



Loan Policy

The Lake Louise Christian Community Board of Trustees (the “Board”) has leased residential real property (hereinafter “leased property”) to lessees pursuant to a Lake Louise Christian Community Residential Property Lease (the “Lease”). The lessee may, under the Lease, secure indebtedness (the “loan”) owed to a banking or financial institution (the “lending institution”) with the structures located or to be constructed or remodeled on the leased property (the “structure”), provided that the lessee satisfies all the requirements stated in this Policy as follows:

1. The Lessee must provide the Lake Louise Christian Community (LLCC) Executive Director (ED) with a statement from a lending institution stating the amount of the loan to be secured against the structures on the leased property.
2. The Lessee must provide the ED with an appraisal from a certified residential real estate appraiser (as defined in the Michigan Occupational Code, MCL § 339.101 et seq.) licensed by the Michigan Board of Real Estate Appraisers (or its successor) representing either: (1) the fair market value of the structures and the leased property; or (2) the estimated fair market value of the structures to be constructed or remodeled on the leased property and the leased property (collectively referred to as the “fair market value”).
3. The lessee must provide the ED with a fully executed original copy of the Lien Agreement between the lessee, the lending institution, and the Board, acceptable to the Board. Additionally, the lessee must comply with any other Board request or policy.
4. If the structures are sold and the Lease assigned to a purchaser the amount of loan to be secured against the structures on the leased property may not exceed eighty percent (80%) of the fair market value of the structures and the leased property.
5. In the event a lessee request to secure a loan against the structures on its leased property (other than a refinancing of an existing loan for an amount equal to or less than the existing loan as secured against the lessee’s structures on the leased property), the amount of the loan to be secured by the structures on the leased property may not exceed eighty percent (80%) of the fair market value of the structures and the leased property.

*Adopted by the Board of Trustees
August 13, 2010*

Lien Agreement

An agreement made this _____ day of _____, _____ by and between Lake Louise Christian Community, a Michigan 501(c)(3) corporation, (hereinafter called "the Community") and:

(Hereinafter known as "Lessee", whether one or more), and

(Hereinafter known as "Lender").

WHEREAS Lessee desires to borrow a sum of money from the Lender (hereinafter the "Loan") in the amount of:

\$ _____

Lot(s) # _____ which constitute

Building Site # _____ in the

_____ Plat

Lake Louise Christian Community, in the

_____ of Section _____,

Town 32 North, Range 4 West, Hudson Township, Charlevoix

County, Michigan.

(Hereinafter the "Leased Premises"); and

WHEREAS, said land is owned by the Community and leased to the Lessee pursuant to a Residential Property Lease executed on (date)

(Hereinafter referred to as the "Lease"); and

WHEREAS, the Loan is to be secured, in whole or in part, by an assignment of the Lessee's interest in the Lease to the Lender; and

WHEREAS, upon default in terms of any promissory note between Lessee and Lender or in the terms and conditions of any security agreement or assignment of Lessee's interest in the Lease, a transfer or assignment of Lessee's interest in the Lease may result which transfer or assignment is prohibited by the Lease without Lessor's prior written consent; and

WHEREAS, any buildings or improvements now or hereafter located or erected upon the leased premises are a part of the leasehold and will belong to the Community as Lessor upon any expiration or termination of the Lease;

NOW THEREFORE, in consideration of the Community's consent to the Loan being secured by the Lessee's interest in the Lease, the parties hereto mutually agree to the following terms and conditions, which shall be and are hereby incorporated in and shall be a part of any security agreement or assignment of the Lease:

