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Chicago Tide Insurance Company

ASSIGNMENT OF LEASES AND RENTS

LAKE COUNTY  
FILED FOR RECORD

# 199006789 Pdg

2000 002109

ASSIGNMENT OF LEASES AND RENTS (the "Assignment") made as of the 23rd day of December, 1999 by MAHENCIA APARTMENTS LIMITED PARTNERSHIP, an Indiana limited partnership ("Assignor") in favor of THE CITY OF GARY, INDIANA ("Assignee").

RECORDER

WITNESSETH:

WHEREAS, Assignor is the present owner and holder of the fee interest in certain premises described in Exhibit "A" attached hereto (the "Premises");

WHEREAS, Assignee has agreed to make a loan to Assignor in the principal sum of Six Hundred Eleven Thousand One Hundred Fifty Nine Dollars (\$611,159.00) (the "Loan"), which shall be evidenced and payable in accordance with the provisions of the Promissory Note (the "Note") executed by Assignor in favor of Assignee, and which shall be secured by a Mortgage and Security Agreement (the "Mortgage") and which shall be advanced pursuant to the terms of an Investor-Owner Home Funds Loan Project Agreement (the "Loan Agreement");

WHEREAS, Assignee is willing to make the Loan to Assignor only if Assignor assigns to Assignee, Assignor's interest as landlord in those leases (the "Leases") now or hereafter entered into by Assignor with respect to all or any portion of the Premises and the improvements now or hereafter erected thereon, which assignment is made in the manner hereinafter provided as additional security for the payment of the indebtedness evidenced by the Note and secured by the Mortgage (all such indebtedness, together with other sums due and payable under the Loan Agreement hereinafter referred to as the "Debt") and the observance and performance by Assignor of all of the terms, covenants and provisions of the Note, Mortgage, and Loan Agreement and this Assignment (collectively the "Loan Documents") on Assignor's part to be observed and performed;

NOW, THEREFORE, in consideration of the making of the Loan, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Assignor hereby assigns to Assignee as security for the payment of the Debt and the observance and performance by Assignor of all of the terms, covenants and conditions of the Loan Documents, on Assignor's part to be observed or performed, Assignor's right, title and interest in and to the Leases, and all of the rents, additional rents, charges, issues and profits payable under the Leases from the date hereof to the date of the end of the respective term of the Leases and any renewals and extensions thereof (hereinafter collectively referred to as the "Rents") and Assignor hereby represents and warrants to and covenants and agrees with Assignee as follows:

1. Assignor represents and warrants that as of the date hereof; there is no prior assignment of the Leases or any portion of the Rents to become due and payable thereunder.
2. Assignor shall, at its sole cost and expense, (a) observe and perform, or cause to be observed and performed, each and every term, covenant and provision of the Leases on the part of the landlord thereunder to be observed and performed; (b) promptly send copies of all

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notices of default which Assignor shall send or receive under the Leases to Assignee; (c) enforce short of termination of; the observance and performance of each and every term, covenant and provision of the Leases on the part of the tenant thereunder to be observed and performed; and (d) appear in and defend any action or proceeding arising under or in any manner connected with the Leases or with the obligations and undertakings of the landlord or the tenants thereunder.

3. Assignor shall not, without the prior written consent of Assignee, (a) further assign or attempt to assign the leases or any portion of the Rents to become due and payable thereunder, (b) consent to any cancellation, surrender, termination or modification of the Leases (other than in the ordinary course of business) or (c) accept prepayment of the Rents for a period of more than one (1) month in advance (other than security deposits under the Leases).

4. This Assignment shall not be deemed or construed to obligate Assignee to take any action or incur any expenses or perform and discharge any obligation, duty or obligation under the Leases, and Assignor hereby agrees to indemnify and hold Assignee harmless from and against any liability, loss or damage, including, but not limited to, reasonable attorney's fees which Assignee may or might incur under the Leases or under or by reason of this Assignment and from and against any and all claims whatsoever which may be asserted against Assignee by reason of any alleged obligation or undertaking on Assignee's part to perform or discharge any of the terms, covenants or provisions contained in the Leases.

5. This Assignment has been made as additional security for the payment of the Debt and the observance and performance by Assignor of the terms, covenants and provisions of the Loan Documents on the part of Assignor to be observed and performed. Subject to the provisions of this Assignment hereinafter set forth, Assignee waives the right to enter the Premises for the purpose of collecting the Rents, and grants Assignor the right to collect the Rents. Assignor shall hold the Rents or amount sufficient to discharge all current sums due on the Debt in trust for the payment of the Debt, and the right of Assignor to collect the Rents may be revoked by Assignee upon any default by Assignor in the observance or performance of any of the terms, covenants and provisions of the Loan Documents on Assignor's part to be observed or performed or upon the occurrence of any one of the events described in the Loan Documents which would entitle Assignee, at its option, to declare the Debt due (hereinafter referred to as an "Event of Default"), by giving notice of such revocation to Assignor. Following such notice, and subject to the rights of Prior Assignee, Assignee may retain and apply the Rents to payment of the Debt in such priority and proportions as Assignee, in its sole discretion, shall deem proper, or to the operation, maintenance and repair of the Premises.

