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STATE OF INDIANA
LAKE COUNTY
FILED FOR RECORD

**COLLATERAL ASSIGNMENT OF
MEMBERSHIP INTEREST IN AN INDIANA LIMITED LIABILITY COMPANY**

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MICHAEL A. BROWN
RECORDER

THIS PLEDGE AND COLLATERAL ASSIGNMENT of membership interest in an Indiana limited liability company ("Assignment") is made and entered into this 4th day of September, 2001, between **MERCANTILE NATIONAL BANK OF INDIANA** ("Mercantile"), for itself and as lead lender in fifty (50%) percent participation with **BANK CALUMET, N.A.**, whose office is located at 5243 Hohman Avenue, Hammond, Indiana 46320 and **LAKESHORE CHAMBER OF COMMERCE, INC.**, an Indiana not-for-profit corporation ("Borrower"), whose address is 7034 Indianapolis Boulevard, Hammond, Indiana 46324.

RECITALS:

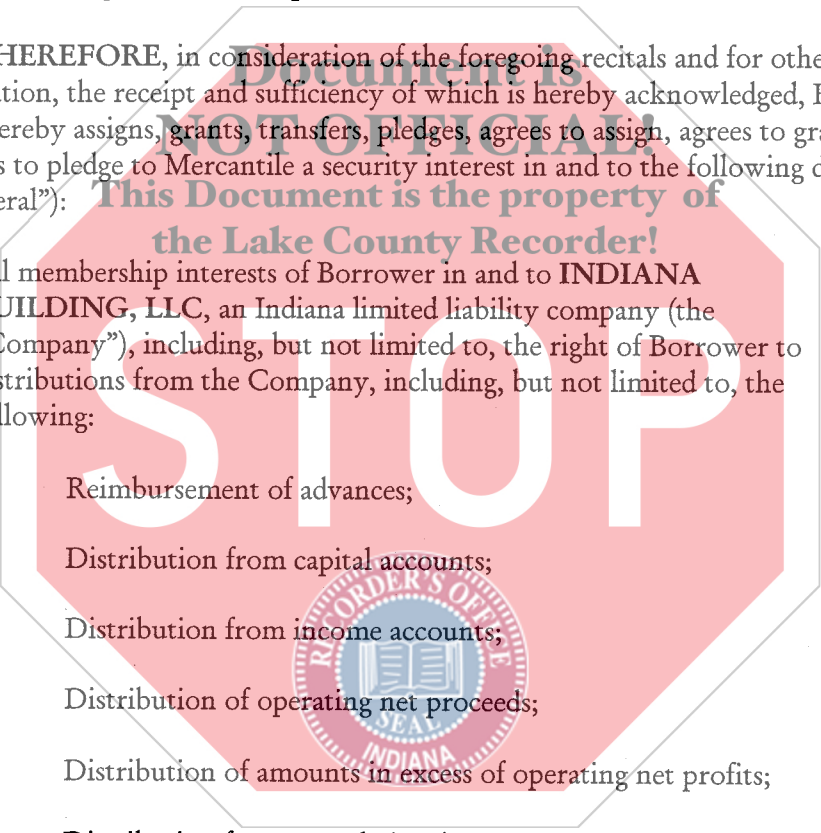
WHEREAS, Mercantile has agreed to make a financial accommodation to the Borrower, in the principal sum of ONE HUNDRED THIRTY-FIVE THOUSAND and NO/100 (\$135,000.00) Dollars; and,

WHEREAS, Mercantile would not have agreed to make the financial accommodation to the Borrower without the assignment contemplated herein.

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Borrower unconditionally hereby assigns, grants, transfers, pledges, agrees to assign, agrees to grant, agrees to transfer and agrees to pledge to Mercantile a security interest in and to the following described property ("Collateral"):

All membership interests of Borrower in and to **INDIANA BUILDING, LLC**, an Indiana limited liability company (the "Company"), including, but not limited to, the right of Borrower to distributions from the Company, including, but not limited to, the following:

- A. Reimbursement of advances;
- B. Distribution from capital accounts;
- C. Distribution from income accounts;
- D. Distribution of operating net proceeds;
- E. Distribution of amounts in excess of operating net profits;
- F. Distribution from cumulative depreciation on depreciable assets.



