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run with the land subject to this Declaration, to be held, sold and conveyed subject binding upon and inure to the benefit of each Owner (as defined in Section 1.20); and 3) parties having or acquiring any right, title or interest in any portion of the Premises; 2) be easements, restrictions and covenants, shall 1) exist at all times hereafter among all Declarant/Developer does hereby further declare that the following rights,

conveyed and accepted subject to this Declaration.

described in Exhibit "A" attached hereto are and hereafter shall be transferred, held, sold, NOW THEREFORE, Declarant/Developer hereby declare that the Premises assigned; and (ii) will subject the Premises to the provisions of the Declaration.

to which the responsibility of maintain any Community Facilities, will be delegated and has formed or will form the Chestnut Manor Townhomes Association (the "Association") administration and maintenance of the Community Facilities the Declarant/Developer (i) WHEREAS, in order to provide for the necessary, orderly and proper Members; and

and are intended or will be intended for the mutual use, benefit or enjoyment of the signage, mailboxes, which are located or will be located on the portion of the Premises retention ponds, landscaping, utility facilities, recreational facilities, lighting fixtures, community facilities (the "Community Facilities") such as private sidewalks, driveways, WHEREAS, the improvements to the Premises include or may include various townhouse style dwelling units; and

WHEREAS, there is or will be located upon the Premises building containing which is set forth in Exhibit "A" attached to and made a part of this Declaration; and

WHEREAS, Declarant/Developer is the title holder of certain real estate (the "Premises") in the Village of Glenview, Cook County, Illinois, the legal description of

RECITALS:

This Declaration of Covenants, Conditions, Restrictions, Easements and Party Wall Rights for Chestnut Manor Townhomes Association (the "Declaration") dated this 26 day of November, 2001, is made and entered into by MCO Development Inc., an Illinois Corporation (hereinafter referred to as the "Declarant/Developer").

**DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS,
EASEMENTS AND PARTY WALL RIGHTS
FOR CHESTNUT MANOR TOWNHOMES ASSOCIATION**

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BOX 333-01

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The following terms, when used in this Declaration, or in any Supplemental Declaration, shall have the following meanings unless otherwise required by the context;

DEFINITIONS

ARTICLE 1

- 1.1 Association: Chestnut Manor Townhomes Association, an Illinois not-for-profit corporation, and its successors and assigns.
- 1.2 Board: The Board of Directors of the Association, as constituted at any time or from time to time, in accordance with the applicable provisions of ARTICLE 2 hereof.
- 1.3 By-Laws: The By-Laws of Chestnut Manor Townhomes Association, a copy of which is attached as Exhibit "B" hereto and by this reference made a part hereof.
- 1.4 City: The Village of Glenview, Illinois.
- 1.5 Community Facilities: The private sidewalks, driveways, landscaping, utility facilities, lighting fixtures, signage, mailboxes, and such other improvements or structures, if any, from time to time or at any time located or constructed on the Premises and intended for the mutual use, benefit or enjoyment of the Members.
- 1.6 Declarant/Developer: The MCO Development Inc, an Illinois Corporation.
- 1.7 Declaration: This Declaration, and all amendments hereto. References to "this" Declaration or to any "other" Declaration shall include this instrument as so amended and supplemented.
- 1.8 Dwelling Unit: A residential housing unit consisting of a group of rooms which may be attached to one or more other Dwelling Units by common party walls and which is designed or intended for use as living quarters for one Family, as hereinafter defined, located upon the Premises. The term Dwelling Unit shall include any attached garage facilities appurtenant to the residential housing unit intended for the parking of garage facilities appurtenant to the residential housing unit intended for the parking of private passenger automobiles. Further, the term Dwelling Unit shall include any porches, decks and/or patios which adjoin a given residential unit. For the purposes of determining membership in the Association, each Dwelling Unit shall be considered as a separate and individual unit. If two or more Dwelling Units are owned by the same Owner, or combined and occupied by a Family, each Dwelling Unit shall nevertheless be considered as a separate Dwelling Unit under this Declaration.
- 1.9 Eligible Mortgage Holder: Each holder of a first mortgage on a Dwelling Unit that has requested in writing that the Association notify if

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of any proposed action that requires consent of a specified percentage of mortgage holders.

1.10 External Users: Those persons which may, from time to time, be granted the right on non-exclusive use and possession of designated portions of the Community Facilities.

1.11 Family: One or more person each related to the other by blood, marriage or law, and including foster children, together with such relative's respective spouses, who are living together in a single Dwelling Unit and maintaining a common household; or up to and including four persons not so related, provided that such unrelated persons maintain a common household in a single Dwelling Unit

1.12 First Mortgagee: Each holder of a first mortgage upon a Dwelling Unit.

1.13 Master Fund: A special reserve account to be used to make capital expenditures in connection with the Community Facilities as described in Section 4.4 hereof.

1.14 Material Amendment: Any amendment to the Declaration, By-Laws or the Association's articles of incorporation that would change any of the following in a manner assessment liens, or subordination of assessment liens, reserves for maintenance, repair and replacement of the Community Facilities, responsibility for the maintenance and repair, and the Community Facilities; rights to sue the Community Facilities; boundaries of any withdrawal of property from the Premises; insurance or fidelity bonds; leasing of Dwelling Units; imposition of any restriction on an Owner's right to sell or transfer his or her management had previously been required by an Eligible Mortgage Holder, as hereinafter defined; requirements for the restoration or repair of the Premises; termination of the legal status of the Association or the Premises following substantial destruction or condemnations; or any provisions that expressly benefit holders, insurers or guarantors of mortgages secured by portions of the Premises.

1.15 Member: An Owner who holds membership in the Association pursuant to Section 2.1 of this Declaration.

1.16 Owner: The record owner, whether one or more persons or entities, of a fee simple title to any Dwelling Unit, including contract sellers, but excluding those other than contract sellers having such interest merely as security for the performance of an obligation. The term "Owner" shall include Declarant/Developer to the extent of the number of Dwelling Units by Declarant/Developer or by any title holding trust of which Declarant/Developer (or of such other title holding trust) as contract seller of any Dwelling Unit. Any purchaser of a Dwelling Unit from a seller other than the Declarant/Developer pursuant to an "installment contract" for purchase (as dwelling structures," approved in the Illinois General Assembly August 11, 1967, as amended) shall be deemed the "Owner" of such Dwelling Unit unless the seller expressly retains all rights and obligations of ownership. Satisfactory evidence of the installment contract shall be made available to the Association.

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Membership: Every owner of a Dwelling Unit (including the Declarant/Developer) is hereby declared to be a member of the Association. Membership is appurtenant to and shall not be separated from ownership of such Owner's Dwelling Unit. Each such Owner, by acceptance of a deed or other conveyance of a Dwelling Unit, thereby becomes a Member, whether or not this Declaration or such membership is made a part of, incorporated by reference in, said deed or conveyance. There shall be one membership allocable to each Dwelling Unit (hereinafter called a "Unit Membership") and any member who is the Owner of more than one such Dwelling Unit shall have the number of Unit Memberships equal to the number of such Dwelling Unit. If the record ownership of a Dwelling Unit shall be in more than one person, or if an Owner of a Dwelling Unit is a trustee, corporation, partnership or other legal entity, then the individual who shall enjoy the Unit Membership and be responsible for the obligations attributable thereto, shall be designated by such Owner or Owners in writing.

