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Eugene "Gene" Moore Fee: \$40.50
Cook County Recorder of Deeds
Date: 08/29/2003 04:34 PM Pg: 1 of 9

This Instrument was prepared by:

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Suite 126
Hinsdale, Illinois 60521

mail to

AFTER RECORDING RETURN TO:

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The space above this line is reserved for Recorder's Office

JUNIOR MORTGAGE

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 11.

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- (A) "Security Instrument" means this document, which is dated June 19, 2003, together with all Riders to this document.
- (B) "Borrower" means Slobodar Mike Pavlović and Miroslava Pavlović, his wife. Borrower is the mortgagor under this Security Instrument.
- (C) "Lender" is William F. Holst III. Lender's address is, for the purpose of this Security Instrument, 5922 North Clark Street, Chicago, Illinois 60660
- (D) "Note" means the promissory note signed by Borrower and dated June 19, 2003. The Note states that Borrower owes Lender Six Hundred Thousand (\$600,000.00), plus interest. Borrower has promised to pay this debt in one lump sum payment of principal and accrued interest upon the sale of the property located at 6909 North Sheridan Road, Chicago, Illinois.
- (E) "Property" means the property that is described below under the heading "Transfer of Rights in the Property."
- (F) "Loan" means the debt evidenced by the Note, plus interest, any late charges due under the Note and all sums under this Security Instrument, plus interest.
- (G) "Applicable Law" means all controlling applicable federal, state and local statutes, regulations, ordinances and administrative rules and orders (that have the effect of law) as well as all applicable final, non-appealable judicial opinions.

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- (H) "Escrow Items" means those items that are described in Section 3.
- (I) "Miscellaneous Proceeds" means any compensation, settlement, award of damages, or proceeds paid by any third party (other than insurance proceeds paid under the coverages described in Section 5) for: (i) damage to or destruction of the Property; (ii) condemnation or other taking of all or any part of the Property; or (iii) conveyance in lieu of condemnation.
- (J) "Periodic Payment" means the regularly scheduled amount of interest due under the Note.
- (K) "Successor in Interest of Borrower" means any party that has taken title to the Property, whether or not that party has assumed Borrowers' obligations under the Note and/or this Security Instrument.

TRANSFER OF RIGHTS IN THE PROPERTY

This Security Instrument secures to the Lender (i) the repayment of the Loan, and all renewals, extensions and modifications of the Note and the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, grant and convey to Lender the following described property located in the County of Cook and State of Illinois:

Lots 70 and 71 in W.D. Preston's Subdivision of Blocks 4, 6 and 9, together with Lot 1 in Block 7 in the Circuit Court's partition of the East ½ of the Northwest ¼ and the Northeast fractional ¼ of Section 32, Township 41 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Permanent Index Number: **14-05-406-005-0000**
 Property Address: **6919 North Sheridan Road
 Chicago, Illinois 60645**

As additional collateral Borrower does hereby mortgage, grant and convey to Lender the following described property located in the County of Cook and State of Illinois:

The North 35 Feet of Lot 17 and all of Lot 16 in Block 6 in Cochran's Addition to Edgewater in the East ½ of fractional Section 5, Township 40 North, Range 12 East of the Third Principal Meridian, in Cook County Illinois.

Permanent Index Number: **14-05-406-005-0000**
 Property Address: **5725 North Kenmore
 Chicago, Illinois 60660**

together with all the improvements now or hereinafter erected on each property, and all easements, appurtenances and fixtures now or hereafter a part of the properties. This Security Instrument shall also cover all replacements and additions. All of the foregoing is referred to in this Security Instrument as the "Property".

