

16

16

STATE OF INDIANA  
LAKE COUNTY  
FILED FOR RECORD

2015 072653

2015 OCT 28 AM 8:44

MICHAEL WILSON  
RECORDER

**SECURITY AGREEMENT AND ASSIGNMENT OF LEASES AND RENTS**

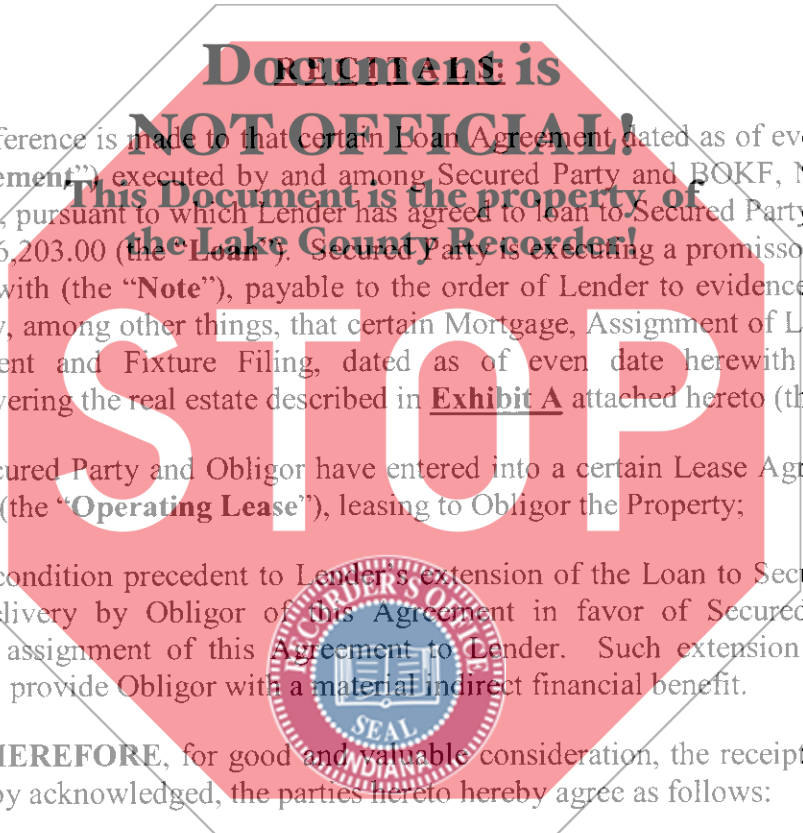
**THIS SECURITY AGREEMENT AND ASSIGNMENT OF LEASES AND RENTS** (this "**Agreement**") is made and delivered as of October 20, 2015, by SCHERERVILLE OPERATIONS, LLC, a Delaware limited liability company (the "**Obligor**"), to and for the benefit of HSRE SCHERERVILLE, LLC, a Delaware limited liability company ("**Secured Party**").

A. Reference is made to that certain Loan Agreement dated as of even date herewith (the "**Loan Agreement**") executed by and among Secured Party and BOKF, NA dba Bank of Texas ("**Lender**"), pursuant to which Lender has agreed to loan to Secured Party in the principal amount of \$26,796,203.00 (the "**Loan**"). Secured Party is executing a promissory note, dated as of even date herewith (the "**Note**"), payable to the order of Lender to evidence the Loan. The Note is secured by, among other things, that certain Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as of even date herewith (the "**Security Instrument**"), covering the real estate described in Exhibit A attached hereto (the "**Property**").

B. Secured Party and Obligor have entered into a certain Lease Agreement dated as of the date hereof (the "**Operating Lease**"), leasing to Obligor the Property;

C. A condition precedent to Lender's extension of the Loan to Secured Party is the execution and delivery by Obligor of this Agreement in favor of Secured Party and the contemporaneous assignment of this Agreement to Lender. Such extension of the Loan to Secured Party will provide Obligor with a material indirect financial benefit.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:



Loan No. 371487  
406513 000045 15957302.3

42 - FILED  
OCT 26 2015  
22628  
JOHN E. PETALAS  
LAKE COUNTY AUDITOR  
RM

1. **Grant of Security Interest and Assignment of Leases and Rents.**

(a) **Security Interest.** Obligor hereby gives, grants and assigns to Secured Party a first priority lien and security interest in and against any and all of Obligor's right, title and interest in and to the below described assets and properties, whether tangible or intangible, real or personal, and in and against any and all additions, attachments, accessories and accessions thereto, any and all substitutions, replacements or exchanges therefor, and any and all insurance and/or other proceeds thereof (all of the foregoing being hereinafter individually and collectively referred to as the "**Collateral**"). Capitalized terms used and not otherwise defined in this Section 1 shall have the meanings ascribed to such terms in the Uniform Commercial Code in effect from time to time in the State of Indiana (the "**UCC**"). The Collateral shall include without limitation, all of Obligor's right, title and interest in and to all of the following:

