

to the extent that such amounts have not been escrowed with the Lender of the Senior Mortgage Loan hereinafter described,

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and all other sums required under the Indemnity provisions of the Note.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. **Payment of Principal and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. **Funds for Taxes and Insurance.** Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") for: (a) yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; (e) yearly mortgage insurance premiums, if any; and (f) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Borrower's escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. § 2601 *et seq.* ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is such an institution) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender may agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds, showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for all sums secured by this Security Instrument.

If the Funds held by Lender exceed the amount permitted to be held by applicable law, Lender shall account to Borrower for the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender may so notify Borrower in writing, and, in such case Borrower shall pay to Lender the amount necessary to make up the deficiency. Borrower shall make up the deficiency in no more than twelve monthly payments, at Lender's sole discretion.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If, under paragraph 21, Lender shall acquire or sell the Property, Lender, prior to the acquisition or sale of the Property, shall apply any Funds held by Lender at the time of acquisition or sale as a credit against the sums secured by this Security Instrument.

3. **Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to any prepayment charges due under the Note; second, to amounts payable under paragraph 2; third, to interest due; fourth, to principal due; and last, to any late charges due under the Note.

4. **Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

5. **Hazard or Property Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7.

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All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 21 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

6. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extraordinary circumstances exist which are beyond Borrower's control. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstate, as provided in paragraph 18, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

7. Protection of Lender's Rights in the Property. If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

8. Mortgage Insurance. If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage required by Lender lapses or ceases to be in effect, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the mortgage insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If substantially equivalent mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use and retain these payments as a loss reserve in lieu of mortgage insurance. Loss reserve payments may no longer be required, at the option of Lender, if mortgage insurance coverage (in the amount and for the period that Lender requires) provided by an insurer approved by Lender again becomes available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage insurance ends in accordance with any written agreement between Borrower and Lender or applicable law.

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9. **Inspection.** Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

10. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

11. **Borrower Not Released; Forbearance By Lender Not a Waiver.** Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

12. **Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

13. **Loan Charges.** If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

14. **Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

15. **Governing Law; Severability.** This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

16. **Borrower's Copy.** Borrower shall be given one conformed copy of the Note and of this Security Instrument.

17. **Transfer of the Property or a Beneficial Interest in Borrower.** If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural

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person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

18. Borrower's Right to Reinstate. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraph 17.

19. Sale of Note, Change of Loan Servicer. The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 14 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

20. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property.

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

21. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraph 17 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument, foreclosure by judicial proceeding and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the non-existence of a default or any other defense of Borrower to acceleration and foreclosure. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may foreclose this Security Instrument by judicial proceeding. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 21, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

22. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument without charge to Borrower. Borrower shall pay any recordation costs.

23. Waiver of Homestead. Borrower waives all right of homestead exemption in the Property.

, hereinafter referred to as an "Event of Default"

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24. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument. [Check applicable box(es)]

- | | | |
|--|---|---|
| <input type="checkbox"/> Adjustable Rate Rider | <input type="checkbox"/> Condominium Rider | <input type="checkbox"/> 1-4 Family Rider |
| <input type="checkbox"/> Graduated Payment Rider | <input type="checkbox"/> Planned Unit Development Rider | <input type="checkbox"/> Biweekly Payment Rider |
| <input type="checkbox"/> Balloon Rider | <input type="checkbox"/> Rate Improvement Rider | <input type="checkbox"/> Second Home Rider |
| <input checked="" type="checkbox"/> Other(s) [specify] Rider to Junior Mortgage containing paragraphs 25, 26, 27 and 28. | | |

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

Witnesses:

..... *Antoinette B. Lenzi* (Seal)
ANTOINETTE B. LENZI — Borrower
Social Security Number 347-66-2360

..... *Eugene J. Lenzi* (Seal)
EUGENE J. LENZI — Borrower
Social Security Number 357-64-8477

_____ [Space Below This Line For Acknowledgment] _____

Property of Cook County Clerk's Office

THIS INSTRUMENT WAS PREPARED BY:
JOEL C. LEVIN, ESQ.
ROSENTHAL AND SCHANFIELD
55 EAST MONROE STREET, 46TH FLOOR
CHICAGO, ILLINOIS 60603

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RIDER TO JUNIOR MORTGAGE

This Rider is attached to and made a part of that certain Junior Mortgage (the "Junior Mortgage") dated August 6, 1993 from ANTOINETTE B. LENZI AND EUGENE J. LENZI, HER HUSBAND, as Borrower, to THOMAS J. LITTLE, an individual, as Lender, securing a Note (as described in the Junior Mortgage) in the amount of \$900,000.00 from Borrower to Lender. In the event of a conflict between the printed form Junior Mortgage and this Rider, this Rider shall control.