6. Upon the occurrence of an Event of Default, the tenants under the Leases shall, upon notice from Assignee of an occurrence of such Event of Default, thereafter pay to Assignee, or to any appointed receiver the Rents due or to become due under the Leases without any obligations to determine whether or not such Event of Default does in fact exist and Assignor shall facilitate in all reasonable ways the collection of the Rents by Assignee, and will, upon the request of Assignee, execute written notices to the tenants under the Leases directing said tenants to pay the Rents to Assignee, which Rents may be retained and applied by Assignee, toward the payment of the Debt in such priority and proportions as Assignee, in its sole discretion, may deem proper, or to the operation, maintenance and repair of the Premises.

7. Upon the occurrence of an Event of Default, Assignee shall have the right, at its option, to enter upon and take over, and assume the management, operation and maintenance of the Premises and to perform all necessary and proper acts and to expend such sums out of the Rents as may be necessary in connection therewith in the same manner and to the same extent as Assignor theretofore might do, including the right to enter into new Leases, cancel or surrender the Leases, alter or modify or amend the provisions thereof, or make concessions to tenants thereunder and Assignor hereby releases and waives all claims against Assignee arising out of such management, operation and maintenance.

8. Nothing contained in this Assignment and no entry by Assignee upon the Premises as hereinabove provided, shall be construed to constitute Assignee as a mortgagee in possession.

9. Nothing contained in this Assignment is intended or shall be construed to prevent Assignee in the exercise of its discretion from foreclosing the Mortgage or otherwise enforcing the provisions thereof, or of the Note or any other document or instrument evidencing, securing or guaranteeing payment of the Debt in whole or in part in accordance with their terms.

10. No alteration, extension, renewal, change, modification, change, release, amendment, compromise or cancellation, in whole or in part, of any term, covenant or provision of any of the Loan Documents or any other document or instrument evidencing, securing or guaranteeing payment of the Debt, in whole or in part, shall affect this Assignment in any manner or diminish or release any of the rights of Assignee hereunder.

11. Assignor hereby waives any and all legal requirements that Assignee institute any action or proceeding in law or in equity against any party other than Senior Lender, or exhaust such remedies under any Loan Document or any other document or instrument evidencing, securing or guaranteeing the payment of the Debt, in whole or in part, or in respect of any other security held by Assignee as a condition precedent to exercising such rights and remedies under this Assignment. All remedies afforded to Assignee by reason of this Assignment are separate and cumulative remedies and it is agreed that no one of such remedies, whether exercised by Assignee or not, shall be deemed to be an exclusion of any other remedies available to Assignee and shall not in any manner limit or prejudice any other legal or equitable remedies which Assignee may have, including, but not limited to, all rights and remedies of Assignee under any of the Loan Documents, or any other document or instrument evidencing, securing or guaranteeing payment of the Debt, in whole or in part.

12. It is the intention of the parties hereto that any and all Leases now or hereafter affecting the Premises or the improvements now or hereafter erected thereon, or any portion thereof presently in effect or hereafter entered into by Assignor shall be covered by the provisions of this Assignment and all such Leases and all of Assignor's right, title and interest in all such Leases and the Rents, additional Rents, charges, issues, profits, and other sums payable hereunder are hereby assigned to Assignee until the end of the respective terms thereof and any renewals or extensions thereof subject to all of the terms, covenants and provisions of this Assignment. Assignor shall deliver a true and correct copy of each such Lease to Assignee

within twenty (20) days of its execution. Assignor shall, upon the request of Assignee, execute and deliver in recordable form, all instruments which Assignee may reasonably request to further evidence and confirm such assignment of such Lease.

13. This Assignment shall be binding upon Assignor and its successors and assigns and inure to the benefit of Assignee, and its successors and assigns.

14. This Assignment may only be modified, altered, amended or terminated by agreement in writing executed by the parties hereto.

15. Any notice, request, demand, statement or consent made hereunder or in connection herewith shall be made in writing, and shall be sent in the manner specified in the Mortgage.

16. If any term, covenant or condition of this Assignment shall be held to be invalid, illegal or unenforceable in any respect, this Assignment shall be construed, without such provision.