(i) All apparatus, machinery, devices, fixtures, communication devices, systems and equipment, fittings, appurtenances, equipment, appliances, furniture, furnishings, appointments, accessories, landscaping, plants and all other items of personal property located at the Property or otherwise, or used in the operation or maintenance of the Property or otherwise, or any business or operation conducted thereon or at any other location. All fixtures and equipment now or hereafter installed for use in the operation of the buildings, structures and improvements now or hereafter on the Property or otherwise, including but not limited to, all lighting, heating, cooling, ventilating, air-conditioning, plumbing, sprinkling, incinerating, refrigerating, air-cooling, lifting, fire extinguishing, cleaning, entertaining, security, communicating and electrical and power systems, and the machinery, appliances, fixtures and equipment pertaining thereto, all awnings, ovens, stoves, refrigerators, dishwashers, disposals, carpeting, switchboards, engines, motors, tanks, pumps, screens, storm doors and windows, shades, floor coverings, ranges, washers, dryers, disposals, cabinets, furniture, partitions, conduits, ducts and compressors, and all elevators and escalators and the machinery and appliances, fixtures and equipment pertaining thereto.

(ii) All "Accounts," as such term is defined in the UCC, now owned or hereafter acquired by the Obligor, including: (1) all accounts receivable, other receivables (including health care receivables), book debts and other forms of obligations; (2) all of Obligor's rights in, to and under all purchase orders or receipts for goods or services; (3) all of Obligor's rights to any goods represented by any of the foregoing (including unpaid sellers' rights of rescission, replevin, reclamation and stoppage in transit and rights to returned, reclaimed or repossessed goods); (4) all moneys due or to become due to Obligor under all purchase orders and contracts for the sale of goods or the performance of services or both by Obligor or in connection with any other transaction (whether or not yet earned by performance on the part of Obligor), including the right to receive the proceeds of said purchase orders and contracts; (5) any and all health care insurance receivables; and (6) all collateral security and guarantees of any kind given by Obligor with respect to any of the foregoing.

(iii) Any and all other revenues and income now owned or hereafter acquired and arising from or out of the Property and/or the businesses and operations conducted thereon, to the extent not already covered by subsection (ii) above.

(iv) Any and all other personal property of any kind, nature or description, whether tangible or intangible, (including without limitation, any and all Goods, Accounts, contract rights, franchises, licenses, permits, copyrights, trademarks, all other intellectual property of every kind or nature whatsoever, Chattel Paper, money, Deposit Accounts, Documents, Instruments and General Intangibles) of Obligor, whether now owned or hereafter acquired, or in which Obligor now has or shall hereafter acquire any right, title or interest whatsoever (whether by bill of sale, lease, conditional sales contract, or other title retention document or otherwise).

(v) Any and all additions and accessories to all of the foregoing and any and all proceeds (including proceeds of insurance, eminent domain or other governmental takings and tort claims), renewals, replacements and substitutions of all of the foregoing.

(vi) To the extent assignable by Obligor, all books, records, manager minutes, contracts, licenses and permits, insurance policies, environmental audits, business plans, files, computer files, computer discs and other data and software storage and media devices, accounting books and records, financial statements (actual and pro forma), filings with governmental authorities, all feasibility and marketing studies, percolation tests, soil borings, surveys, topographical studies and the like with respect to the Property and the uses thereof, all licenses, permits and warranties with respect to the Improvements, all contracts of sale with respect to the Improvements, all operating and service contracts relating to the operation of the Improvements, and all warranties with respect to the Improvements and/or any work completed or materials supplied in connection with the Improvements, all plans and specifications with respect to the Improvements, all contracts with architects, engineers and surveyors with respect to the improvements located on the Property (the "Improvements"), all construction contracts with respect to the Improvements and any and all records and instruments relating to the Collateral.

(vii) Leases and Rents.

The foregoing security interest grant is intended to and shall serve to cover all of Obligor's properties and assets whatsoever pursuant to Section 9.1-504 of the UCC and shall be first in priority for so long as any Obligations remain outstanding.