25. Borrower hereby agrees to and shall execute and deliver to Lender such other documents as may be required by Lender to comply with any applicable laws and/or regulations affecting the Lender, the Note, or any other thing or matter relating thereto, or to correct any typographical or other errors found in this Junior Mortgage or the Note.
26. The maximum amount secured hereby shall be Nine Hundred Thousand Dollars (\$900,000.00).
27. The Property encumbered by this Junior Mortgage is additionally encumbered by a mortgage to Citibank Federal Savings Bank dated July 2, 1990, securing a note of the Borrower in the amount of \$150,000.00 (herein referred to as the "Senior Mortgage Loan"). This Junior Mortgage is subordinate to the mortgage securing the Senior Mortgage Loan. Any event of default under the Senior Mortgage Loan, which remains uncured at the end of any applicable grace period shall hereby be deemed to be and shall constitute, without further notice or opportunity to cure, an Event of Default under this Junior Mortgage and the Note which it secures.
28. Any one or more of the following events shall also constitute, without further notice or opportunity to cure, an Event of Default under this Junior Mortgage and the Note which it secures:
 - A. Any actual, threatened, or imminent breach or violation of or failure to observe or perform any provision of, or any act or failure to act that with or without notice and/or the passage of time permits the Secured Party to accelerate any amount or pursue any remedy under, the pledge agreement, the security agreement, or any of the mortgages described in Section 4 of the Indemnity Agreement.

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- B. Any actual, threatened, or imminent breach or violation of or failure to observe or perform any provision of, or any act or failure to act that with or without notice and/or the passage of time permits the lender to accelerate any amount or pursue any remedy under, the Bank Loan (as defined in the Indemnity Agreement) or any documents evidencing, securing or related to the Bank Loan.


ANTOINETTE B. LENZI


EUGENE J. LENZI

c:\wpw\indoc\l11161jrrider

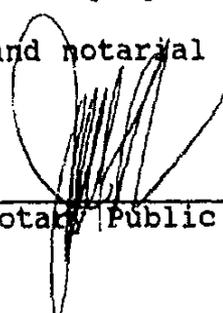
Property of Cook County Clerk's Office

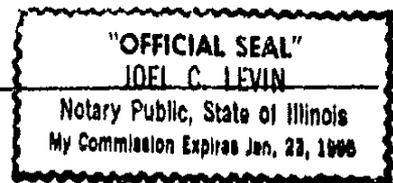
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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, JOEL C. LEVIN, a Notary Public in and for the County and State aforesaid, do hereby certify that **ANTOINETTE B. LENZI AND EUGENE J. LENZI**, personally known to me to be the same persons whose names are subscribed to the foregoing Junior Mortgage appeared before me in person and acknowledged that they signed, sealed and delivered the said instrument as their free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 6th day of AUGUST, 1993.


Notary Public



My Commission Expires:

JANUARY 23, 1996

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INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT (this "Agreement") is made and entered into as of this 6th day of August, 1993 by and among EUGENE J. LENZI ("EJL"); JANE ANTOINETTE LENZI ("Jane"); LA LUNA ENTERPRISES, INC., an Illinois corporation ("La Luna"); RONALD G. LENZI ("Ronald"); and THOMAS J. LITTLE ("Little"). EJL and Jane are hereinafter sometimes collectively referred to as "Lenzi".