1. Assignment of the Lessee's Interest. The Community hereby consents to the Lessee granting to the Lender an assignment of the Lessee's interest in the Lease as security for the Loan which assignment shall be for security purposes only.
2. Loan Amount. Lender acknowledges and agrees that it has heretofore disclosed to the Community the amount of the Loan to be secured by the Lessee's interest in the Lease and the Lender further agrees that the Lessee's interest in the Lease shall not stand as security for any amount in excess of the amount heretofore disclosed to the Community without the Community's prior written consent.
3. Community's Interest. Any such security agreement or assignment of the Lessee's interest in the Lease, as aforesaid, between the Lessee and the Lender is hereby subordinated and shall always be subordinate to the Community's right, title and interest in the leased premises and is also subordinated to the Community's rights, power and privileges as set forth in the Lease. Provided, however, that in the event Lessee is in default of the Lease by reason of failure to pay any sums of money required to be paid by Lessee pursuant to any of the terms or conditions of the Lease, Lessor shall, prior to initiating any action or proceeding seeking to forfeit, cancel or terminate the Lease, provide written notice of such default to Lender. Such Notice shall specify the default and all amounts required to be paid to cure such default. Lender shall have a period of thirty (30) days after the date of such notice to cure the default and Lessor shall not initiate any action or proceeding to forfeit, cancel or terminate the Lease prior to the expiration of such thirty (30) day period. Lender may also cure such default during the pendency of any action or proceeding to forfeit, cancel or terminate the Lease, in which event the amount necessary to cure such default shall have added to it any and all costs and attorney fees incurred by Lessor in regard to such action or proceeding. Lessor shall send to Lender a copy of all notices, pleadings, orders or judgments in regard to any such action or proceeding simultaneously with first sending same to Lessee.
4. Default and Remedies. In the event of a default by the Lessee in repayment of the Loan to the Lender or in any terms or conditions of the agreement between Lessee and the Lender in conjunction with such Loan, and in the event that Lender intends to exercise its rights under any security agreement or assignment of the Lessee's interest in the Lease, the Lender shall first give written notice of such intention to the Community by certified mail at the Community's address as reflected below. Said notice shall specify all action or measures then required of the Lessee to cure such default. The Community shall have reasonable time not less than forty-five (45) days after actual receipt of the notice to cure and remedy the default. If the Community exercises its rights and remedies or cures the default, Lessee shall thereupon forfeit to the Community all right, title and interest in and to the Lease unless, within one hundred eighty (180) days of the date the Community remedies or cures said default, Lessee reimburses the Community, in full, for all sums that the Community has expended to remedy or cure said default, plus any and all costs or expenses including attorney fees, expended or incurred by the Community in relationship thereto. In the event that the Community fails to exercise its option to remedy or cure the default in the manner aforesaid, Lender may proceed to enforce its security agreement or assignment of the Lease against Lessee. If Lender, by reason of such enforcement, becomes successor to the Lessee's interest in the Lease, the Lender agrees, as successor to Lessee's interest in the Lease, to be bound by and to comply with all of the terms, conditions and covenants of the Lease which theretofore bound Lessee, in the same manner and to the same extent as if the Lender was the original Lessee.
5. Lease Assignment. No permission for the Lessee to transfer the Lease or any interest in the land or building(s) shall be granted by the Community until satisfactory evidence or repayment

of all indebtedness and discharge of all liens and security agreements has been furnished to the Community.

6. Continuation of the Lease Terms. Except as specifically or necessarily modified by this Lien Agreement, all terms, conditions and covenants of the Lease shall remain as stated therein. This agreement is being made for the purpose of defining and setting forth the rights, interests and obligations of the parties in regard to the Loan and the security therefore.
7. Notices. Any and all notices for the purposes of this agreement shall be mailed to the parties at the addresses set forth below, to-wit:

The Community: Lake Louise Christian Community
11037 Thumb Lake Road
Boyne Falls, MI 49713

Lender: _____

Lessee: _____

8. Successors. This agreement shall inure to the benefit of and be binding upon the successors, heirs, representatives and assigns of the parties thereto.
9. Entire Agreement. The parties agree that this Agreement shall be binding and inure to the benefit of their successors, executors, administrators, personal representatives, and the parties further agree and acknowledge that this Agreement contains and comprises the entire agreement and understanding of the parties, and that there are no additional promises or terms of this Agreement, other than those within this document and the documents referenced therein.
10. Governing Law. This agreement shall be governed and construed according to the laws of the State of Michigan, which shall be the forum for any lawsuits arising from or incident to this Agreement.
11. Severability. If any provision of this Agreement shall for any reason be held invalid, illegal, unenforceable, or in conflict with any law governing this Agreement, the validity of the remaining portions of this Agreement shall not be affected but shall continue in full force and effect to the fullest extent allowed by law.
12. Non-Waiver. The delay or failure of any party to exercise any of its rights under this Agreement for a breach thereof shall not be deemed to be a waiver of such rights, nor shall the same be deemed to be a waiver of any subsequent breach, either of the same provision or otherwise.

13. Assignment. No party may assign the rights or obligations under this Agreement without the prior written consent of all the parties.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the day and year first above written.

Witnesses:

Witness

THE COMMUNITY:

Lake Louise Christian Community

By: _____

Its: _____

LENDER:

By: _____

Its: _____

LESSEE