For the avoidance of doubt, Obligor hereby acknowledges and agrees that it shall be precluded from obtaining financing or granting a Lien to secure such financing with respect to its Accounts or any other assets.

(b) **Assignment of Leases and Rents**

(i) **Assignment.** Obligor hereby irrevocably, absolutely and unconditionally, bargains, transfers, pledges, conveys, sells, assigns, and sets over unto Secured Party all of Obligor's right, title and interest in and to (a) all leases, resident agreements, occupancy agreements and patient care agreements affecting the Property ("**Leases**"); (b) the rents relating to such Leases and all other sums due thereunder ("**Rents**"); (c) all security deposits, guarantees and other security held by Obligor in connection with the

Leases; (d) all credits, rights, options, claims and causes of action in connection with the Leases and Rents; (e) all proceeds from the sale or other disposition of the Leases; (f) the right to receive and apply the Rents to the payment of the Obligations; (g) any award or other payment which Obligor may hereafter become entitled to receive with respect to any of the Leases as a result of or pursuant to any bankruptcy, insolvency or reorganization or similar proceedings involving any present or future tenant, lessee, resident, patient or occupant (“**Tenant**”) under any Lease or any other occupancy agreement for any portion of the Property; and (h) any and all payments made by or on behalf of any Tenant in lieu of Rents. The foregoing assignment is made by Obligor to Secured Party to secure the payment and performance of the Obligations.

(ii) **Revocable License.** Notwithstanding that this Agreement is an absolute assignment of the Rents and Leases and not merely the collateral assignment of, or the grant of a lien or security interest in the Rents and Leases, subject to the terms of this Section 1(b)(ii), Secured Party grants to Obligor a revocable license to collect and receive the Rents and to retain, use and enjoy such Rents. Such license shall be automatically revoked upon the occurrence of any Event of Default and Secured Party shall immediately be entitled to receive and apply all Rents, whether or not Secured Party enters upon and takes control of the Property; provided, however, that Secured Party may at any time, and from time to time, reinstate the revocable license. Secured Party is hereby granted and assigned by Obligor the right, at its option, upon an Event of Default and the revocation of the license granted herein to enter upon the Property in person, by agent or by court-appointed receiver to collect the Rents. Any Rents collected after the revocation of the license herein granted may be applied toward the satisfaction of the Obligations in such priority and proportion as Secured Party, in its discretion, shall deem proper.

2. **Secured Obligations.** The security interest and assignment created herein are given as security for: (i) the payment of all rent and other payment obligations of Obligor to Secured Party under the Operating Lease and this Agreement, including, without limitation, any and all interest, whether or not accruing after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or similar proceeding, and whether or not a claim for post-filing or post petition interest is allowed in any such proceeding, and (ii) the prompt payment, performance and observance of all other covenants, conditions, agreements, representations, warranties and other obligations of the Obligor or any other obligor to or benefiting Secured Party which are evidenced, secured or created by this Agreement or the Operating Lease, together with all amendments and modifications hereof and thereof (collectively, the “**Obligations**”).

3. **Obligor’s Covenants.** Obligor covenants and agrees as follows:

(a) The tangible Collateral shall be kept at the Property and will be used only in the conduct of Obligor’s business and operation of the buildings, structures and improvements now or at any time hereafter on the Property.

(b) The Collateral shall not be allowed to deteriorate, except for the ordinary wear and tear resulting from its use.

(c) The Collateral shall at all times be insured against loss, damage, theft, and such other risks as Secured Party may reasonably require in such amounts, with such companies, under such policies, in such form and for such periods as shall be reasonably satisfactory to Secured Party, and each policy shall provide that the loss thereunder and the proceeds payable thereunder shall be payable to Secured Party.

(d) Intentionally Omitted.

(e) Intentionally Omitted.

(f) Any of the Collateral which becomes worn out or is damaged shall be promptly replaced with items of equal or greater value and utility.

(g) Obligor shall not sell, transfer, lease or otherwise dispose of any of the Collateral or any interest therein or offer to do so other than in the ordinary course of Obligor's business, or permit anything to be done that may impair the value of any of the Collateral or the security intended to be afforded by this Agreement.

(h) Obligor shall pay promptly when due all taxes and assessments upon the Collateral or for its use or operation.

