lot 1 in CS2, an Addition to the Town of Lowell as per plat thereof recorded in Plat Book 86 Page 34 and further amended by Plat of Amendment recorded April 30, 1999 in Plat Book 86, page 59, in the Office of the Recorder of Lake County, Indiana.