2.1

MEMBERSHIP AND VOTING RIGHTS
IN THE ASSOCIATION;
BOARD OF DIRECTORS OF THE ASSOCIATION

ARTICLE 2

- 1.17 Premises: The real estate legally described in Exhibit "A" attached hereto (including all easements appurtenant thereto) and such other real estate or interest therein.
- 1.18 Transfer Date: The date which is the earlier of: (i) the date on which seventy-five percent (75%) of the Dwelling Units constructed or to be constructed on the Premises have been conveyed to Owners other than the Declarant/Developer (ii) three (3) years after the date this Declaration is recorded. For purposes of this Section, the term "Dwelling Unit" shall include all Dwelling Units contained or to be contained within the Development Area.
- 1.19 Premises: The real estate legally described in Exhibit "A" attached hereto (including all easements appurtenant thereto) and such other real estate or interest therein.
- 1.20 Unit Membership: The membership in the Association which is appurtenant to a Member's Dwelling Unit as provided in Section 2.1 of the Declaration.
- 1.21 Utilities: All public and private utility conduits, wires, ducts, pipes, cables and other lines and associated equipment which serve the Premises.
- 1.22 Voting Member: The person with respect to each Unit Ownership who shall be entitled to vote at meeting of the Association, as provided in Section 2.2 hereof.

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- 2.2 Voting Rights: One person with respect to each Unit Membership shall be entitled to vote at any meeting of the Association ("Voting Member"). Such Voting Member may be the Unit Owner or other person designated by such Unit Owner to act as its proxy on its behalf. Such designation shall be made in writing to the Board.
- 2.3 Method Of Voting: The total number of votes which may be cast on any matter requiring assent of Voting Members of the Association shall be equal to the total number of Unit Memberships at the time of any such vote and each Unit Membership shall be allocated on vote. Whenever a vote of the members of the Association is required pursuant to this Declaration, or pursuant to the Articles of Incorporation or By-Laws of the Association, or is otherwise required by law, such votes shall be cast by Voting Members voting at a meeting at which a quorum (as defined in the By-Laws) is present. In all elections for member of the Board, all Voting Members shall be entitled to vote on a non-cumulative voting basis.
- 2.4 Board of Directors:
- a) The Association shall be governed by its Board of Directors ("Board"). The Board shall be comprised of five (5) members each of which shall be a Member from a different Dwelling Unit.
- b) The Board members shall be members of the Association or spouses of Members. Board members appointed by Declarant/Developer need not be Members or spouses of Members. The Board shall direct and administer the Community Facilities and the Dwelling Units in accordance with the terms and provisions of this Declaration and in accordance with the Articles of Incorporation and By-Laws of the Association. All matters requiring action by the Board shall be decided by the majority vote of the Board, except as otherwise provided herein or in the By-Laws.
- c) Prior to the appointment of the first Board of the Association pursuant to Section 2.6 hereof, Declarant/Developer may perform all rights, powers and privileges of the Board and may perform all of its functions, including its functions under ARTICLE 4 of this Declaration.
- 2.5 Transfer of Association Records: The Declarant/Developer shall deliver to the Board:
- a) All original documents as recorded or filed pertaining to the Premises, its administration, and the Association, such as the Declaration, Articles regulations, contracts, leases or other agreements entered into by the Association. If any original documents are unavailable, a copy may be provided if certified by affidavit of the Declarant/Developer, or an officer or agent of the Declarant/Developer, as being a complete copy of the actual document recorded as filed;
- b) A detailed accounting by the Declarant/Developer, setting forth the source and nature of receipts and expenditures in connection with

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the management, maintenance and operation of the Premise and copies of all insurance policies and a list of any loans or advances to the Association which are outstanding; Association funds, if any, which shall have been at all items segregated from any other monies of the Developer; A schedule of all real or personal property, equipment and fixtures belonging to the Association, warranties, if any, for all real and personal property and equipment; and

e) A list of all litigation, administrative action and arbitrations involving the Association, any notices of governmental bodies involving actions taken or which may be taken concerning the association, engineering and architectural drawings and specifications as approved by any governmental authority, all documents filed with any other governmental authority, all governmental certificates, correspondence involving enforcement of any Association requirements, copies of any documents relating to disputes involving owners and originals of all documents relating to everything listed in this Section 2.7.

Articles of Incorporation or By-Laws of the Association, any action required by this Declaration to be taken by the Board may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the directors of the Board entitled to vote with respect to the subject matter thereof. Any such consent signed by all the directors of the Board shall have the same effect as a unanimous vote.

Informal Action by Directors: Unless specifically prohibited by the Articles of Incorporation or By-Laws of the Association, any action required by this Declaration to be taken by the Board may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the Voting Members entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the Voting Members.

Informal Action by Voting Members: Any action required by this Declaration to be taken at a meeting of the Voting Members, or any other action which may be taken at a meeting of the Voting Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the Voting Members entitled to vote with respect to the subject matter thereof.

Board Liability: The Declarant/Developer, and the directors, officers, shareholders, partners, employees or agents of either of them, the Board members of the above hereinafter referred to as the "Protected Parties"), shall not be liable to the Owners or any person for any mistake of judgment or for any acts or omissions found by a court of competent jurisdiction to constitute willful misfeasance, gross negligence or fraud. The Owners shall indemnify, hold harmless, protect and defend any and all of the Protected Parties against all claims, suits, losses, damages, costs and expenses, including without limitation, attorneys' fees and amounts paid in reasonable settlement or compromise incurred in connection therewith. Each Owner shall be entitled to a right of contribution from

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2.8

2.7

2.6

e)

d)

c)

Every Owner of a Dwelling Unit is hereby granted and reserved a perpetual nonexclusive easement for the purpose of reasonable ingress and egress to and from all public and private ways which adjoin the Premises through, over and across the Community Facilities. The use by each Owner and by his invitees of the Community Facilities shall be subject to such reasonable rules and regulations as the Board shall promulgate.

3.2

Easements of Access:

in their entirety in such documents. though such easements and rights were recited fully and set forth in their entirety in such documents. sufficient to create and reserve such easements and rights to the respective grantees and mortgagees as fully and completely as respective deeds of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the easements and rights Premises, or any part of portion thereof. Reference in the Purchaser, mortgagee and other person having an interest in the Declarant/Developer, its successors, and assigns, and any Owner, as the Premises are inure to the benefit of and be binding upon easements appurtenant to and running with the land, and, so long as the Premises are inure to the benefit of and be binding upon

3.1

Easements to Run with Land: All easements described herein are

EASEMENTS AND PROPERTY RIGHTS

ARTICLE 3

Board as Representative of Owners: The Board shall have standing and capacity to act in a representative capacity in relation to matters involving the Community Facilities or more than one Dwelling Unit, on behalf of the Owners as their interests may appear.

2.11

Governing Law: Except as otherwise provided in this Declaration, the Association, its Board, officers and members shall be governed by the Illinois General Not-For-Profit Corporation Act.

