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Doc#: 0824229104 Fee: \$48.00  
Eugene "Gene" Moore RHSP Fee: \$10.00  
Cook County Recorder of Deeds  
Date: 08/29/2008 04:25 PM Pg: 1 of 7

Alan F. Block, Esq.  
Block & Landsman  
11 S. LaSalle Street  
16th Floor  
Chicago, Illinois 60603

Property Address:

11900 S. Division  
Blue Island, IL 60406  
P.I.N. 25-30-200-018-0000

## JUNIOR MORTGAGE

**THIS JUNIOR MORTGAGE** (this "Mortgage") is dated as of October 10, 2007. The mortgagor is COTTER REAL ESTATE, INC. ("Mortgagor") whose address is . This Mortgage is given to NEAL SALMEN, whose address is , Chicago, Illinois ("Mortgagee").

This Mortgage is given in favor of Mortgagee to secure the repayment of the following:

(a) all amounts due under that certain Balloon Payment Promissory Note in the original principal amount of TWO HUNDRED THOUSAND (\$200,000.00) DOLLARS of even date herewith, made by CHRISTOPHER FREDERICK in favor of Mortgagee (the "Note");

(b) any note or evidence of indebtedness executed in amendment, renewal, substitution or extension of the Note; and

(c) the payment of all other sums, with interest, advanced under the terms of the Note or this Mortgage.

For this purpose, and in consideration of One Dollar (\$1.00), in hand paid, the receipt and sufficiency whereof is hereby acknowledged, Borrower does hereby mortgage, grant and convey to Mortgagee a mortgage secured by the property located at 11900 South Division, Blue Island, Illinois 60406 which is legally described on EXHIBIT A to this Mortgage together with all the improvements now or hereafter erected on the Property, and all easements, appurtenances, and fixtures now or hereafter a part of the

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Property. All replacements and additions shall also be covered by this Mortgage. All of the foregoing Property is referred to in this Mortgage as the "Property" or the "Mortgaged Property".

**UNIFORM COVENANTS.** Mortgagor and Mortgagee covenant and agree as follows:

1. Payment of Principal and Interest. Mortgagor shall promptly pay Mortgagor's Liabilities when due or properly declared due by Mortgagee.

2. Application of Payments. Unless applicable law provides otherwise, all payments received by Mortgagee shall be applied: first, to any charges due under Mortgagor's Liabilities; second, to amounts advanced by Mortgagee pursuant to the terms of the Note or this Mortgage; third, to interest due; and last, to principal due.

3. Charges; Liens. Mortgagor shall pay all taxes, assessments, charges, fines and impositions attributable to the Mortgaged Property which may attain priority over this Mortgage. Mortgagor shall pay these obligations on time directly to the person owed payment. Upon request from Mortgagee, Mortgagor shall promptly furnish to Mortgagee receipts evidencing the payments. Mortgagor shall promptly discharge any other lien which has priority over this Mortgage. Notwithstanding the foregoing, Mortgagor shall have the right to contest the validity, priority, amount or other matter related to the aforementioned taxes, assessments, charges, fines and impositions provided the following conditions are met: (a) Mortgagor provides Mortgagee with all other information relating thereto which is reasonably requested by Mortgagee; (b) Mortgagor uses its best efforts and vigorously contests such taxes, assessments, charges, fines and impositions; (c) Mortgagor provides Mortgagee with suitable protection of its interests granted hereunder.

4. Hazard or Mortgaged Property Insurance. (a) Mortgagor shall keep the improvements now existing or hereafter erected on the Mortgaged Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Mortgagee requires insurance. This insurance shall be maintained in the amounts and for the periods that Mortgagee reasonably requires. The insurance carrier providing the insurance shall be chosen by Mortgagor. If Mortgagor fails to maintain coverage described above, Mortgagee may, at Mortgagee's option, obtain coverage to protect Mortgagee's rights in the Mortgaged Property in accordance with paragraph 5.

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

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Mortgaged Property, or does not answer within 30 days a notice from Mortgagee that the insurance carrier has offered to settle a claim, then Mortgagee may collect the insurance proceeds. The 30-day period will begin when the notice is given. In any event, Mortgagee is authorized to collect all insurance proceeds and apply them, at its option, to the reduction of Mortgagor's Liabilities, whether due or not then due. Provided, however, that if no Default shall have occurred, Mortgagee shall allow Mortgagor to use such money, or any part thereof, in repairing the damage or restoring the improvements.

(c) Unless Mortgagee and Mortgagor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments due on account of Mortgagor's Liabilities or change the amount of the payments. If the Mortgaged Property is acquired by Mortgagee pursuant to this Mortgage, Mortgagor's right to any insurance policies and proceeds resulting from damage to the Mortgaged Property prior to the acquisition shall pass to Mortgagee to the extent of the sums secured by this Mortgage immediately prior to the acquisition.