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- G. Distribution from the disposition from sale or other liquidation of any or all or any portion of the assets of the Company;
- H. Distribution from the undistributed reserves accumulated from net operating profits;
- I. Distribution pursuant to liquidation or dissolution of the Company;
- J. Distribution as a result of any refinancing; and,
- K. Distribution for any reason made from the Company or in respect of the membership interest.

As used herein, the term "distribution" shall include a distribution by cash, negotiable instrument, property, credit or transfer of any kind, together with the right to any of the within described distributions.

1. **Secured Obligations.** The collateral assignment described above is granted for the purpose of securing the following obligations (collectively, the "Secured Obligations"):

- A. The payment of that certain promissory note executed by the Borrower, in favor of Mercantile, of even date herewith in the original principal sum of One Hundred Thirty-five Thousand and No/100 (\$135,000.00) Dollars.
- B. Any other obligation, whether currently existing or hereafter in existence, of Borrower in favor of Mercantile which incorporates by reference this Assignment as a part of the collateral securing said obligation.
- C. Any renewal, extension, modification, refinancing or replacement of the indebtedness referred to in paragraph 1.A. and 1.B., above.
- D. All attorney fees and costs of collection with respect to the obligations referred to in paragraphs 1.A., 1.B. and 1.C., above.

2. **Representations and Warranties.** Borrower hereby represents and warrants to Mercantile:

- A. The collateral assignment granted hereby to Mercantile does now and shall continue to constitute a first lien on the Collateral.
- B. Borrower is the lawful owner of his respective interest in the Collateral and has the right to pledge, assign and create a security interest in the Collateral, subject only to obtaining the consent of the remaining members of the Company.

- C. Borrower is not in default in the performance of any of his obligations under the Operating Agreement of the Company ("Operating Agreement").
- D. Borrower has delivered to the Mercantile, simultaneously with or prior to the execution of this Assignment, true and complete copies of the Operating Agreement, certified and of a current date.
- E. The membership interests and the Operating Agreement are, as of the date hereof, in full force and effect and no event has occurred which could cause the Company's dissolution.
- F. The execution of this Assignment by Borrower will not affect or in any way impair its interests in and to the Collateral, except as expressly provided hereby.
- G. The Company is now in compliance with all applicable laws and with all of its obligations and undertakings.

3. **Agreements.** So long as this Assignment is in effect, Borrower shall:

- A. Maintain the Collateral free from all pledges, liens, encumbrances and security interests or other claims in favor of others, and Borrower will defend the Collateral against all claims and demands of all persons.
- B. Refrain from any act, which could affect the status of the Company as a limited liability company in good standing under the laws of the State of Indiana and shall qualify the Company to do business in any other jurisdiction in which such qualification is required by law.
- C. Comply with the requirements of all applicable state, local and federal laws necessary to grant to Mercantile a valid first lien upon, and a duly perfected security interest in, the Collateral. Borrower further agrees to perform, as and when required, all of his respective obligations under the Operating Agreement.
- D. Pay any and all fees, costs, and expenses of whatever kind and nature which Mercantile may incur, including reasonable attorneys' fees, in protecting, maintaining, preserving, enforcing or foreclosing the security interest granted to Mercantile hereunder, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or related to any of the Secured Obligations, promptly after Borrower has been notified by Mercantile of the amount of such fees, costs or expenses.
- E. Advise Mercantile promptly of the occurrence of any facts or circumstances which might constitute a default under this Assignment or which, under the applicable provisions of law, could affect or impair the priority of the

collateral assignment made to Mercantile by this Assignment, and promptly respond fully to any inquiry of Mercantile made with respect thereto.