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BORROWER COVENANTS that he is lawfully seised of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is encumbered only by an existing first mortgage and only encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

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

1. **Payment of Principal, Interest and late Charges.** Borrower shall pay when due the principal amount borrowed. Borrower shall also pay when due, the interest on the debt evidenced by the Note and any late charges due under the Note. Payments are deemed received by the Lender when received at the location designated in the Note or at such other location as may be designated by Lender in accordance with the notice provisions in Section 10 of this Security Instrument. Lender may return any payment or partial payment if the payment or partial payment is insufficient to bring the Loan current. Lender may accept any payment or partial payment insufficient to bring the loan current without waiving any of the rights hereunder or prejudice to its rights to refuse such payment or partial payments in the future, but Lender is not obligated to apply such payments at the time such payments are accepted. If each periodic payment is applied as of its scheduled due date, then Lender need not pay any interest on unapplied funds. Lender may hold such unapplied funds until Borrower makes payment to bring the Loan current. If Borrower does not do so within a reasonable period of time, Lender shall either apply such funds or return them to Borrower. If not applied earlier, such funds will be applied to the outstanding principal balance due under the Note immediately prior to foreclosure. No offset or claim that the Borrower might have now or in the future against the Lender shall relieve the Borrower from making payments under the Note and this Security Instrument or performing the covenants and agreements secured by this Security Instrument.

2. **Application of Payments or Proceeds.** Except as otherwise described in this Section 2, all payments accepted and applied by Lender shall be applied in the following order or priority: (a) interest due under the Note; (b) principal due under the Note after Demand is made by Lender. Such payments shall be applied to each periodic payment in the order in which it became due. Any remaining amounts shall be applied first to reduce the principal balance of the Note, second to late charges and finally, to any other amounts due under this Security Instrument. If Lender receives a payment from Borrower for a delinquent Periodic payment that includes a sufficient amount to pay any late charge due, the payment may be applied to the delinquent payment and the late charge. If more than one Periodic Payment is outstanding, Lender may apply any payment received from Borrower the repayment of the Periodic Payments if, and to the extent that each payment is paid in full. To the extent that any excess exists after the payment is applied to the full payment of one or more Periodic Payments, such excess may be applied to any late charges due. Voluntary prepayments shall be applied against the principal sum due under the Note.

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Any application of payments, insurance proceeds, or Miscellaneous Proceeds to principal due under the Note, shall not extend nor postpone the due date, but shall change the amount of the periodic Payments.

3. **Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property that can attain priority over this Security instrument. Borrower shall promptly discharge any lien that 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 the Lender, but only so long as Borrower is performing such agreement; (b) contests the lien in good faith by, or defends against enforcement of the lien in legal proceedings that in Lender's opinion operate to prevent the enforcement of the lien while those proceedings are pending, but only until such proceedings are concluded; or secures from the holder of such 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 that can attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Within ten days of the date on which the notice is given, Borrower shall satisfy the lien or take one or more of the actions set forth above in this Section 3.

4. **Property Insurance.** Borrower shall keep the improvements now existing, or hereafter erected on the property, insured against loss by fire and hazards included within the term "extended coverage." If Borrower fails to maintain any of the coverages described above, Lender may obtain insurance coverage at Lender's option and at Borrower's expense. In the event of a loss, any and all insurance proceeds shall be used and disbursed in accordance with the direction of the existing first mortgage holder of the Property. If the restoration or repair is not economically feasible, the insurance shall be applied toward payment of the first mortgage line on the property and then to the sums secured by this Security Instrument, whether or not due, with the excess, if any, paid to the Borrower. Such insurance proceeds shall be applied in the order provided for in Section 2.

5. **Preservation, maintenance and protection of the property; Inspections.** Borrower shall not destroy damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Whether or not Borrower is residing on the Property, Borrower shall maintain the property in order to prevent the Property from deteriorating or decreasing in value due to its condition. Unless it is determined pursuant to Section 4 that repair or restoration is not economically feasible, Borrower shall promptly repair the Property where it is damaged, so as to avoid further deterioration or damage. If insurance or condemnation proceeds are paid in connection with damage to, or taking of the Property, Borrower shall be responsible for repairing or restoring the property. If the insurance or condemnation proceeds are not sufficient to repair or restore the Property, Borrower is not relieved of Borrower's obligation for the completion of such repair or restoration.