(i) Obligor shall, upon request of Secured Party, furnish to Secured Party such further information, execute and deliver to Secured Party such documents and instruments (including, without limitation, any required authorizations to file UCC financing statements) and shall do such other acts and things as Secured Party may at any time reasonably request relating to the perfection or protection of the security interest created by this Agreement for the purpose of carrying out the intent of this Agreement. Without limiting the foregoing, Obligor shall cooperate and do all acts deemed necessary or advisable by Secured Party to continue in Secured Party a perfected first security interest and assignment in the Collateral, and shall obtain and furnish to Secured Party upon Secured Party's request, subordinations, releases, landlord waivers, lessor waivers, mortgage waivers, or control agreements, and similar documents as may be from time to time requested by, and in form and substance satisfactory to, Secured Party.

(j) Obligor authorizes Secured Party to file a financing statement and amendments thereto describing the Collateral and containing any other information required by the applicable UCC. Obligor irrevocably grants to Secured Party the power to sign its name and generally to act on its behalf to execute and file applications for title, transfers of title, notices of lien and other documents pertaining to any or all of the Collateral; this power is coupled with an interest in the Collateral. Obligor shall, if any certificate of title be required or permitted by law for any of the Collateral, obtain and promptly deliver to Secured Party such certificate showing the lien of this Agreement with respect to the Collateral. Obligor ratifies its prior authorization for Secured Party to file financing statements and amendments thereto describing the Collateral and containing any other information required by the UCC.

(k) Obligor shall reimburse Secured Party for all reasonable costs, expenses and fees, including, without limitation, court costs and attorneys' fees incurred by or for Secured Party for any action taken by or for Secured Party to remedy an Event of Default hereunder, together with interest thereon at the Default Rate (as defined in the Loan Agreement) from the date incurred by Secured Party until repaid to Secured Party.

(l) Intentionally Omitted.

(m) Obligor shall not create any other security interest or assignment in, mortgage, pledge, or otherwise encumber the Collateral, or any part thereof, or permit the same to be or become subject to any lien, attachment, execution, sequestration, other legal or equitable process, or any encumbrance of any kind or character.

(n) Intentionally Omitted.

(o) Should any covenant, duty or agreement of Obligor fail to be performed in accordance with its terms hereunder such that an Event of Default shall be continuing, Secured Party may, but shall never be obligated to, perform or attempt to perform such covenant, duty or agreement on behalf of Obligor, and any amount expended by Secured Party in such performance or attempted performance shall become a part of the indebtedness secured hereby, and, upon demand of Secured Party, Obligor agrees to pay such amount promptly to Secured Party together with interest thereon at the Default Rate from the date of such expenditure by Secured Party until repaid to Secured Party.

(p) Obligor shall perform its obligations under the Leases.

4. **Default.** An Event of Default shall occur under this Agreement upon the occurrence of a breach by Obligor of any of the covenants, agreements, representations, warranties or other provisions of this Agreement or the Operating Lease which is not cured within the applicable grace or cure period, if any.

5. **Secured Party's Rights and Remedies.** Secured Party shall have available to it the following rights and remedies:

(a) **Right to Assign.** Secured Party may assign its interests in and rights under this Agreement to any party (including without limitation, an assignment of its interests to Lender), and if Secured Party does assign this Agreement, the assignee(s) shall be entitled to the performance of any or all of Obligor's agreements and obligations under this Agreement, and the assignee(s) shall be entitled to all the rights and remedies of Secured Party under this Agreement. Obligor expressly agrees that it will not assert any claims or defenses it may have against Secured Party against the assignee(s) of Secured Party except those available to it pursuant to this Agreement.

(b) **Right to Discharge Obligor's Obligations.** Secured Party may, at its option, discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral, may remedy or cure the default of Obligor under the terms of any lease, rental agreement, or other document which in any way pertains to or

affects Obligor's title to or interest in any of the Collateral, may pay for insurance on the Collateral, and may pay for the maintenance and preservation of the Collateral. Obligor agrees to reimburse Secured Party, on demand, for any payment made or any expense incurred by Secured Party, including reasonable attorneys' fees, pursuant to the foregoing authorization, together with interest at the Default Rate from the date so paid or incurred by Secured Party until repaid to Secured Party, which payments, expenses and interest shall be secured by this Agreement.

