

Shareholder Guaranty of a Corporation's Indebtedness

GUARANTY

From

and

To

GUARANTY

The undersigned shareholders of ^ABC Inc., an Illinois corporation (the "**Corporation**"), FOR VALUE RECEIVED and in consideration of advances made by ^ (the "**Obligee**") to the Corporation on the date hereof in the principal amount of \$^ and of any other loan or other financial accommodation heretofore or hereafter at any time made or granted by the Obligee to the Corporation, hereby unconditionally, jointly and severally guarantee the full and prompt payment when due whether by acceleration or otherwise, and at all times thereafter, of all obligations of Corporation to the Obligee, however created, arising or evidenced, direct or indirect, primary or secondary, absolute or contingent, joint or several, or now or hereafter existing or due (all such obligations being hereinafter collectively called the "**Liabilities**"), under that certain Agreement dated the date hereof (herein, as it may be amended from time to time, called the "**Debt Agreement**"), between the Corporation and the Obligee, and the undersigned further jointly and severally agree to pay all expenses including attorneys' fees paid or incurred by the Corporation to collect the Liabilities or any part thereof and to enforce this guaranty.

The right of recovery against the undersigned under this guaranty is, however, limited to the amount of ^ (\$) plus interest on such amount whether accruing before or after any bankruptcy or insolvency proceeding involving the Corporation and, if interest on any portion of the Liabilities ceases to accrue by operation of law by reason of the commencement of such proceeding, including such interest as would have accrued on any such portion of the Liabilities if such proceeding had not commenced at the rate set forth in the Note (hereinafter defined) and plus all expenses of enforcing this guaranty.

The Liabilities shall include, without limitation, all obligations of the Corporation under its Promissory Note, dated the date hereof in the original principal amount of \$^, payable to the order of the Obligee (herein, together with any extensions, renewals, replacements or substitutions thereof or therefor, called the "**Note**"). The undersigned expressly guarantee without limitation, the payment when due of all payments on the Note.

Each of the undersigned agrees that, in the event of the inability or failure of the Corporation or such undersigned to pay debts as they become due, or an assignment by the Corporation or such undersigned for the benefit of creditors, or the commencement of any case or proceeding in respect of the Corporation or such undersigned under any bankruptcy, insolvency or similar laws, and if such event shall occur at a time when any of the Liabilities may not then be due and payable, such undersigned will pay to the Obligee forthwith the full

amount which would be payable hereunder by such undersigned if all Liabilities were then due and payable.

This guaranty shall in all respects be a continuing, absolute and unconditional guaranty, and shall remain in full force and effect (notwithstanding, without limitation, the death, incompetency or dissolution of any of the undersigned or that at any time or from time to time all Liabilities may have been paid in full), subject to discontinuance as to any of the undersigned only upon actual receipt by the Obligee of written notice from such undersigned, or any person duly authorized and acting on behalf of such undersigned, of the discontinuance hereof as to such undersigned; provided, however, that no such notice of discontinuance shall affect or impair any of the agreements and obligations of such undersigned hereunder with respect to any and all Liabilities existing prior to the time of actual receipt of such notice by the Obligee, any and all Liabilities created or acquired thereafter pursuant to any previous commitments made by the Obligee, any and all extensions or renewals of any of the foregoing, any and all interest paid or incurred by the Obligee to collect any of the foregoing and enforce this guaranty against such undersigned; and all of the agreements and obligations of such undersigned under this guaranty shall, notwithstanding any such notice of discontinuance, remain fully in effect until all such Liabilities (including any extensions or renewals of any thereof) and all such interest and expenses shall have been paid in full. Any such notice of discontinuance by or on behalf of any of the undersigned shall not affect or impair the obligations hereunder of any other of the undersigned.

The undersigned further agree that, if at any time all or any part of any payment theretofore applied by the Obligee to any of the Liabilities is or must be rescinded or returned by the Obligee for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of the Corporation), such Liabilities shall, for the purposes of this guaranty, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Obligee, and this guaranty shall continue to be effective or be reinstated, as the case may be, as to such Liabilities, all as though such application by the Obligee had not been made.

The Obligee may, from time to time, whether before or after any discontinuance of this guaranty, at its sole discretion and without notice to the undersigned or any of them, take any or all of the following actions: (a) retain or obtain a lien upon or a security interest in any property to secure any of the Liabilities or any obligation hereunder, (b) retain or obtain the primary or secondary obligation or any obligor or obligors, in addition to the undersigned, with respect to any of the Liabilities, (c) extend or renew for one or more periods (whether or not longer than the original period), alter or exchange any of the Liabilities, or release or compromise any obligation of any of the undersigned hereunder or any obligation of any nature of any other obligor with respect to any of the Liabilities, (d) release or fail to perfect its lien upon or security interest in, or impair, surrender, release or permit any substitution or exchange for, all or any part of any property securing any of the Liabilities or any obligation hereunder, or extend or renew for one or more periods (whether or not longer than the original period) or release, compromise, alter or exchange any obligations of any nature of any obligor with respect to any such property, and (e) resort to the undersigned or any of them for payment or any of the Liabilities, whether or not the Obligor (i) shall have resorted to any property securing any of the Liabilities or any obligation hereunder or (ii) shall have proceeded against any other of the undersigned or any other obligee primarily or secondarily obligated with respect to any of the Liabilities (all of the actions referred to in preceding clauses (i) and (ii) being hereby expressly waived by the undersigned).

Sample Preview