2.10

Nonprofit Purposes of Association: Nothing herein shall be construed to give the Association authority to conduct an active business for profit on its own behalf or on behalf of the Members, or on behalf of the Declarant/Developer.

2.9

every other Owner in respect of said indemnity shall be borne by the Owners at the time of loss, cost, Premises owned by each Owner for his share of the cost of such indemnification and the Board's liability hereunder shall be insured by means of appropriate contractual endorsements to the comprehensive general liability insurance policies held from time to time by the Association.

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Encroachments: In the event that, by reason of the construction, settlement or shifting of any structures located on the premises, any such structure encroaches or shall hereafter encroach upon any portion of the Premises which is not owned by the Owner of the encroachment, valid easements for the maintenance of such encroachment are hereby established and shall exist for the benefit

3.5

Delegation of Use: Any Member may delegate, in accordance with and subject to the By-Laws of or uniform rules adopted by the Association, his right to enjoyment of the Community Facilities to persons in his family, his tenants, or contract purchasers who reside at his Dwelling Unit.

3.4

- (g) The right of the Association to change, improve or modify the Community Facilities, or any portion thereof;
- (f) The rights of the Association and the Declarant/Developer reserved under this Declaration;
- (e) The right of the Association to levy assessments as provided in this Declaration;
- (d) The right of the Association to suspend the use of the Community Facilities by a Member for the period during which any assessment against his Dwelling Unit remains unpaid and for an additional reasonable period for any infraction of its rules and regulations;
- (c) The right of the Association to charge reasonable admission and other fees for the use of any Community Facility;
- (b) The right of the Association to limit the number of guests of Members and to establish rules and fees with respect to guest usage of the Community Facilities.
- (a) The right of the Association to pass reasonable rules and regulations;

3.3

Rights of Enjoyment: Every Member shall have the right and easement of enjoyment in and to the Community Facilities, which right and easement shall include but not be limited to easements for pedestrian and vehicular ingress and egress, placing of Facilities. Such right and easement shall be appurtenant to and shall pass with the title to every Dwelling Unit, subject to the following rights:

- (b) The Association, Declarant/Developer and each of them, is hereby granted and reserved perpetual nonexclusive easements to, through, over and across the Community Facilities for the purpose of exercising the rights, performing the functions, and discharging the responsibilities, permitted or required to be performed or discharged by any of them pursuant to any provision of this Declaration.

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4.1 Creation of the Lien and Personal Obligation: Each Owner (including the Declarant/Developer) of a Dwelling Unit, by acceptance of a deed thereof, whether or not it shall be so expressed in any such deed or other conveyance for each Dwelling Unit owned by such Owner, hereby covenants and agrees and shall be deemed to covenants and agrees and shall be deemed to covenant and agree to pay to the Association such assessments and user charges as are levied pursuant to the provisions together with interest thereon and cost of collection, if any, as hereinafter provided, shall be a charge and continuing lien upon the Dwelling Unit against which such assessment is made and upon the Unit Membership appurtenant thereto. Each such assessment and user charge, together with such interest and costs, shall also be the personal obligation of the Member who was the Owner of such Dwelling Unit at the time when the same fell due.

COVENANTS FOR MAINTENANCE ASSESSMENTS

ARTICLE 4

3.7 No Dedication to Public Use: Nothing contained in this Declaration shall be construed to constitute a dedication, express or implied, or any part of the Premises to or for any public use or purpose whatsoever.

3.6 Easement to Village of Glenview: An easement is hereby granted to the City and its officers, personnel and emergency and other vehicles to go upon the Premises for the purpose of providing police and fire protection services and maintaining and repairing sanitary sewer and water mains some of which the City is responsible for maintaining and repairing. Said easement shall be exercised only to the extent and for such period of time that the maintenance is required to accomplish the purpose hereinabove mentioned. The Declarant/Developer and its successors and assigns, the Association and the Board shall hold harmless the City and its officers and personnel from any civil or criminal action for trespass arising from the proper exercise of the rights granted in this Section 3.6.

of the Owner of such encroachment; provided, however, that in no event shall a valid easement for any encroachment be created in favor of any Owner if such encroachment is detrimental to or materially interferes with the reasonable use and enjoyment of the Premises burdened thereby or if it occurred due to the willful conduct of the owner of such encroachment.

(c) Commencement of Assessments. The annual assessments provided for herein shall commence for the Dwelling Units within the Premises on the first day of the month following the conveyance of the first Dwelling Unit, except as otherwise

(b) Date Payments Due. On or before January 1 of the ensuing year, and on the first day of each and every month of said year each Member shall be personally obligated to pay, in the manner prescribed by Sections 4.6, 4.7 and 4.8 hereof, one twelfth (1/12th) of such Member's annual assessment, together with all user charges incurred by such Member during the preceding month. If the actual expenditures paid or provided for by the Board during said year shall be more or less than said estimated cash requirement, any net shortage or excess for the preceding year has been determined.

(a) Preparation of Estimated Budget: Each year on or before November 1, the board shall estimate the total amount necessary to pay the cost of wages, materials, insurance, services, fees, supplies and other items which, in the judgment of the Board, will be required to be provided to the Association or required to meet the Association's obligations during the ensuing calendar year to effect the purposes of the Association, a copy of which estimated budget shall be provided to all Owners at least thirty (30) days prior to its adoption by the Board. The annual budget shall take into account any estimated net operating income or deficit which may result from the operation of the Community Facilities during such year and income from user charges to be received pursuant to Subsection 4.3(g) hereof. Said "estimated cash requirement" shall be allocated among and assessed to Members in accordance with the provisions of Section 4.6 hereof. The Board shall give written notice, mailed or delivered to each Owner no less than ten (10) and no more than thirty (30) days prior to any meeting of the Board concerning the adoption of any proposed budget or any increase or establishment of an assessment.

4.3

Assessment Procedures:

4.2 Purpose of Assessments: The assessments levied by the Association (or by Declarant/Developer acting on its behalf pursuant to Section 2.4(c) hereof) shall be used for the purpose of promoting the recreation, health, safety and welfare of the Members of the Association and in particular, without limited the foregoing: in general for carrying out the duties of the Board as set forth in this Declaration (including ARTICLE 5 hereof) and the By-Laws of the Association; and carrying out the purposes of the Association as stated herein and in its Charter.

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provided in Section 4.4 hereof. The Board shall fix the amount of the annual assessment against each Dwelling Unit at least thirty (30) days in advance of each annual assessment period an in lieu thereof, the amount of the prior year's annual assessment shall be the fixed amount. The amount of the annual assessment to be fixed by the Board pursuant to this Section 4.3 (c) shall not exceed one hundred fifteen percent (115%) of the prior year's assessment unless the assent of Voting Members entitled to cast at least sixty-seven percent (67%) of all votes is given at a meeting called for that purpose and attended after adequate notice by Voting Members or their proxies entitled to cast at least sixty percent (60%) of all votes; provided, however, that if Voting Members entitled to cast (60%) of all votes do not attend, a second meeting may be called with the same notice and the quorum therefor shall be reduced to Voting Members or their proxies entitled to cast at least thirty percent (30%) of all votes. Written notice of any changed amount of annual assessment shall be due on the first day of the month immediately preceding the effective date of the changed assessment. An Owner shall first be liable for payment of the full monthly assessment on the 1st day of the month following conveyance of title to him. This payment shall be in addition to the prorated portion of the monthly assessment which a new Owner agrees to pay to its seller as of the date title to a Dwelling unit is conveyed. The Association shall upon demand at any time furnish a certificate in writing signed by an officer or agent of the Association setting forth whether the assessments on a specified Dwelling unit have been paid and, if not paid, the amount of any such deficiency. Such certificate shall be conclusive evidence of payment of any assessment thereof.