Lender may make reasonable entries upon and inspections of the Property. If it has reasonable cause, Lender may inspect the interior of the improvements located on the Property. Lender shall give Borrower at least forty-eight (48) hours notice prior to any inspection, and shall specify such reasonable cause.

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6. **Protection of Lender's Interest in the Property and Rights Under this Security Instrument.** If (a) Borrower fails to perform the covenants and agreements contained in this Security Instrument, or (b) if there is a proceeding that might significantly affect Lender's interest in the Property and/or rights under this Security Instrument, or (c) Borrower has abandoned the property, then Lender may do and pay for whatever is reasonable or appropriate to protect Lender's interest in the Property and rights under this Security Instrument, including protecting and/or assessing the value of the property and securing and/or repairing the Property. Although Lender may take action under this Section 6, lender does not have to do so and is not under any obligation or duty to do so. It is agreed that Lender incurs no liability for not taking any or all actions authorized under this Section 6. Any amount disbursed by Lender under this Section 6 shall be come additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

7. **Borrower Not Released; Forbearance By Lender Not a Waiver.** Extension of time for payment shall not operate as a release of the liability of Borrower or any Successors in interest of Borrower. Lender shall not be required to commence proceedings against any Successor in Interest of Borrower or to refuse to extend time for payment by reason of any demand made by the original Borrower or any Successor in interest of Borrower. Any forbearance by lender in exercising any right or remedy shall not act as a waiver of, nor preclude the exercise of any right or remedy.

8. **Loan Charges.** Lender may charge Borrower fees for services performed in connection with Borrower's default, for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument, including, but not limited to attorneys' fees, property inspection and valuation fees.

9. **Notices.** All notices given by Borrower or lender in connection with this Security Instrument must be in writing. Notice to Borrower shall be deemed given when mailed by first class mail or when actually delivered to Borrower's notice address if delivered by other means. The Notice address shall be Hillcrest Real Estate and management Company, 5922 North Clark Street, Chicago, Illinois 60660. Any notice to Lender shall be given by delivering it or by mailing it first class mail to lender's address stated herein unless Lender has designated to Borrower, in writing.

10. **Law Governing; Severability; Rules of Construction.** The laws of the state of Illinois shall govern this Security Instrument. All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law. In the event that any provision or clause of this Security Instrument or the Note conflicts with Illinois law, such conflict shall not affect the other provisions of this Security Instrument and Note that can be given effect without the conflicting provision. As used in this Security Instrument words in the masculine gender shall mean and include corresponding words in the feminine gender. Words in the singular shall mean and include the plural and visa versa. The word "may" gives discretion, but does not create any obligation to take any action.

11. **Transfer of the property or of a Beneficial Interest.** As used in this Section 11, "Interest in the Property" means any legal or beneficial interest in the

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property, including but not limited to any beneficial interest transferred in a bond for deed, installment sales contract or escrow agreement, the intent of which is the transfer to title by Borrower at a future date to a purchaser. If all or any part of the Property or any interest in the property is sold or transferred without the Lender's prior written consent, Lender may require immediate payment in full of all sums secured by 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 thirty days from the date of the notice is given in accordance with Section 9 of 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 the Borrower.

12. **Borrower's Right to reinstate After Acceleration.** If Borrower meets certain conditions, Borrower shall have the right to have the enforcement of this Security Instrument. Those conditions are that Borrower (a) pays the Lender all sums that are then due under this Security Instrument and Note, (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, Property inspection and valuation fees, and other fees incurred for the purpose of protecting Lender's interest in the property and rights under this Security Instrument and Note. Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged unless as otherwise provided under applicable law. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred.