RECITALS

WHEREAS, Ronald is the owner of a parcel of real estate improved with a two-story commercial building located at 536 West Erie Street, Chicago, Illinois, legally described on Exhibit A attached hereto, said real estate and building being hereinafter collectively referred to as the "Premises"; and

WHEREAS, the Premises are presently vacant and non-income producing; and

WHEREAS, the Premises are unencumbered and not subject to any mortgage or any other lien or encumbrance other than for real estate taxes not yet payable; and

WHEREAS, La Luna desires and intends to open and operate a restaurant on the Premises and in furtherance thereof La Luna and Ronald have entered into a lease agreement (the "Lease"), a copy of which is attached hereto as Exhibit B, pursuant to which La Luna has leased the Premises from Ronald; and

WHEREAS, the Lease will inure to the substantial economic benefit of Ronald; and

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WHEREAS, EJJ and Jane are the shareholders, officers, and directors of La Luna and the Bank Loan (hereinafter defined) will therefore inure to the substantial benefit of EJJ and Jane; and

WHEREAS, La Luna must borrow funds to finance the construction of a restaurant on the Premises and the opening and operation of its restaurant business; and

WHEREAS, Harris Trust and Savings Bank (the "Bank") has indicated its willingness to provide La Luna with a loan (the "Bank Loan") provided that La Luna can obtain a guarantor of the Bank Loan acceptable to Bank; and

WHEREAS, at the request of Lenzi, Ronald, and La Luna, Little is willing to guaranty repayment of the Bank Loan (the "Little Guaranty") and the Bank has indicated that it will make the Bank Loan based upon and subject to receiving the Little Guaranty; and

WHEREAS, in consideration for the Little Guaranty Lenzi, Ronald, and La Luna have agreed to indemnify Little and hold him harmless of, from, and against any and all financial expense or loss he may suffer or incur by virtue of or in any way connected with the Little Guaranty for the performance of said indemnity obligations, all in the manner and according to the provisions set forth below.

AGREEMENT

NOW, THEREFORE, for and in consideration of the Premises and the mutual promises and agreements set forth below, and for other good and valuable consideration, the receipt and sufficiency

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of which are hereby acknowledged by each party hereto to each other party hereto, it is agreed as follows:

1. Incorporation of Recitals. The Recitals hereto are hereby incorporated herein by this reference as being the understandings and agreements of the parties as fully and with the same force and effect as if set forth herein at length.

2. Little Guaranty.

A. The terms of the Bank Loan are described on Exhibit C attached hereto. Little agrees to guarantee repayment of the Bank Loan, provided, however, that no change or revision shall at any time be made to any of the documents which evidence and/or secure the Bank Loan without the prior written approval of Little. In addition, the Little Guaranty shall be upon such terms and conditions as are determined by Little in his sole and absolute discretion.

B. Notwithstanding anything to the contrary, Indemnitors (hereinafter defined) jointly and severally agree to and shall cause the Little Guaranty to be fully, finally and forever released, cancelled and terminated on or before September 30, 1996.

3. Indemnity. Lenzi, La Luna and Ronald for themselves and their respective heirs, executors, administrators, personal representatives, successors, and assigns (collectively the "Indemnitors") hereby jointly and severally, unconditionally, absolutely and irrevocably indemnify Little and agree to and shall hold Little harmless of, from and against, and agree to and shall

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pay on demand (to Little or as Little directs), any and all claims, costs, demands, expenses, payments, charges, fees, demands, executions, suits, sums of money, repayments, penalties, reimbursements, and judgments, including without limitation court costs and attorneys' fees, whether known or unknown or suspected or unsuspected, for, upon or by reason of any matter, cause or thing whatsoever in any way or to any extent directly or indirectly arising from or out of, related to, as a consequence of, or connected with, the Little Guaranty and/or the Bank Loan, as the same or any part thereof may from time to time be amended and/or modified.

4. Grant of Security Interests. As security for the performance of their obligations hereunder, Lenzi, La Luna and Ronald hereby jointly and severally agree to and shall provide and/or cause to be provided to Little contemporaneously herewith the following collateral security in favor of Little:

A. A first mortgage on the Premises, in the form attached hereto as Exhibit D, subject only to such prior encumbrances and restrictions, if any, as are acceptable to Little and which are specified in said Exhibit D. Notwithstanding any provision herein to the contrary, Ronald's liability for his obligations under Section 3 hereof shall be limited to his interest in the Premises, and no other assets of Ronald shall be subject to any claims of Little hereunder.

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B. A second mortgage on the personal residence of Lenzi located at 223 Dupee Place, Wilmette, Illinois, in the form attached hereto as Exhibit E, subject only to such prior encumbrances and restrictions, if any, as are acceptable to Little and which are specified in said Exhibit E.

C. A pledge and collateral assignment of all of the outstanding shares of the capital stock of La Luna, in the form attached hereto as Exhibit F, which shall include and be coupled with a right to vote all such shares as a power coupled with an interest, and resignations of EJM and Jane as the officers and directors of La Luna, which resignations shall be held in escrow by Little pending the performance by Indemnitors of their obligations hereunder.