(c) **Rights as Secured Creditor.** Upon the occurrence of an Event of Default, Secured Party, in its sole and absolute discretion, may: (a) exercise any one or more of the rights and remedies afforded to secured parties under the UCC in force in the laws of the State of Indiana, or any other state where the Collateral or Obligor are located, together with any and all other rights and remedies otherwise provided and available to Secured Party at law or in equity; (b) enter, with or without process of law and without breach of the peace, any premises where the Collateral (or the books and records of the Obligor related thereto) is or may be located, and without charge or liability to Secured Party therefor, seize and remove the Collateral (and copies of Obligor's books and records in any way relating to the Collateral) from said premises and/or remain upon said premises and use the same (together with said books and records) for the purpose of collecting, preparing and liquidating the Collateral, all without cost to Secured Party; (c) notify any or all Account debtors to pay all amounts owed to Obligor, directly to Secured Party; and (d) sell or otherwise dispose of the Collateral at public or private sale or auction for cash or credit (which sale or auction may, at the option of Secured Party, occur on the premises where the Collateral is located or elsewhere, at no cost to Secured Party) and from the proceeds of such sale or disposal retain (i) all costs and charges incurred by Secured Party in taking and causing the removal and sale or disposal of the Collateral, including reasonable attorneys' fees; and (ii) an amount equal to all other Obligations; provided, however, that Obligor shall be credited with the net proceeds of such sale only when such proceeds are actually received by Secured Party for the account of Secured Party.

(d) **Assembly of Collateral; Injunctive Relief.** Upon the occurrence of an Event of Default, Obligor, immediately upon demand by Secured Party, shall assemble the Collateral and make it available to Secured Party at a place or places to be designated by Secured Party. Obligor hereby acknowledges and agrees that if Obligor fails to perform, observe or discharge any of its obligations or liabilities under this Agreement, no remedy of law shall provide adequate relief to Secured Party, and that Secured Party shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages or the posting of bond, surety or other security.

(e) **Notice of Collateral Disposition.** Any notice required to be given by Secured Party of a sale, lease or other disposition of the Collateral or any other intended action by Secured Party deposited in the United States mail, postage prepaid and duly addressed to Obligor at its address first set forth above not less than ten (10) days prior to such proposed action, shall constitute commercially reasonable and fair notice to Obligor thereof.

(f) **Matters Regarding Sale of Collateral.** Obligor agrees that Secured Party may, if Secured Party deems it reasonable, postpone or adjourn any sale of Collateral from time to time by an announcement at the time and place of sale or by announcement at the time and place of such postponed or adjourned sale, without being required to give a new notice of sale, except as otherwise required by applicable law. Obligor also waives and releases any cause of action and claim against Secured Party as a result of Secured Party's possession, collection or sale of the Collateral, any liability or penalty for failure of Secured Party to comply with any requirement imposed on Secured Party relating to notice of sale, holding of sale, or reporting of sale of the Collateral, and any right of Obligor to redeem the Collateral from such sale. At any sale or sales made pursuant to this Agreement or in a suit to foreclose the same, unless prohibited by applicable law, the Collateral, at the option of Secured Party, may be sold (i) in its entirety or separately, at the same or at different times, and (ii) separate or together with any foreclosure sale of the collateral covered by a mortgage or deed of trust in accordance with Article 9 of the UCC, and the Collateral need not be present at the time or place of sale. At any such sale, Secured Party may bid for and purchase any of the property sold, notwithstanding that such sale is conducted by Secured Party or its attorneys, agents, or assigns, and, unless prohibited by applicable law, no irregularity in the manner of sale or of giving notice shall operate to preclude Secured Party from recovering the Obligations.

(g) **Replevin.** If Secured Party seeks possession of the Collateral through replevin or other court action, unless prohibited by applicable law, Obligor hereby irrevocably waives (i) any bond, surety or security required as an incident to such possession, and (ii) any demand by Secured Party for possession of the Collateral prior to the commencement of any such suit or action.

(h) **Enforcement Standards.** Secured Party shall have the right at all times to enforce the provisions of this Agreement in strict accordance with the terms hereof, notwithstanding any conduct or custom on the part of Secured Party in refraining from so doing at any time or times. The failure of Secured Party at any time or times to enforce its rights and the rights under said provisions strictly in accordance with the same shall not be construed or operate as a waiver of any of the rights and remedies granted Secured Party hereunder or as having created a custom in any way or manner contrary to the specific provisions of this Agreement or as having in any way or manner modified the same. All rights and remedies of Secured Party are cumulative and concurrent, and the exercise of one right or remedy by Secured Party shall not be deemed a waiver or release of any other right or remedy.