- F. Not consent to any amendment to the Operating Agreement unless such amendment has been agreed to in writing by the Mercantile.
- G. Appear in and defend any action or proceeding arising out of or connected with the Company or this Assignment, and pay all reasonable costs and expenses of Mercantile (including, without limitation, reasonably attorneys' fees) in any such action or proceeding in which Mercantile appears.
- H. Not, without the prior written consent of Mercantile, sell, assign or otherwise transfer the Collateral or any part thereof.
- I. Provide Mercantile, its agents and attorneys, reasonable access to the books and records of the Company for inspection purposes and permit Mercantile and its agents and attorneys to make copies thereof.
- J. Do all acts and things and execute all writings requested by Mercantile to establish, maintain and continue the perfected and first security interest of Mercantile in the Collateral, and promptly on demand pay all costs and expenses of filing and recording, including costs of any searches performed by or at the request of Mercantile to establish and determine the validity and priority of Mercantile's security interest.

4. **Events of Default and Acceleration.** Any and all liabilities of Borrower and the Borrower to the Mercantile shall, at the option of the Mercantile, and notwithstanding any time or credit allowed by an instrument evidencing a liability, be immediately due and payable without notice or demand upon occurrence of any event defined as a Default in any note evidencing the Secured Obligations and secured hereby.

5. **Remedies.** Mercantile shall have all the rights and remedies permitted under the Uniform Commercial Code of Indiana, authorized under this Assignment or the Secured Obligations, and other laws, and without limitation of other rights and remedies, the following to be exercised after a Default as defined in paragraph 4 above:

- A. Reasonable attorney fees, legal expenses incurred by Mercantile in pursuing its rights and remedies under the law, this Assignment and the notes. Borrower promises to pay such fees and expenses, the proceeds of disposition must be applied to such fees and expenses in the order provided by law, and such fees and expenses must be tendered for redemption.
- B. After default, at its option, Mercantile may take control of any proceeds including tort and insurance claims with respect to the Collateral, and when the Collateral is or becomes an account, chattel paper, contract right, general

intangible or an instrument, Mercantile may notify the account debtor or the obligor on an instrument to make payment to Mercantile.

- C. Mercantile may, but in no way is obligated to, take steps to preserve rights in the Collateral against any third party.
- D. When in possession of the Collateral, Mercantile may use it for any purpose or in any manner or cause it to lose its identity without an obligation to account for such use subject only to the obligations of the Mercantile to dispose of such Collateral in a reasonably commercial fashion.
- E. In disposing of the Collateral, Mercantile may dispose of same on credit secured by a security interest in the Collateral taken from the purchaser. This disposal may be upon such terms and under such a form of security agreement as is customarily employed in such purchases. Mercantile shall continue to hold a security interest in non-cash proceeds of the sale as proceeds of the Collateral covered by this Assignment.
- F. The right to sell the Collateral at public or private sale and/or to elect to retain any of the Collateral in satisfaction of Borrower's obligation with respect thereto.
- G. The right to apply the proceeds of any disposition, after deducting therefrom the expenses of retaking, preparing it for sale and selling it, including court costs, bond premiums and attorneys' fees, to the payment in whole or in part of any of the indebtedness of Borrower or Borrower to Mercantile, applying or distributing the same as Mercantile shall elect, whether the indebtedness to which said proceeds is applied be due or not, or otherwise secured or not.

6. Waiver and Anti-Waiver Provisions.

- A. Borrower waives demand, notice, protest, notice of acceptance of this Assignment, notice of loans made, and credit extended, notice of default and notice of repossession of Collateral. With respect to the Secured Obligations and also with respect to the Collateral, Borrower assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange, or release of any party or person primarily or secondarily liable, to the acceptance of partial payments thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time as Mercantile may deem advisable.
- B. No transfer, renewal, extension or assignment of this Assignment, or any Secured Obligation or any interest hereunder, and no loss, damage or destruction of the Collateral, and no taking of security in other collateral shall release Borrower from the security interest created or the obligations secured hereunder.

- C. Mercantile shall not be deemed to have waived any of its rights upon or under this Assignment or Collateral unless such waiver be in writing and signed by Mercantile. No delay or omission on the part of Mercantile in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right on future occasion.
- D. All remedies, to the full extent provided by law, shall be cumulative. Pursuit by Mercantile of its judicial or other remedies shall not abate or bar its judicial and other remedies with respect to the Collateral, and pursuit by Mercantile of its judicial remedies with respect to all or some of the Collateral shall not bar its judicial and other remedies with respect to the obligations or other portions of the Collateral.