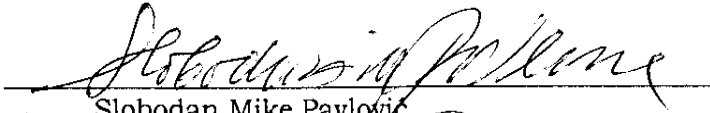
13. **Acceleration; Remedies.** Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) the date, not less than thirty days from the date the notice is given Borrower, by which the default must be cured; and (d) that the 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 Section 13, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

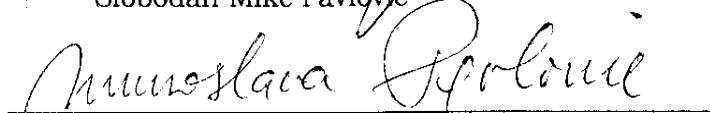
14. **Release.** Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument. Borrower shall pay any recordation costs.

15. **Waiver of Homestead.** In accordance with Illinois law, the Borrower hereby releases and waives all rights under and by virtue of the Illinois homestead exemption laws.


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


Slobodan Mike Pavlović


Miroslava Pavlović

Subscribed and sworn to before me
this 06 day of June, 2003.


Notary Public

Property of Cook County Clerk's Office

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Note

Chicago, Illinois

June 19, 2003

After demand from the Holder of this Note, but not sooner than one (1) year after date, for value received, the Undersigned (jointly and severally) promise to pay to the order of WILLIAM F. HOLST III, (hereinafter "Lender") at Hillcrest Real Estate and management Company, 6922 North Clark Street, Chicago, Illinois, the principal sum of SIX HUNDRED THOUSAND (\$600,000.00) Dollars.

The undersigned agree to pay monthly installments of interest on the unpaid principal sum, with the first installment to begin on the first day of August 2003 and successive monthly installments shall be paid on the first day of each succeeding month thereafter, until paid in full, which shall be upon demand by the Lender, but in no event earlier than June 30, 2004 (hereinafter "Maturity Date").

Interest on the unpaid principal balance thereof shall be computed from the date hereof on a 365-day year for the actual number of days elapsed and shall be due and payable on the due date, at the rate equal to four (4%) percent per annum.

As security for the payment of this Note, the Undersigned have, concurrently with the execution of this Note, executed a Junior Mortgage as security against each of the following the real properties: 6919 North Sheridan Road, Chicago, Illinois 60645 and 5725 North Kenmore, Chicago, Illinois 60660.

The Undersigned shall be in default hereunder if: (1) any amount payable under this Note is not paid when due; or (2) the Undersigned shall otherwise fail to perform any of the promises to be performed by them hereunder, or (3) any Obligor who is a natural person dies.

At the Maturity Date, Lender and Borrowers may agree to renew this Note on such terms and conditions as the parties decide.

The Undersigned waive presentment, notice of dishonor, protest in connection with the enforcement of Lender's rights hereunder, and hereby consent to, and waive notice of the release with or without consideration of any of the Undersigned or of any collateral. Any failure of Lender to exercise any right available hereunder or otherwise shall not be construed as a waiver of the right to exercise the same or any other right at any time.

The Undersigned agree to pay all costs of collection and attorneys' fees paid in enforcing any of the Lender's rights hereunder or in connection with the collateral, promptly on demand of Lender. This Note shall be governed and

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construed in accordance with the laws of the State of Illinois and shall be binding upon the Undersigned and their respective heirs, legal representatives, successors and assigns. Wherever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law. If any provision of this Note shall be prohibited by or declared invalid under such law, such provision shall be severable, and be ineffective to the extent of such prohibition or invalidity without invalidating the remaining provisions of this Note.

BY SIGNING BELOW. Borrowers accept and agree to the terms, promises, obligations and covenants contained in this Note and payment as set forth herein.

Dated effectively as of the 19th day of June, 2003:



Slobodan Mike Pavlović



Miroslava Pavlović