D. A collateral assignment of La Luna's interest in the Lease, and a security interest in all of the other assets of La Luna, in the form of the security agreement attached hereto as Exhibit G.

5. Release of Collateral. Little agrees to promptly execute and deliver releases of all of the security interests provided to him hereunder at such time as Little's obligations under the Little Guaranty are fully, finally and forever released, cancelled and terminated by Bank and all obligations of the Indemnitors hereunder shall have been fully and completely satisfied.

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6. Notice. Any notice required or permitted to be given under the terms of this Agreement shall be in writing and shall be deemed to have been received by the intended recipient on the date delivered in person or sent by nationally recognized overnight messenger service or by United States certified or registered mail, postage prepaid, addressed to the intended recipient at his address shown on the signature pages hereof.

7. Benefit. This Agreement and all of its provisions shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, personal representatives, successors and assigns.

8. Construction. Whenever applicable in this Agreement, the singular and the plural, and the masculine, feminine and neuter shall be freely interchangeable, as the context requires. The section headings or titles shall not in any way control the construction of the language herein, such headings or titles having been inserted solely for the purpose of simplified reference. Words such as "herein", "hereto", "hereinafter", "hereby", and "hereinabove" when used in this Agreement refer to this Agreement as a whole, unless otherwise required by the context.

9. Amendments. This Agreement may not be amended, modified or supplemented except by an instrument in writing duly executed by all of the parties to this Agreement.

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10. Integration of Prior Agreements. This Agreement sets forth and constitutes the entire agreement and understanding and all of the representations and warranties of the parties to this Agreement or any one or more of them in respect of the subject matter contained in this Agreement. This Agreement supersedes any and all prior agreements, undertakings, negotiations, correspondence, promises, covenants, arrangements, communications, representations and warranties, whether oral or written (collectively the "Prior Communications"), of any party to this Agreement, and no party to this Agreement may rely or shall be deemed to have relied upon any Prior Communications.

11. Further Assurances. The parties hereto agree to and shall execute and deliver such further instruments and perform such further acts as may be requested by Little or otherwise required to carry out the intent and purposes of this Agreement.

12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

13. Severability. Any provision of this Agreement which is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability only without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

14. Venue. All actions or proceedings in any way, manner or respect arising out of or from or related to this Agreement shall be litigated only in courts having situs within the

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City of Chicago, State of Illinois, and all parties hereto and their transferees hereby consent and submit to the jurisdiction of any local, state or federal court located within said city and state, and all parties and their transferees hereby waive any and all rights they may have or obtain to transfer or change the venue of any such actions or proceedings.

15. Continuing Nature of Indemnity.

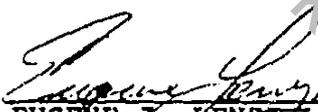
A. The obligations of the Indemnitors hereunder are and shall be continuing obligations, shall be binding upon the Indemnitors, and each of them, jointly and severally, and upon their respective heirs, executors, administrators, legal representatives, successors and assigns, and shall remain in full force and effect, and shall not be discharged, impaired or affected by (i) the validity or invalidity of the Bank Loan; (ii) any defense whatsoever that any Indemnitor may or might have to the payment of the Bank Loan; (iii) any limitation or exculpation of liability on the part of the Indemnitors; and (iv) any right, claim or offset which Indemnitors may have against Little, or that the Indemnitors, or any of them, may or might have to their respective undertakings, liabilities and obligations hereunder, each and every such defense being hereby waived by the Indemnitors and each Indemnitor and each of them, hereunder, shall not be affected, discharged, impaired or varied by any act, omission or circumstance whatsoever (whether or not specifically enumerated above).

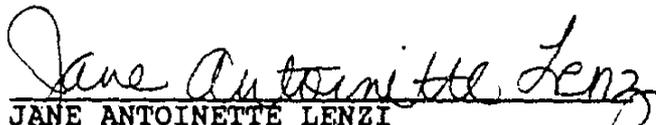
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B. Neither the death of any Indemnitor nor the failure of any Indemnitor to execute this Agreement shall terminate this Agreement to any surviving Indemnitor or executing Indemnitor, and shall not terminate this Agreement as to the estate of any deceased Indemnitor.