(d) Assessments on Dwelling Units Under Construction. With regard to any portions of the Premises upon which Dwelling Units are being constructed or have been completed and title has not been conveyed by Declarant/Developer, the assessment respecting any such portion of the Premises shall be limited to the aggregate amount of actual operating expenses from time to time required to be paid with respect to such portion of the Premises provided, however, that in the event Declarant/Developer enters into a lease or installment contract for any Dwelling Unit, then Declarant/Developer shall be responsible for the payment of assessments on such Dwelling Unit on the same basis as any other Owner as provided in Section 4.6 hereof. Actual operating expenses shall mean those ordinary expenses attributable only to the period in question covering the maintenance and operation of the Premises and shall not include capital expenditures, amounts set aside as a reserve for contingencies or replacements, repair

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items or inventory items to the extent attributable to subsequent periods. The Declarant/Developer hereby agrees to satisfy any deficit or shortage in the Association's actual operating expenses for any period in which the Declarant/Developer has paid reduced liability hereunder shall not exceed the amount by which the Declarant/Developer's assessments have been reduced below the assessments of each other Owner by reason of this Section 4.3 (d). Until such time as the Transfer Date has occurred, the assessments covering any Dwelling Units which have been sold by the Declarant/Developer may be paid on a monthly basis or, at Declarant/Developer's option, paid to the Association at the close of each calendar year without interest.

(e) Adjustments to Estimated Budget. If any "estimated cash requirement" proves inadequate for any reason (including nonpayment of any member's assessment), the Board may at any time levy a further assessment. The Board shall serve notice of such further assessment on all Members by a statement in writing giving the amount and reasons therefor, and such further assessment shall become effective with the monthly assessment payment which is due more than ten (10) days after the delivery or mailing of such notice of further assessment. All Members shall be personally liable for and obligation to pay their respective adjusted monthly amount.

(f) Failure to Prepare Annual Budget. The failure or delay of the Board to prepare an annual or an adjusted estimated budget shall not constitute a waiver or release in any manner of any Member's obligation to pay his share of the estimated cash requirement as herein provided, whenever the same shall be determined and in the absence of any annual estimate or adjusted estimate, each member shall continue to pay the monthly charge at the monthly charge at the then existing monthly rate established for the previous period.

(g) User Charges. The Board (or the Developer acting pursuant to Section 2.4 (c) hereof) may establish, and each Member shall pay, user charges to defray the expense of providing services, facilities or benefits which may not be used equally or proportionately by all of the Members or which, in the judgment of the Board or Developer, should not be charged to every Member. Such expenses may include, without limitation, lease charges; charges predicated on the negligence of any Member or the abuse of any Community Facility; and fees for such other services and facilities provided to Members which should not reasonably be allocated among all of the Members in the same manner as

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assessments. Such user charges may be billed separately to each Member benefited thereby, or may be added to such Members assessment as otherwise determined, and collected as a part thereof pursuant to Sections 4.6 and 4.7 hereof. Nothing herein shall require the establishment of user charges as hereinabove authorized, and the Board may elect to treat all or any portion thereof as expenses to be defrayed by assessments.

4.4 Special Assessments for Capital Improvements: In addition to the annual assessment authorized by Section 4.3, the Board may levy special assessments for the purpose of defraying, in whole or in part, the cost of construction or purchase of a specified capital improvement upon or to the Community Facilities, and the necessary fixtures and personal property related thereto; provided, however, that, except for special assessments which shall not exceed in any one (1) year the sum of \$500.00 per assessed Dwelling Unit, any such special assessment shall first be approved at a meeting of the Voting Members by the affirmative votes of Voting Members entitled to cast at least sixty-seven percent (67%) of all votes cast at a meeting called and held in accordance with the provisions of Section 4.5. The provisions of this Section 4.4 shall not limit the power of the Board, without such prior approval, to levy assessments to reconstruct, replace or restore any Community Facilities to the condition as originally constructed by Developer. The Board shall segregate and maintain a special reserve account (the "Master Fund") to be used solely to make capital expenditures in connection with the Community Facilities, and at the time the initial sale of each Dwelling Unit is closed, the purchaser of the Dwelling Unit shall pay to the Association an amount equal to two (2) months assessments to be deposited into an account (the "Master Reserve") to be applied and used for start-up costs and as a working capital fund in connection with the initial operation of Community Facilities and for future working capital needs.

4.5 Notice and Quorum: Written notice of any meeting called for the purpose of authorizing any special assessments requiring approval pursuant to Section 4.4 hereof shall be sent to all Voting Members not less than ten (10) days nor more than thirty (30) days in advance of the meeting. At the opening of such meeting, the presence in person or by proxy of Voting Members entitled to cast at least sixty percent (60%) of all the votes shall constitute a quorum; provided, that if Voting Members entitled to cast sixty percent (60%) of all votes do not attend, a second meeting may be called with the same notice requirements as herein provided, except that the quorum therefor shall be reduced to Voting Members entitled to cast thirty percent (30%) of all votes.

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- (a) Any installment of an assessment which is not paid to the Association when due shall be delinquent. If said installment is not paid within thirty (30) days after the due date, the Board may upon notice to such Member of such delinquency, accelerate the maturity of all remaining installments due with respect to the current assessment year, and the total amount shall commence to bear interest from the date of acceleration at the highest legal rate per annum. The Association may bring an action against the Member personally obligated to pay assessments and recover the same, including interest, costs and reasonable attorneys' fees for any such action, which shall be added to the amount of such assessment and included in any judgment rendered in such action; and the Association may enforce and foreclose any lien it has or which may exist for its benefits.
- (b) No Member shall be relieved of personal liability for the assessments and for other amounts due as provided herein or by nonuse of the Community Facilities or abandonment or

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4.8 Nonpayment of Assessments:

- (a) The Association shall perform the collection functions for all assessments and user charges hereunder and Members shall pay all such amounts directly to the Association. The Association may exercise its aforesaid rights as frequently as it deems necessary.
- (b) Upon written demand of an Owner or a First Mortgagee at any time, the Association shall furnish such Owner or First Mortgagee a written dated certificate signed by an officer of the Association setting forth whether there are any then unpaid annual or special assessments levied against such Owner's Dwelling Unit. Such Certificate shall be conclusive evidence of payment of any annual or special assessments theretofore levied and not stated therein as unpaid.

4.7 Payment of Assessments:

- 4.6 Allocation of Assessments Among Members: Both annual and special assessments shall be allocated among the Members by apportioning to each Member an amount equal to that proportion of the total assessments which the number of Unit Members held by such Member bears to the total number of Unit Memberships in the Association.