5. Preservation, Maintenance and Protection of the Mortgaged Property. Mortgagor shall maintain or cause to be maintained the Mortgaged Property in good repair, working order, and condition and make or cause to be made, when necessary, all repairs, renewals, and replacements, structural, non-structural, exterior, interior, ordinary and extraordinary. Mortgagor shall refrain from and shall not permit the commission of waste in or about the Mortgaged Property. Mortgagor covenants and agrees that in the ownership, operation and management of the Mortgaged Property, Mortgagor will observe and comply with all applicable federal, state and local statutes, ordinances, regulations, orders and restrictions.

6. Protection of Mortgagee's Rights in the Mortgaged Property. If Mortgagor fails to perform the covenants and agreements contained in this Mortgage, or there is a legal proceeding that may significantly affect Mortgagee's rights in the Mortgaged Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Mortgagee may do and pay for whatever is necessary to protect the value of the Mortgaged Property and Mortgagee's rights in the Mortgaged Property. Mortgagee's actions may include paying any sums secured by a lien which has priority over this Mortgage, appearing in court, paying reasonable attorneys' fees, maintaining insurance coverage for the Mortgaged Property and entering on the Mortgaged Property to make repairs. Although Mortgagee may take action under this paragraph 6, Mortgagee does not have to do so. ANY AMOUNTS DISBURSED BY MORTGAGEE UNDER THIS PARAGRAPH 6 SHALL BECOME ADDITIONAL DEBT OF MORTGAGOR SECURED BY THIS MORTGAGE. UNLESS MORTGAGOR AND MORTGAGEE AGREE TO OTHER TERMS OF PAYMENT, THESE AMOUNTS SHALL BEAR INTEREST FROM THE DATE OF DISBURSEMENT AND SHALL BE PAYABLE UPON NOTICE FROM Mortgagee TO MORTGAGOR REQUESTING PAYMENT.

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7. Inspection. Mortgagee or its agent may make reasonable entries upon and inspections of the Mortgaged Property. Mortgagee shall give Mortgagor notice prior to an inspection specifying reasonable cause for the inspection.

8. Condemnation. Mortgagor shall promptly give notice to Mortgagee of any condemnation or eminent domain proceeding affecting the Mortgaged Property. 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 Mortgaged Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Mortgagee and held by Mortgagee in escrow until all amounts secured hereunder are repaid to Mortgagee or are applied pursuant to the Note, with any excess paid to Mortgagor. Provided, however, that Mortgagee may at its option, allow Mortgagor to use such award, or any part thereof, as Mortgagee may deem appropriate in its reasonable discretion.

9. Transfer of the Mortgaged Property. If all or any part of the Mortgaged Property or any interest in it is sold or transferred without Mortgagee's prior written consent (hereinafter a "Prohibited Transfer"), Mortgagee may, at its option, require immediate payment in full of all of Mortgagor's Liabilities. However, this option shall not be exercised by Mortgagee if exercise is prohibited by federal law as of the date of this Mortgage. If a Prohibited Transfer occurs and Mortgagee exercises its right to accelerate the payment of Mortgagor's Liabilities, Mortgagee shall give Mortgagor 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 Mortgagor must pay all of Mortgagor's Liabilities. If Mortgagor fails to pay these sums prior to the expiration of this period, Mortgagee may invoke any remedies permitted by this Mortgage without further notice or demand on Mortgagor.

10. Hazardous Substances. Mortgagor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Mortgaged Property. Mortgagor shall not do, nor allow anyone else to do, anything affecting the Mortgaged Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Mortgaged Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Mortgaged Property. If Mortgagor learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Mortgaged Property is necessary, Mortgagor shall promptly take all necessary remedial actions in accordance with Environmental Law. As used herein, "Hazardous Substances" are those substances defined as toxic or hazardous substances under any federal, state or local law, rule or regulation that relate to health, safety or environmental protection.

11. Default. Any of the following occurrences or acts shall constitute an event

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of default (a "Default") under this Mortgage:

- a) the occurrence of a default under the Note which is not cured within any applicable cure, notice or grace period;
- b) if Mortgagor fails or neglects to perform, keep or observe any term, provision, condition, covenant, warranty or representation contained in this Mortgage, which is required to be performed, kept or observed by Mortgagor and Mortgagor shall fail to remedy such within five (5) days of being served with written notice from Mortgagee; provided, however, that if Mortgagor commences efforts to cure such default within the initial 5 day period and is diligently pursuing such cure, Mortgagor shall be granted such additional time as may be reasonably required to effect a cure of such default;
- c) death of Christopher Frederick;
- d) filing of bankruptcy by either Christopher Frederick or Mortgagor;
- e) Application for appointment of receiver for either Christopher Frederick or Mortgagor;
- f) the insolvency of either Christopher Frederick or Mortgagor; or
- g) failure to pay any applicable taxes, maintenance fees, water charges, or any other payment required for the maintenance, upkeep or operation of the Property.