(i) **Payments on Leases.** Secured Party may at any time after an Event of Default (although Secured Party may under no circumstances be held liable for failure to do so) direct Tenants to make all payments of Rents directly to Secured Party (such notice being a "Notice of Default") and Secured Party may enforce such collection by any appropriate means it deems necessary. The receipt of a Notice of Default shall be sufficient authorization for Tenants to make all future payments to Secured Party and Tenants shall be entitled to rely on such Notice of Default and shall have no liability to Obligor for any payments made to Secured Party after receipt of such Notice of Default.



Any direct payment so received by Secured Party shall be applied by it against the Obligations in the manner determined by Secured Party.

6. **Representations and Warranties**. Obligor represents and warrants that:

- (a) Obligor has authority to execute and deliver this Agreement;
- (b) no financing statement covering the Collateral, or any part thereof, has been filed and remains in effect;
- (c) no other security agreement covering the Collateral, or any part thereof, has been made and no security interest, other than the one herein created or created in the Security Document, has attached or been perfected in the Collateral or in any part thereof;
- (d) no dispute, right of setoff, counterclaim or defense exists with respect to any part of the Collateral;
- (e) all information supplied and statements made in any financial or credit statements or application for credit prior to the execution of this Agreement are true and correct in all respects as of the date hereof;
- (f) at the time the security interest and assignment granted herein attach to any of the Collateral or its proceeds, Obligor will be the lawful owner with the right to transfer any interest therein, and Obligor will make such further assurances as to prove title to the Collateral in Secured Party as may be required and will defend the Collateral and its proceeds against the lawful claims and demands of all Persons whomsoever;
- (g) there is listed on **Exhibit B** hereto the location of the principal place(s) of business of Obligor, all of the other places of business of Obligor and all locations where the Collateral and the books and records of Obligor are kept. Obligor will not change the location of (i) its places of business or its books and records, or (ii) any Collateral, without in each case providing not less than thirty (30) days prior written notice thereof to Secured Party; and
- (h) no other assignment of the Leases and Rents, or any part thereof, has been made.

The delivery at any time by Obligor to Secured Party of the Collateral shall constitute a representation and warranty by the Obligor that, with respect to such Collateral, and each item thereof, Obligor is the owner of the Collateral and the matters heretofore represented and warranted in this Section 6 are true and correct. Further, Obligor, upon the request of Secured Party, agrees to amend this Agreement and hereby authorize Secured Party to amend any and all financing statements filed in connection therewith for the purpose of setting forth in said Agreement and said financing statements an accurate and itemized list of the Collateral now generally described herein and in said financing statements and to include in said accurate and itemized list an identification of the Collateral by make, model, serial number and other appropriate descriptive data.

7. **Additional Obligor's Covenants, Representations and Warranties.** Obligor hereby acknowledges and agrees that its covenants, representations, warranties, agreements, undertakings and obligations set forth in the Operating Lease are hereby incorporated by reference into this Agreement.

8. **Subrogation.** If the Obligations, or any part thereof, are renewed or extended, or applied toward the payment of any indebtedness secured by any mortgage, pledge, security agreement or other lien, Secured Party shall be and is hereby subrogated to all of the rights, titles, security interests and other liens securing the indebtedness so renewed, extended or paid.

9. **Further Agreements.**

(a) "Obligor" and "Secured Party", as used in this Agreement include the legal representatives, successors and assigns of those parties. For avoidance of doubt, with respect to Secured Party, the preceding sentence includes any assignment by Secured Party to Lender.

(b) No amendment to this Agreement shall be binding on Obligor or Secured Party unless it is expressed in writing and signed by the party to be bound thereby; provided that after an assignment, collateral or otherwise, by Secured Party, Secured Party's assignee(s) must also consent in writing prior to any amendment of this Agreement before such amendment shall become effective and any amendment entered into without such prior written consent shall be null and void.

(c) It is expressly intended, understood and agreed: (i) that this Agreement is made and entered into for the sole protection and benefit of Secured Party and Obligor, and their respective successors and assigns and no other Person or Persons shall have any right of action hereunder and no Person other than Secured Party shall have any rights to the proceeds of the Loan at any time; (ii) that the proceeds of the Loan in favor of Secured Party do not constitute a trust fund for the benefit of any third party, including without limitation, Obligor; and (iii) that no third party, including Obligor, shall under any circumstances be entitled to any equitable lien on any undisbursed proceeds of the Loan at any time.