- 5.1 General Powers and Duties of the Board: The Board shall have all of the powers and duties granted to it or imposed upon it by this Declaration, the By-Laws and the Illinois General-Not-For-Profit Corporation Act including, without limitation, the following general powers and duties:
- (a) To adopt rules and regulations governing the use, maintenance and administration of the Community Facilities for the health, comfort, safety and general welfare of persons using the Community Facilities.
 - (b) To repair, maintain, improve and replace all Community Facilities thereon, including without limitation all landscaping in which is part of the Community Facilities and to have such rights of ingress and egress over and upon the Premises as may be required to exercise such rights.

ADMINISTRATION AND USE OF COMMUNITY FACILITIES

ARTICLE 5

- 4.9 Itemized Accounting: The Board shall annually supply to all owners an itemized accounting of the expenses incurred or paid for the preceding year, together with a tabulation of the assessments collected for such year, and showing the net excess or deficit of income over expenditures plus reserves.
- (c) The lien of the assessments provided for in Section 4.1 hereof shall be subordinate to the lien of any first mortgage now or hereafter placed upon the properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to the earlier of the date the holder of said mortgage takes possession of the Dwelling Unit, accepts a conveyance of any interest in the Dwelling Unit or has a receiver appointed in a suit to foreclose his lien. Such taking of possession, conveyance or appointment shall not relieve the holder of said mortgage from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessments. Except for the foregoing, the lien for assessments provided for in Section 4.1 shall not be affected by any sale or transfer of a Dwelling Unit.
- transfer of ownership of his Dwelling Unit, provided that upon transfer of ownership of a Dwelling Unit, the transferor shall not be responsible for assessments accruing after the date of transfer.

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- (c) To provide maintenance and services with respect to the Community Facilities, including (i) maintenance, repair and replacement of all Community Facilities; (ii) snow removal from all parking areas, trial areas, private roads and streets and private sidewalks adjacent thereto; (iii) maintenance, repair, replacement, improvement and care of all trees, shrubs, grass and landscaped areas; and (iv) maintenance, repair, replacement and operation of those Utilities or portions thereof which are not maintained by the City or by a public or quasi-public utility or authority;
- (d) At the Board's discretion, without obligation, to provide now removal from public sidewalks adjacent to public roads, notwithstanding that such sidewalks are not part of Community Facilities.
- (e) To retain and compensate a firm to manage the Association and the Community Facilities or any separate portion thereof, and to provide the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Association, whether such personnel are employed directly by the Board or by such manager provided, however, that any such management agreement shall (i) contain provisions allowing for termination by the Association for cause upon thirty (30) written notice, (ii) be for a term not to exceed one (1) year and (iii) be renewable by agreement of the parties for successive one year periods.
- (f) To provide any material, supplies, insurance, furniture, equipment, fixtures, labor, services, maintenance, repairs, taxes or assessments which the Board is required to obtain or pay for pursuant to the terms of this Declaration or the By-Laws, or which in its opinion shall be necessary or proper for the operation or protection of the Association and its members or for the enforcement of this Declaration.
- (g) At the Board's discretion, without obligation, to obtain (and the Board shall obtain with the premiums therefor being part of the assessment levied pursuant to Section 4.3) such policy or policies of insurance as may be necessary, in the Board's opinion, to insure the Association against an liability in connection with the ownership and operation of the Community Facilities including, but not limited to the following:

- (1) Insurance on the Community Facilities against loss or damage by fire and against loss or damage by risks now or hereafter embraced by standard extended coverage and vandalism and malicious mischief endorsements, in an amount sufficient to prevent the insured from being a co-insurer within the terms of the applicable policies, but in any event in an amount not less than one hundred percent (100%) of the full insurable replacement cost thereof. The "Full insurable replacement cost" of the Community Facilities shall be determined from time to time by the Board, which determination may be used upon appropriate insurance appraisals. All such policies of insurance shall name as insured, the Declarant/Developer and the Developer so long as either has an insurable interest, and the Association.
- (2) Comprehensive public liability and property damage insurance against claims for personal injury or death or property damage suffered by the public or by any Owner occurring in, on or about the Community Facilities or upon, in or about the streets and passageways and other areas adjoining the Community Facilities, such public liability and property damage insurance to afford protection to such limits as the Board shall deem desirable; provided, however, that the coverage shall be no less than \$2,000,000.00 per occurrence for personal injury and/or property damage. All policies of insurance of the character described in this subparagraph shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner on account of the negligent acts of the Association or another Owner.
- (3) Such worker's compensation insurance as may be necessary to comply with applicable laws.
- (4) Employer's liability insurance in such amount as the Board shall deem desirable.
- (5) Fidelity insurance against dishonest acts on the part of directors, managers, trustees, employees or volunteers responsible for handling funds belonging to or administered by the Association, written in an amount which is no less than three (3) times the Association's estimated assessments for annual expenses plus all reserves held by the Association.

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Property Clerk's Office

Resale of Dwelling Units. In the event of a resale of any Dwelling Unit by an Owner other than the Declarant/Developer, and within thirty (30) days after the written request by such Owner, the Board shall deliver a copy of each of the documents and make the disclosures described in and required by Section 18.5 of the Condominium Property Act of the State of Illinois as amended from time to time, or any statute enacted in its place or otherwise making provision for the type of property ownership as that presently contemplated and provided for thereby. In the event of a resale of any Dwelling Unit by an Owner, other than the Declarant/Developer, such Owner shall be required to comply with all provisions of any ordinance of the City applicable to such resale, the provisions of which by this reference are hereby incorporated into and made a part of this

5.3

- (a) To borrow funds to pay costs of operation secured by assignment or pledge of rights or other reasonable form of security against delinquent Owners, if the Board sees fit.
- (b) To enter into contracts; maintain one or more bank accounts granting authority as the Board shall desire to one or more persons (including the managing agent of the Community Facilities) to draw upon such accounts; invest surplus funds of the Association in U.S. Government securities or in passbook savings accounts insured by the Federal Deposit Insurance Corporation or the Federal Savings & Loan Insurance Corporation; and generally, to have all the powers necessary or incidental to the operation and management of the Association.
- (c) To protect or defend the Community Facilities from loss or damage by suit or otherwise, and to provide adequate reserves for replacements.
- (d) To adjust the amount of, collect, and use any insurance proceeds to repair damaged property or replace lost property.
- (e) To enforce the provisions of this Declaration and rules made hereunder and to enjoin and seek damages from any Owner for violation of such provisions or rules.

5.2

- additional rights and powers, and shall pay the costs and expenses of exercising the same out of the assessment funds:
- Special Powers of the Board: The Board shall have the following
- (6) Such other insurance (including insurance with respect to officers' and directors' liability) in such reasonable amounts as the Board shall deem desirable.
 - (h) At the Board's discretion, without obligation, to obtain audited financial statements for the Association.