7. **Direct Assignment.** Upon any Default under any of the Secured Obligations or the loan documents and upon notice of such default to the Company, the Company agrees that Mercantile shall be entitled to receive and apply all Distributions at any time made by the Company to or for the account of Borrower and/or the Borrower. Upon receipt of such notice of Default from Mercantile, Borrower hereby directs the Company to make all Distributions directly to Mercantile until instructed otherwise in writing by Mercantile.

8. **Appointment as Attorney-in-Fact.** Borrower hereby irrevocably constitutes and appoints Mercantile, and any officer or agent thereof, with full power of substitution, as his true and lawful Attorney-in-Fact, with full irrevocable power and authority in the place and stead of Borrower and in the name of Borrower or in its own name, from time to time, for the sole purpose of carrying out the terms of this Assignment, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purpose of this Assignment, which power of attorney is coupled with an interest and shall be irrevocable. Without limiting the generality of the foregoing, the Mercantile shall have the right and power to receive, endorse and collect all checks and other orders for payment of money made payable to Borrower representing any dividend, interest payment or other distribution payable or distributable in respect of this Collateral, or any part thereof and to give full discharge for the same.

9. **Notices.** All notices, demands or requests required or permitted to be given to either party hereto shall be deemed delivered when personally served or mailed by certified United States mail, return receipt requested, with full postage paid thereon, addressed to the intended recipient thereto at the recipient's address set forth above.

10. **Controlling law; Severability.** This Assignment shall be construed in each and every respect in accordance with the laws of the State of Indiana. If any provision hereof is in conflict with any laws or is otherwise unenforceable for any reason whatever, such provision shall be deemed void to the extent of such conflict or unenforceability, and shall be severed from and shall not invalidate any other provision of this Assignment.

11. **No Assumption of Obligations.** This Assignment does not and shall not be construed as obligating Mercantile to perform any of the covenants or undertaking required to be performed by Borrower pursuant to the Operating Agreement relating to the Company.

12. **Assignment by Mercantile.** If at any time or times by assignment or otherwise Mercantile transfers any liability or obligation and Collateral therefor, including the Secured Obligations, such transfer carries with it Mercantile's power and rights under this Assignment with respect to the liability or obligation and the Collateral transferred and the transferee shall become vested with said powers and rights whether or not they are specifically referred to in the transfer. If and to the extent Mercantile retains any other liability or obligation or Collateral, Mercantile will continue to have the rights and powers herein set forth with respect thereto.

13. **Miscellaneous.** At any time and from time to time after the execution and delivery hereof, Borrower will, upon request of Mercantile, execute and deliver such further documents and do such further acts and things as Mercantile may reasonably request in order to fully effect the purposes of this Assignment. The provisions of this Assignment shall be binding upon and shall inure to the benefit of the parties hereto and its respective successors and assigns. The headings in this Assignment are for convenience of reference only and shall not limit or otherwise affect any of the terms hereof. Time shall be deemed to be of the essence in each and every respect hereunder.

Executed and delivered as of the date first above written.

"BORROWER"

LAKESHORE CHAMBER OF COMMERCE, INC.,
an Indiana not-for-profit corporation

By: 
DAVID BEACH, Treasurer

STATE OF INDIANA)
)SS:
COUNTY OF LAKE)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, do hereby certify that on this day personally appeared before me, David Beach, personally known to me to be the same person whose name is subscribed to the foregoing Instrument and personally known to me to be the of Lakeshore Chamber of Commerce, Inc., an Indiana not-for-profit corporation, and acknowledged that he signed, sealed and delivered the said Instrument as his free and voluntary act, for the uses and purposes therein set forth, as an officer of said corporation, that the seal affixed to the foregoing Instrument is the corporate seal of said corporation and that said Instrument was signed, sealed and delivered in the name and behalf of said corporation by the authority of its stockholders and Board of Directors as the free and voluntary act of said corporation for the uses and purposes therein set forth.

Given under my hand and notarial seal this 4th day of September, 2001.

Signed:


(Notary Public)

My Commission Expires: 11-15-08
My County of Residence: LAKE