(d) In the event that any provision of this Agreement is deemed to be invalid by reason of the operation of law, or by reason of the interpretation placed thereon by any administrative agency or any court, Obligor and Secured Party shall negotiate an equitable adjustment in the provisions of the same in order to effect, to the maximum extent permitted by law, the purpose of this Agreement and the validity and enforceability of the remaining provisions, or portions or applications thereof, shall not be affected thereby and shall remain in full force and effect.

(e) To the extent permitted by law, Obligor hereby waives any and all rights to require marshalling of assets.

(f) Any notice or communication required or permitted under this Agreement shall be given in writing, sent by (i) personal delivery, or (ii) overnight national air carrier

with proof of delivery, or (iii) United States Mail, postage prepaid, registered or certified mail, addressed as follows:

To Obligor: Schererville Operations, LLC  
c/o Ryan Companies US, Inc.  
50 South Tenth Street, Suite 300  
Minneapolis, Minnesota 55403  
Attn: Timothy M. Gray

To Secured Party: HSRE Schererville, LLC  
c/o Ryan Companies US, Inc.  
50 South Tenth Street, Suite 300  
Minneapolis, Minnesota 55403  
Attn: Timothy M. Gray

With copy to: Harrison Street Real Estate Capital, LLC  
71 S. Wacker Drive, Suite 3575  
Chicago, Illinois 60606  
Attn: Stephen M. Gordon

With copy to: DLA Riper LLP (US)  
203 North LaSalle Street, Suite 1900  
Chicago, Illinois, 60601  
Attn: David B. Sickle, Esq.

or to such other address as hereafter shall be designated in writing by the applicable party sent in accordance herewith. Any such notice or communication shall be deemed to have been given either at the time of personal delivery or, in the case of delivery service or mail, as of the date of first attempted delivery on a Business Day at the address and in the manner provided herein.

(g) This Agreement shall inure to the benefit of Secured Party and its successors and assigns and shall be binding upon Obligor and its successors and assigns.

10. **No Material Adverse Actions.** Neither Obligor nor Secured Party shall take any action or inaction with respect to this Agreement, including without limitation, the exercise or non-exercise of any rights or obligations hereunder that could result in a Material Adverse Change (as defined in the Loan Agreement).

11. **GOVERNING LAW; SUBMISSION TO JURISDICTION.** THIS AGREEMENT AND ALL MATTERS RELATING HERETO (WHETHER SOUNDING IN CONTRACT LAW, TORT LAW OR OTHERWISE), SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF INDIANA, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES. OBLIGOR HEREBY CONSENTS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN THE COUNTY OF LAKE, STATE OF INDIANA (AND, IF LENDER SUCCEEDS TO THE INTEREST OF

SECURED PARTY UNDER THIS AGREEMENT, ANY STATE OR FEDERAL COURT LOCATED WITHIN THE COUNTY OF DALLAS, STATE OF TEXAS) AND IRREVOCABLY AGREES THAT, SUBJECT TO SECURED PARTY'S ELECTION, ALL ACTIONS OR PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE LITIGATED IN SUCH COURTS. OBLIGOR EXPRESSLY SUBMITS AND CONSENTS TO THE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS. OBLIGOR HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND AGREES THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE UPON OBLIGOR BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO OBLIGOR AT THE ADDRESS SET FORTH IN THIS AGREEMENT AND SERVICE SO MADE SHALL BE COMPLETE TEN (10) DAYS AFTER THE SAME HAS BEEN POSTED.

12. WAIVER OF JURY TRIAL. EACH OF OBLIGOR AND SECURED PARTY HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. EACH OF OBLIGOR AND SECURED PARTY ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN THEIR RELATED FUTURE DEALINGS. EACH OF OBLIGOR AND SECURED PARTY WARRANTS AND REPRESENTS THAT EACH HAS HAD THE OPPORTUNITY OF REVIEWING THIS JURY WAIVER WITH LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS.

13. Acknowledgment of Assignment. Obligor hereby acknowledges that Secured Party has collaterally assigned all of its right, title and interest in this Agreement to Lender. Upon notice from Lender to Obligor, Lender shall be deemed to be the secured party and assignee hereunder with all rights and remedies of Secured Party under this Agreement. This Agreement cannot be modified without the prior written consent of Lender.

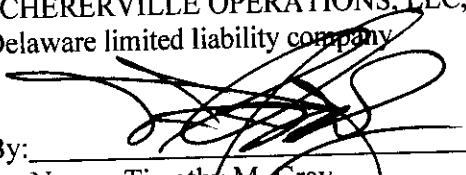
IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the day and year first above written.