C. Subject to the provisions of Section 4A hereof, Little shall have the right to enforce this Agreement against any Indemnitor for and to the full amount of the amount and/or amounts against which he is indemnified hereunder, with or without enforcing or attempting to enforce this Agreement against any other Indemnitor or any security for the obligations of any of them, and whether or not proceedings or steps are pending or have been taken or have been concluded to enforce or otherwise realize upon the obligations or security of any other Indemnitor.

IN WITNESS WHEREOF, the parties hereto have caused this Indemnity Agreement to be duly executed and delivered all on and as of the day, month and year first above written.


EUGENE J. LENZI
223 Dupee Place
Wilmette, Illinois 60091

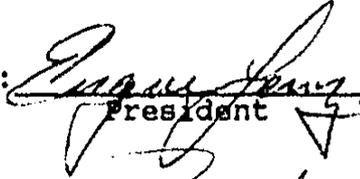

JANE ANTOINETTE LENZI
223 Dupee Place
Wilmette, Illinois 60091

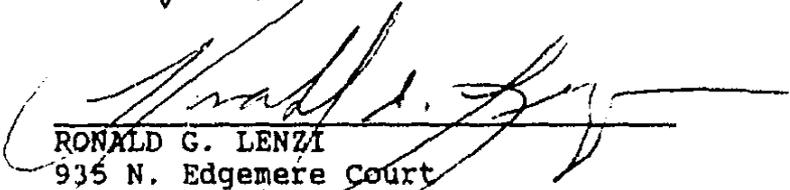
(Signatures Continued on Next Page)

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(Signatures Continued From Previous Page)

LA LUNA ENTERPRISES, INC.
223 Dupee Place
Wilmette, Illinois 60091

By: 
President


RONALD G. LENZI
935 N. Edgemere Court
Evanston, Illinois 60202


THOMAS J. LITTLE
2625 South Loomis Street
Chicago, Illinois 60608

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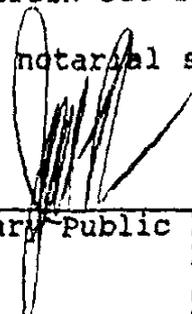
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COOK COUNTY RECORDER

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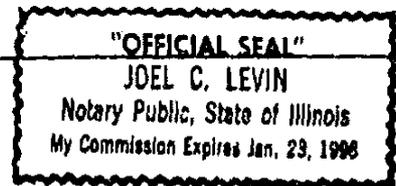
STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, JOEL C. LEVIN, a Notary Public in and for the County and State aforesaid, do hereby certify that **JANE ANTOINETTE LENZI**, personally known to me to be the same person whose name is subscribed to the foregoing Indemnity Agreement, appeared before me in person and acknowledged that she signed, sealed and delivered the said instrument as her free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 6th day of August, 1993.



Notary Public



My Commission Expires:

1/23/96

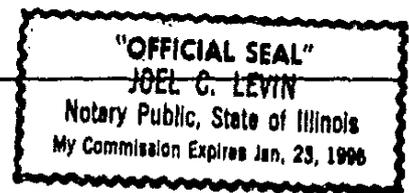
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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, JOEL C. LEVIN, a Notary Public in and for the County and State aforesaid, do hereby certify that **RONALD G. LENZI**, personally known to me to be the same person whose name is subscribed to the foregoing Indemnity Agreement, appeared before me in person 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.

Given under my hand and notarial seal this 6th day of Aug, 1993.


Notary Public



My Commission Expires:

1/23/96

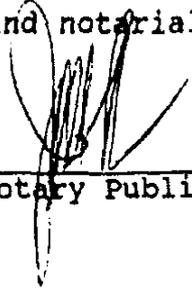
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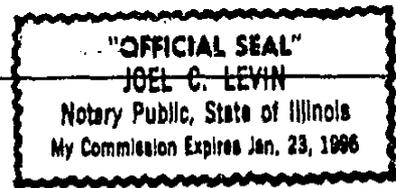
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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, JOEL C. LEVIN, a Notary Public in and for the County and State aforesaid, do hereby certify that **THOMAS J. LITTLE**, personally known to me to be the same person whose name is subscribed to the foregoing Indemnity Agreement, appeared before me in person 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.

Given under my hand and notarial seal this 6th day of August, 1993.


Notary Public



My Commission Expires:

1/23/96