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6.3 Casualty/Insurance. Each Owner shall be required to maintain, at its sole cost and expense, fire, extended coverage, vandalism and malicious mischief "all risk" property insurance on its Dwelling Unit in an amount sufficient to prevent the insured from being a co-insurer within the terms of the applicable policy and, in any event, in the amount of the full replacement cost of such Dwelling Unit. In the event of damage or destruction of all or any portion of a Dwelling Unit, the Owner of said Dwelling Unit shall, at its own expense, repair, restore and/or rebuild said Dwelling Unit to the exact condition as existing immediately prior to such damage or destruction. Such repairs, restoration and/or rebuilding shall be

6.2 Buildings. Each Owner shall be required, at its sole cost and expense, to maintain and keep the interior portion of their respective Dwelling Unit in good condition and to maintain and keep the interior and exterior portions of all doors and windows, including all hardware and all appurtenances thereto, in good condition and repair (including, without limitation the prompt replacement of all broken glass). In no event shall the exterior of any building or the Premises be changed in color, materials or otherwise, subject, however, to the terms of Section 6.3 and 6.4 hereinbelow. The Association shall have the right and the obligation, through its agents and employees or otherwise, to enter upon each Dwelling Unit to repair, maintain, replace and restore the building exterior and any other improvements which are part of the Dwelling Unit but which are located external to the building (including, without limitation, the roof and other structural elements of all buildings, landscaping, porches and decks), the cost of which is to be assessed to all Owners, generally, pursuant to Article 4 of this Declaration.

6.1 Premises. Subject to the terms of Section 6.3 and 6.4 hereinbelow, no building, fence, wall or other structure shall be constructed, erected or maintained upon the Premises, nor shall any exterior addition to or change or alteration of any building, fence, wall or structure (including, without limitation, the Dwelling Units) be made nor shall any change be made to the character of the landscaping on the Premises now existing or hereafter installed and maintained by Developer or the Association (including, without limitation, the cutting of existing trees), nor shall any other changes to the exterior of a Dwelling Unit be made at any time.

BUILDING EXTERIORS

ARTICLE 6

Declaration. The Board shall be allowed to charge a reasonable fee, for providing such information.

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7.6 No Unsanitary Uses: The Community Facilities shall be kept free and clear of all rubbish, debris and other unsightly materials and no waste shall be

7.5 Structural Impairments: Nothing shall be done in, on or to the Community Facilities or any Dwelling Unit which would impair the structural integrity of any building or structure located thereon or otherwise containing such Dwelling Unit.

7.4 Proscribed Activities: No noxious or offensive activity shall be carried on in the Premises nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the Owners.

7.3 Pets: No animal of any kind shall be raised, bred or kept in the Community Facilities. The Board may from time to time adopt rules and regulations governing the use of the Community Facilities by pets. Any pet causing or creating a nuisance or unreasonable disturbance on the Community Facilities shall be permanently removed from the Premises upon three (3) days written notice from the Board to the Owner of the Dwelling Unit containing such pet and the decision of the Board shall be final. No animal of any kind shall be raised, bred or kept within any Dwelling Unit except, however, that a maximum of two (2) conventional domestic animals may be maintained as pets in any give Dwelling Unit, notwithstanding the foregoing restrictions.

7.2 Obstructions: There shall be no obstruction of the Community Facilities, and nothing shall be stored in the Community Facilities without the prior consent of the Board.

7.1 Community Facilities Restrictions: Except as provided in Article 6 hereof, no industry, business, trade, occupation or professional of any kind shall be conducted, maintained or permitted on any part of the Community Facilities nor shall any "For Sale" or "For Rent" signs or any other advertising be maintained or permitted on any part thereof, except as permitted by the Board.

GENERAL RESTRICTIONS

ARTICLE 7

6.4 Developer Construction. The provisions of this Article 6 shall not apply with respect to construction, installation, alteration or change of any improvements performed by the Developer or any affiliate or other entity controlled by the Developer.

performed in a good and workmanlike manner and in accordance with any rules and regulations adopted from time to time by the Board.

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9.1 Binding Effect: The easements created by this Declaration and the approval rights granted under Article 6 hereof, shall be of perpetual

GENERAL PROVISIONS

ARTICLE 9

8.4 Contribution: The foregoing provision of this Article notwithstanding, the Owner of any Dwelling Unit shall retain the right to receive a larger contribution from another Owner under any rule or law regarding liability for negligent or willful acts or omissions.

8.3 Damage or Destruction: Repair or Rebuilding: In the event of damage to or destruction by fire or other casualty of any party wall, including the foundation thereof, the owners of any Dwelling Units upon or between which such party wall may rest shall have the obligation to repair or rebuild such wall and the Owner of each Dwelling Unit upon or between which shall rest, be served or benefited by shall pay in equal shares the cost of such repair or rebuilding. All such repair or rebuilding shall be done within a reasonable time, in a workmanlike manner with materials comparable to those used in the original wall and shall conform in all respects to the laws or ordinances regulating the construction of buildings in force at the time of such repair or reconstruction. Whenever any such wall or any portion thereof shall be rebuilt, it shall be erected in the same location and on the same line and be of the same size as the original wall. All construction performed under this Article 8 shall be subject to the terms of Article 6 of this Declaration.

8.2 No Extension of the Party Walls: No Owner shall have the right to extend said party wall in any manner, either in length, height or thickness.

8.1 Party Walls and Use: All dividing walls which straddle the boundary line between Dwelling Units or which serve two or more Dwelling Units, shall at all times be considered party walls, and each of the owners of Dwelling Units upon or between which any such party wall shall stand shall have the right to use said party wall below and above the surface of the ground and along the whole length of any part of the length thereof for the support of said Dwelling Units and for the support of any building constructed to replace the same, and shall have the right to maintain in or on said wall any pipes, ducts or conduits originally located therein or thereon subject to the restrictions hereinafter contained.

PARTY WALLS

ARTICLE 8

permitted thereon. All rubbish shall be deposited in such areas and such receptacles as shall be designated by the Board.

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duration. The covenants, conditions and restrictions of this Declaration shall run with and bind the Premises and shall inure to the benefit of and be enforceable by the Association and/or any Owner subject to this Declaration, for a term of fifty (50) years from the date that this Declaration is recorded, after which time the same shall be automatically extended for successive periods of ten (10) years subject to amendment as hereinafter set forth. The covenants and restrictions of this Declaration may be amended during the first fifty (50) year period after the date this Declaration is recorded or within any successive ten (10) year period by an instrument signed by those members owning at least seventy-five percent (75%) of the Dwelling Units Amendment to this Declaration; provided, however, that at any time, no Material Amendment to this Declaration, the By-Laws or the Association's Articles of Incorporation shall be effective unless approval thereof is obtained from Eligible Mortgage Holders representing at least fifty-one percent (51%) of the Dwelling Units that are subject to the mortgages held by Eligible Mortgage Holders and provided further that the provisions of this Section 10.1 may be amended only by unanimous written consent of the Owners of all Dwelling Units. These covenants and restrictions may also be cancelled or amended by an instrument signed by sixty percent (60%) of Owners executed and recorded within ninety (90) days of the expiration of any successive ten (10) year period, such cancellation or amendment to be effective on the date of commencement of the ten (10) year period, such cancellation or question, provided, however, that no termination or alteration of the legal status of the Association or the Premises for reasons other than substantial destruction or condemnation of the Premises shall be effective unless approval thereof is obtained from at least fifty-one percent (51%) of all Eligible Mortgage Holders. Any instrument executed pursuant to the provisions contained herein shall be filed for record in the Office of Recorder of Deeds of Cook County, Illinois, and a true, complete copy of such instrument shall be transmitted to each owner promptly.