*[Remainder of this page intentionally left blank. Signature page follows.]*

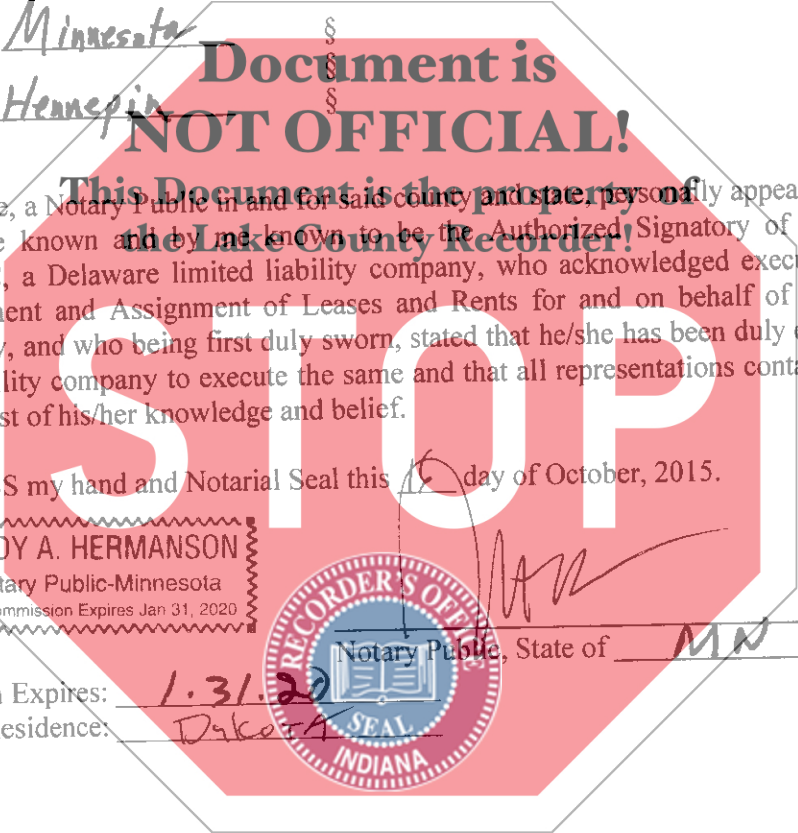


**SIGNATURE PAGE TO SECURITY AGREEMENT AND  
ASSIGNMENT OF LEASES AND RENTS**

SCHERERVILLE OPERATIONS, LLC, a  
Delaware limited liability company

By:   
Name: Timothy M. Gray  
Title: Authorized Signatory

THE STATE OF Minnesota  
COUNTY OF Hennepin



Before me, a Notary Public in and for said county and state, personally appeared Timothy M. Gray, by me known and by me known to be the Authorized Signatory of Schererville Operations, LLC, a Delaware limited liability company, who acknowledged execution of this Security Agreement and Assignment of Leases and Rents for and on behalf of said limited liability company, and who being first duly sworn, stated that he/she has been duly employed by said limited liability company to execute the same and that all representations contained therein are true to the best of his/her knowledge and belief.

WITNESS my hand and Notarial Seal this 16 day of October, 2015.



Notary Public, State of MINN

My Commission Expires: 1.31.20  
My County of Residence: Dakota

I certify under penalties for perjury that I have exercised reasonable care to redact all social security numbers from this instrument unless required by law. Matthew H. Swerdlow

**THIS INSTRUMENT WAS PREPARED BY AND  
WHEN RECORDED RETURN TO:**

**MATTHEW H. SWERDLOW  
THOMPSON & KNIGHT LLP  
ONE ARTS PLAZA  
1722 ROUTH STREET, SUITE 1500  
DALLAS, TEXAS 75201**



**Exhibit A**

**Legal Description of Property**

Lot 1 in Clarendale of Schererville, a planned unit development in the Town of Schererville, Lake County, Indiana, as per plat thereof, recorded in Plat Book 108, Page 58 as Document No. 2015 067792, in the Office of the Recorder of Lake County, Indiana.



**Exhibit B**

**Obligor's Place of Business; Location of Collateral**

<b><u>Obligor's Name</u></b>	<b><u>Obligor's Place(s) of Business and Location(s) of Collateral</u></b>
Scherverville Operations, LLC	400 Locust Street, Suite 820 Des Moines, Iowa 50309  and  7770 Burr Street Scherverville, Indiana 46375