12. Remedies, Acceleration. If any such Default shall have occurred, then, to the extent permitted by applicable law, then Mortgagee shall give notice to Mortgagor prior to acceleration following Mortgagor's default under this Mortgage. 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 Mortgagor, 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 Mortgage, foreclosure by judicial proceeding and sale of the Mortgaged Property. The notice shall further inform Mortgagor 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 Mortgagor to acceleration and foreclosure. If the default is not cured on or before the date specified in the notice, Mortgagee, at its option, may require immediate payment in full of all of Mortgagor's Liabilities without further demand and may foreclose this Mortgage by judicial proceeding. Mortgagee shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 12, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

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13. Mortgagor's Right to Reinstate. MORTGAGOR HEREBY WAIVES ANY AND ALL RIGHTS TO REDEMPTION AND REINSTATEMENT.

Without limited the foregoing, if Mortgagor meets certain conditions, Mortgagee has the exclusive option whether to allow for redemption or reinstatement. If Mortgagee grants such right, it shall be conditioned upon: (a) Mortgagor pays Mortgagee all sums which then would be due under this Mortgage and the Mortgagor's Liabilities as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Mortgage, including, but not limited to, reasonable attorneys' fees. Upon reinstatement by Mortgagor, this Mortgage and the obligations secured hereby shall remain fully effective as if no acceleration had occurred.

14. Remedies Cumulative and Non-Exclusive. The lien and remedies granted to Mortgagee in this Mortgage are in addition to and exclusive of any other liens or security interests granted to Mortgagee in any other agreement now or from time to time given to Mortgagee to secure the repayment of the Mortgagor's Liabilities. Mortgagee is under no obligation to seek enforcement of any other security interest or lien prior to its enforcement of the remedies accorded to Mortgagee under this Mortgage.

15. Notices. All notices under this Mortgage shall be sent via hand delivery or certified U.S. mail, return receipt requested and shall be deemed served on the date hand delivered or five (5) days after mailing the notice if served by certified mail. Notices to Mortgagor shall be sent to the Mortgaged Property and notices to Mortgagee shall be sent to \_\_\_\_\_, Chicago, Illinois, \_\_\_\_\_ with a copy to: Alan F. Block, Esq., 11 S. LaSalle, 16th Floor, Chicago, Illinois 60603 (or any different address specified by Mortgagor or Mortgagee in writing to other party).

16. Mortgagor Not Released; Forbearance By Mortgagee Not a Waiver. Extension of the time for payment or modification of amortization of Mortgagor's Liabilities granted by Mortgagee to Mortgagor shall not operate to release the liability of Mortgagor. Any forbearance by Mortgagee in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

17. Successors and Assigns Bound, Joint and Several Liability. The covenants and agreements of this Mortgage shall bind and benefit the successors, assigns, heirs and personal representatives of Mortgagee and Mortgagor. In the event more than one person is executing this Mortgage on behalf of Mortgagor, then all persons so executing this Mortgage as a Mortgagor shall be jointly and severally liable hereunder.

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18. Governing Law; Severability. This Mortgage shall be governed by the laws of the state of Illinois. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision. To this end, the provisions of this Mortgage and the Note are declared to be severable.

19. Release. Upon payment of all of Mortgagor's Liabilities, Mortgagee shall release this Mortgage without charge to Mortgagor. Mortgagor shall pay any recordation costs.

20. Waiver of Homestead. Mortgagor acknowledges that this is not a homestead property, and waives all rights of any homestead exemption in the Mortgaged Property.

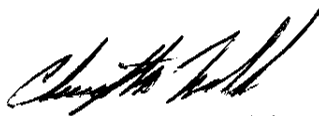
21. Modification, Waiver, etc. No modification, waiver, estoppel, amendment, discharge or change of this Mortgage or any related instrument shall be valid unless the same is in writing and signed by Mortgagor and Mortgagee.

22. Authority. The undersigned hereby represent and warrant that they are the sole shareholders of Mortgagor and that they have the right, power and authority to execute this Mortgage, and further acknowledge that this Mortgage is to secure payment of an individual debt of less than 10% of the shareholders in Mortgagor. The undersigned further represent that the execution of this Mortgage shall not cause the Mortgagor to be in violation of any other loan, note, covenant or contract and has been authorized by the Board of Directors of the Mortgagor.

**BY SIGNING BELOW,** Mortgagor accepts and agrees to the terms and covenants contained in this Mortgage.

**MORTGAGOR:**

COTTER REAL ESTATE, INC.

By:   
Christopher Frederick

By:   
Michael Busin