9.2

Special Amendments: Anything herein to the contrary notwithstanding, Declarant/Developer reserve the right and power to record a special amendment ("Special Amendment") to this Declaration at any time and from time to time which amends this Declaration (i) to comply with requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, the Federal Housing Administration, the Veteran's Administration, or any other governmental agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by such entities, insure, guarantee or otherwise deal with first mortgages covering Dwelling Units, (iii) to correct clerical or typographical errors in the Declaration or

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Office

Perpetuities and Other Invalidity: If any of the options, privileges, covenants or rights created by this Declaration would otherwise be unlawful or void for violation of (a) the rule against perpetuities or some analogous statutory provision, (b) the rule restricting restraints on alienation, or (c) any other statutory or common law rules imposing time limits, then such provisions shall continue only until twenty-one (21) years after the death of the survivor of the now living lawful descendants of

9.6

Responsibility of Successor and Predecessors to Developer or Declarant/Developer: No party exercising any rights as Developer or Declarant/Developer hereunder shall have or incur any liability for the acts of any other party which previously exercised or subsequently shall exercise such rights.

9.5

Title Holding Land Trust: In the event title to any Dwelling Unit is conveyed to a title-holding trust, under the terms of which all powers of management, operation and control of the Dwelling Unit remain vested in the trust beneficiary or beneficiaries, then the beneficiaries hereunder from time to time shall be responsible for payment of all obligations, liens or indebtedness and for the performance of all agreements, covenants and undertakings chargeable or created under this Declaration against any such title-holding trustee shall not be obligated to sequester funds or trust property to apply in whole or in part against such lien or obligation. The amount of such lien or obligation shall continue to be a charge or lien upon the Dwelling Unit and the beneficiaries of such trust notwithstanding any transfers of the beneficial interest of any such trust or any transfers of title to such Dwelling Unit.

9.4

Enforcement: Enforcement by the Association or any Owner of the covenants and restrictions contained in this Declaration may be had by any proceeding at law or in equity against any person or person violating or attempting to violate any such covenant or restriction, either to restrain violation or to recover damages or both, and against the land to enforce any lien created by these covenants; failure by the Association or any Owner to enforce any covenant or restriction shall in no event be deemed a waiver of the right to do so thereafter.

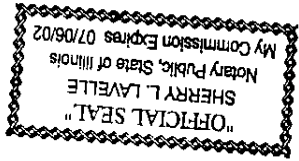
9.3

any Exhibit, or (iv) to bring the Declaration into compliance with applicable laws, ordinances or governmental regulations. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to the Developer and/or Trustee to make or consent to a Special Amendment on behalf of each Owner. Each deed, lease, mortgage, trust deed, other evidence of obligation, or other instrument affecting a Dwelling Unit and the acceptance thereof shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of, the power to the Developer and/or Trustee to make, execute and record Special Amendments.

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- 9.12 Names of First Mortgages: Each Owner shall notify the Association of the name and address of the First Mortgagee relating to his respective Dwelling Unit.
 - 9.11 Dissolution of the Association: Upon dissolution of the Association, its assets shall be transferred to another homeowners' Association having similar purposes.
 - 9.10 Conflict: The provisions of this Declaration are and shall be subservient to the terms of the Act and to the ordinances and regulations of the City.
 - 9.9 Notices: Any notice required or desired to be given under the provisions of this Declaration to any Member, Owner or any other person entitled to use the Community Facilities, or any part thereof, shall be deemed to have been properly delivered when deposited in the United States Mail, postage prepaid, directed to the last known person who appears as a Member, Owner or other person entitled to notice, at the last known address for each such person, all as shown on the books and records of the Association at the time such notice is given.
 - 9.8 Headings: The headings contained in this Declaration are for reference purposes only and shall not in any way affect the meaning or interpretation of this Declaration. The terms "Paragraph" and "Section" are used interchangeably herein and shall refer to the corresponding provision in this Declaration containing the same number heading.
 - 9.7 Severability: Invalidation of any of these covenants or restrictions by judgment or court order shall in now wise affect any other provision, and all other provisions shall remain in full force and effect.
- William Clinton, President of the United States. If any easement created by this Declaration for the benefit of the Association shall be declared invalid by a final decree of a court of competent jurisdiction, the Association shall be immediately vested with, and is hereby granted, leased and demised, a leasehold estate in the portion of the servient estate heretofore burdened by such easement, for a term which shall commence on the date of such decree and shall expire simultaneously with the expiration of the term of this Declaration, for the same purposes and on the same terms and conditions as theretofore applied to said easement interest, except that the Association shall be required to pay as rent for said leasehold estate, an annual rental of \$100 per year for each calendar year or portion thereof which shall elapse during the demised term.



July 26, 2002

My Commission Expires:

20008291

Notary Public

Sherry L. Lavelle
day of *July*, 2002

I, Sherry Lavelle, a Notary Public in and for said County, in the State of Illinois, do hereby certify, that Michael Rante, personally known to me to be the President of MCO Development, Inc., a corporation of Illinois, and Mark Buccl, personally known to me to be the Secretary of said corporation, whose names are subscribed to the within Instrument, appeared before me this day in person and severally acknowledged that as such President and Secretary of said corporation as their free and voluntary act and as the free and voluntary act and deed of said corporation, as Trustee as aforesaid, for the uses and purposes therein set forth.

COUNTY OF COOK)

) SS

STATE OF ILLINOIS)

By: *Mark Buccl*
Mark Buccl
Its: Secretary

ATTEST:

By: *Michael Rante*
Michael Rante
Its: President

IN WITNESS WHEREOF, the Developer has caused this instrument to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

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Property of Cook County Clerk's Office

BEING A SUBDIVISION OF THE SOUTH 300 FEET OF LOT 36 IN GLENVIEW
ACRES, BEING A SUBDIVISION OF PART OF THE SOUTHWEST ¼ OF THE
NORTHEAST ¼ WEST OF WAUKEGAN ROAD AND A PART OF THE EAST 60
RODS OF THE SOUTHEAST ¼ OF THE NORTHWEST ¼ OF SECTION 26,
TOWNSHIP 42 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL
MERIDIAN, IN COOK COUNTY, ILLINOIS.

THE PREMISES

DECLARATION OF EASEMENTS, RESTRICTIONS, COVENANTS CONDITIONS
AND PARTY WALL RIGHTS FOR CHESTNUT MANOR TOWNHOMES
ASSOCIATION

TO

EXHIBIT A

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B-1

Membership: Every owner of a Dwelling Unit (including the Declarant) shall be a Member of the Association. Membership is apportioned to and shall not be separated from ownership of such Owner's Dwelling Unit. There shall be one membership allocable to each Dwelling Unit (herein called a "Unit Membership") and any Member who is the Owner of more than one such Dwelling Unit shall have the number of Unit Memberships

3.1

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

ARTICLE 3

Principal Office: The Principal office of the Association shall initially be maintained at 832 Pony Lane, Northbrook, IL 60062.
Registered Office: The Association shall have and continuously maintain in this State a Registered Office and a Registered Agent whose office shall be identical with such Registered Office. The Association may have other offices within or without the State of Illinois as the Board of Directors may from time to time determine.

