

# Collateral Assignment of Split-Dollared Policy



This Collateral Assignment is a legally binding document, which the Policyowner should have reviewed by counsel.

This Assignment is made, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by the undersigned ("Policyowner"), to \_\_\_\_\_, Corporation"), it's successors and assigns.

1. The subject of this Assignment is a certain life insurance policy, No. \_\_\_\_\_, together with all supplementary contracts, if any, issued in connection therewith ("Policy") issued by Midland National® Life Insurance Company("Insurer").
2. The Policy is subject to a Collateral Assignment Split Dollar Agreement ("Agreement") between the Corporation and Policyowner and as it may be amended from time to time.
3. For value received, the Policyowner hereby assigns, transfers, and sets over to the Corporation the following specific limited rights in the Policy, and this assignment is subject to the following terms and provisions:
  - (a) This assignment is made, and the Policy is held as collateral security for the advances to the Policyowner, now existing or hereafter made by the Corporation under the terms of the Agreement.
  - (b) The Corporation shall have an interest in the Policy limited to that necessary to secure the Policyowner's liabilities, existing or future, to the Corporation made with respect to the Policy under the terms of the Agreement.

**POLICYOWNER SHOULD CHOOSE ONLY ONE OF THE FOLLOWING OPTIONAL PARAGRAPHS. TO SIGNIFY ACCEPTANCE, POLICYOWNER SHOULD SIGN ONLY ONE PARAGRAPH "4".**

*4. Use for Non-controlling Shareholder if he or she is policyowner.*

The Corporation shall have a limited right to obtain from the Insurer one or more loans or advances against its interest in the cash surrender value of the policy, as defined above in paragraph 3(b). The Corporation shall be responsible for all interest on such advances during the course of this Agreement. Any corporate advances shall be treated as repayments of the corporate interest.

To signify acceptance of this provision, Policyowner should sign below:

Policyowner Signature:	Date (mm/dd/yyyy):
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*Use for Controlling Shareholder if third party is policyowner.*

The Corporation shall not have any right to borrow against the cash surrender value of the policy to any extent. It is the intent of this provision to comply with Rev. Rul. 82-145, 1982-31 IRB 7 and as it may be amended from time to time.

To signify acceptance of this provision, Policyowner should sign below:

Policyowner Signature:	Date (mm/dd/yyyy):
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5. The Corporation shall have the right to be repaid to the extent of its interest:
  - (a) in the event of the death of the insured;
  - (b) in the event the Policy is lapsed, cancelled or surrendered by the Policyowner; or
  - (c) in the event of the termination of the Agreement.
6. The Corporation is strictly prohibited from taking any action which would endanger the interests of the Policyowner.
7. The Corporation shall, when its interest has been satisfied, be obligated to release this Assignment and provide notice of such release to the Insurer at its principal place of business.
8. Except as specifically provided herein, the Policyowner shall retain and possess all other incidents of ownership in the Policy, including but not limited to:
  - (a) the sole and exclusive right to cancel or surrender the Policy for its cash surrender value, if any;
  - (b) the right to designate and change the beneficiary of the death proceeds on the Policy;
  - (c) the right to elect and exercise any optional mode of settlement permitted by the Policy; and
  - (d) the right to receive premium notices, lapse notices, or any reports unless otherwise provided by statute. However, all rights retained by the Policyowner shall be subject to the terms and conditions of the Agreement.
9. The Insurer shall have no duty or obligation to inquire or investigate the reason or validity of a request from either the Corporation or the Policyowner to exercise any of their rights hereunder, or whether the other party has notice of it. The Insurer may treat any such request as an affirmation that the request conforms to this Assignment and the Agreement, and is thereby authorized to act upon such requests without further investigation.

IN WITNESS WHEREOF, this assignment is hereby executed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

### Signatures

Witness Signature:	Date (mm/dd/yyyy):
Policyowner Signature:	Date (mm/dd/yyyy):