17. This Assignment shall be governed by and construed under the laws of the State of Indiana.

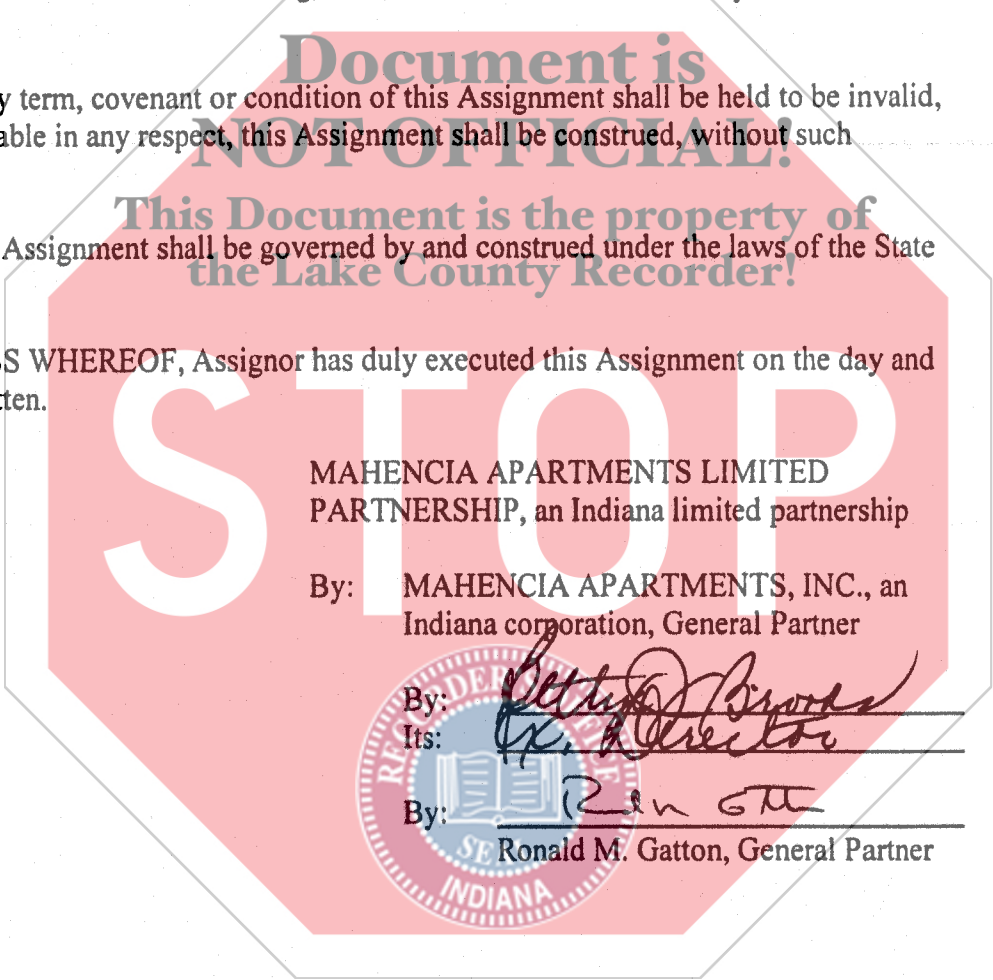
IN WITNESS WHEREOF, Assignor has duly executed this Assignment on the day and year first above written.

MAHENCIA APARTMENTS LIMITED  
PARTNERSHIP, an Indiana limited partnership

By: MAHENCIA APARTMENTS, INC., an  
Indiana corporation, General Partner

By: [Signature]  
Its: Director

By: [Signature]  
Ronald M. Gatton, General Partner



STATE OF INDIANA )  
 )SS:  
COUNTY OF LAKE )

Before me, a Notary Public in and for said County and State, personally appeared Betty S. Brooks, President of Mahencia Apartments, Inc., a general partner of MAHENCIA APARTMENTS LIMITED PARTNERSHIP, an Indiana limited partnership who acknowledged the execution of the foregoing Assignment of Leases and Rents as such officer of the general partner for and on behalf of said corporation.

Witness my hand and Notarial Seal this 23rd day of December, 1999

**"OFFICIAL SEAL"**  
Cynthia E. Colvin  
Notary Public, State of Indiana  
County of Lake  
My Commission Expires 11/20/2001

Cynthia E. Colvin  
(signature) Notary Public

(printed)

My commission expires: \_\_\_\_\_ County of Residence: \_\_\_\_\_

STATE OF INDIANA )  
 )SS:  
COUNTY OF Lake )

Before me, a Notary Public in and for said County and State, personally appeared Ronald M. Gatton, general partner of MAHENCIA APARTMENTS LIMITED PARTNERSHIP, an Indiana limited partnership, who acknowledged the execution of the foregoing instrument as such member acting for and on behalf of said company, and who, having been duly sworn, stated that any representations therein contained are true and correct.

Witness my hand and Notarial Seal this 23rd day of December, 1999

**"OFFICIAL SEAL"**  
Cynthia E. Colvin  
Notary Public, State of Indiana  
County of Lake  
My Commission Expires 11/20/2001

Cynthia E. Colvin  
(signature) Notary Public

(printed)

My commission expires: \_\_\_\_\_ County of Residence: \_\_\_\_\_

This instrument was prepared by Gregory C Whitehead, Albert, Whitehead & McGaugh, P.C., One South Wacker Drive, Suite 1990, Chicago, Illinois 60606, (312) 357-6300.

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**Legal Description**

Lots 11, 12, and the East 35 feet of Lot 10, Block 22 in Gary Land Company's Fourth Subdivision, in the City of Gary, as per plat thereof, recorded in Plot Book 14, page 15, in the office of the Recorder of Lake County, Indiana.

Property Address: 1900 W. Fifth Avenue



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