2.2

2.1

OFFICES

ARTICLE 2

The Association shall be responsible for the general management and supervision of the Community Facilities and shall have all of the powers to perform, and shall be responsible to perform, all of the obligations provisions in the Declaration. Further, the Association shall have all powers now or hereafter granted by the General Not For Profit Corporation Act of the State of Illinois which shall be consistent with the purposes specified herein and in the Declaration.

PURPOSES AND POWERS

ARTICLE 1

CHESTNUT MANNER TOWNHOME ASSOCIATION

BY-LAWS OF

ASSOCIATION

DECLARATION OF EASEMENTS, RESTRICTIONS, COVENANTS, CONDITIONS AND PARTY WALL RIGHTS FOR CHESTNUT MANNER TOWNHOMES

TO

EXHIBIT B

20008291

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B-2

(b) If such day be a legal holiday, the meeting shall be held on the next succeeding business day. If the election of directors shall not be held on the day designated herein for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the

(a) Each annual meeting of the Voting Members shall be held on the second Thursday of September of each year after the date this Declaration is recorded, at the hour of 7:30 P.M. or at such other reasonable time or date (not more than thirty (30) days before or after such date) as may be designated by written notice of the Board delivered to the Voting Members. Such annual meeting shall be held for the purpose of electing the number of directors of the Board which the Voting Members are entitled to elect, and for the transaction of such other business as may come before the meeting.

Initial and Annual Meetings:

3.4

shall be entitled to vote on a non-cumulative voting basis. all elections for members of the Board, the Members of the Association votes cast by Voting Members voting at a meeting of Voting Members. In Members or by the Voting Members shall be decided by a majority of the specify a greater vote, all Association matters requiring action by Unless the Declaration or the Charter or these By-Laws or any law shall required by law, such votes shall be cast only by the Voting Members. for the Association or By-Laws of the Association, or is otherwise or pursuant to this Declaration, or pursuant to the Articles of Incorporation, of the Members of the Association is required pursuant to this Declaration, each such Unit Membership shall be allocated one vote. Whenever a vote the total number of Unit Memberships at the time of any such vote and matter requiring assent of Members of the Association shall be equal to Method of Voting: The total number of votes which may be cast on any

3.3

shall be made in writing to the Board. by such Unit Owner to act as its proxy on its behalf. Such designation Such Voting Member may be the Unit Owner or some person designated entitled to vote at any meeting of the association ("Voting Member").

3.2

Voting Rights: One person with respect to each Unit Membership shall be such Owner or Owners in writing. reasonable for the obligations attributable thereto shall be designed by then the individual who shall enjoy the Unit Membership and be Dwelling Unit is a trustee, corporation, partnership or other legal entity, equal to the number of such Dwelling Units. If the record ownership of a

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3.10 Quorum: Unless a greater percentage is required under the Declaration, twenty percent (20%) of the Voting Members must be present at any meeting to constitute a quorum at such meeting. If a quorum is not present at any meeting of Voting Members, a majority of the Voting Members present may adjourn the meeting at any time without further notice. At any adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the

3.9 Proxy: All proxies shall be in writing and filed with the secretary. No proxy shall extend beyond a period of eleven (11) months.

3.8 Voting: At all corporate meetings, each Voting Member may vote in person or by proxy.

3.7 Consent: Any action required by this Declaration to be taken at a meeting of the Voting Members, or any other action which may be taken at a meeting of the Voting Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the Voting Members entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the Voting Members.

3.6 Notice: Notice of any meeting shall be given to the Voting Members by the Secretary of the Association. Notice may be given to the Voting Members either personally, or by sending a copy of the notice through the mail, postage thereon fully prepaid to his address appearing on the books of the corporation. Each Voting Member shall register his address with the Secretary, and Notices of meetings shall be mailed to him at such address. Notice of any meeting, regular or special, shall be mailed at least twenty-one (21) days in advance of the meeting and shall set forth in general the nature of the business to be transacted.

3.5 Special Meetings: Special meetings of the Voting Members may be called at any time for the purpose of considering matters which by the terms of the Declaration require the approval of the Voting Members or for any other reasonable purpose. Said meeting may be called by the Developer or by the President of the Association or by any two or more members of the Board, or upon written request of the Voting Members who have a right to vote not less than one-fourth (1/4) of all of the votes entitled to be cast by the Voting Members.

(c) election to be held at a special meeting of the Voting Members called as soon thereafter as conveniently may be.

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4.4. Notice of Special Meetings: Notice of any special meeting of the Board shall be given at least five (5) days prior to any such meeting by written notice delivered personally or sent by mail or telegram to each director of the Board at his address as shown by the records of the Association,

4.3. Special Meetings: Special meetings of the Board may be called by or at the request of the President or by one-fourth (1/4) of the directors then serving. The person or persons authorized to call special meetings of the Board may fix the place within the premises or the Village of Glenview for holding any special meeting of the Board called by them.

4.2. Annual Meeting: An annual meeting of the Board shall be held without other notice than this By-Law, immediately after, and at the same place as the annual meeting of the Voting Members. The Board may provide by resolution the time and place, within the Premises or the City of Chicago, for the holding of additional regular meetings of the Board without other notice than such resolution.

(d) Each director shall hold office without compensation for one-year term and until his successor shall have been appointed or elected and have qualified.

(c) The number of directors of the Board shall be five (5).

(b) The Board shall direct and administer the Community Facilities and the Dwelling Units in accordance with the terms and provisions of this Declaration. All matters requiring action by the Board shall be decided by majority vote.

(a) Subject to the terms of Section 4.1 (d) hereinbelow, the Association shall be governed by its Board of Directors ("Board") comprised of five (5) Members each from different Dwelling Unit. The Board members shall be members or spouses of Members.

4.1 Board of Directors:

BOARD OF DIRECTORS

ARTICLE 4

3.11 Place of Meeting: The Board of Directors may designate any place of meeting within the Village of Glenview for any annual meeting or for any special meeting called by the board of directors.

original meeting; withdrawal of Voting Members from any meeting shall not cause failure of a duly constituted quorum at that meeting.

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- except as provided otherwise in the Declaration. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If notice is given by telegram, such notice shall be deemed to be delivered when the message is delivered to the telegram company. Any director of the Board may waive notice of any meeting. The attendance of a director of the Board at any meeting shall constitute a waiver of notice of such meeting, except where a director of the Board attends a meeting for the express purpose of objection to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice of such meeting, unless specifically required by law or by these By-Laws.
- 4.5. Consent: Any action required by this Declaration to be taken by the Board may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the Directors entitled to vote with respect to the subject matter thereof. Any such consent signed by all the Directors shall have the same effect as a unanimous vote.
- 4.6. Election of Officers: The Board shall elect from among its members a President who shall preside over both its meetings and those of the Voting Members, and who shall be the chief executive officer of the Board and Association, a Secretary who will keep the minutes of all meetings of the Voting Members and of the Board and who shall, in general, perform all the duties incident to the office of Secretary, and a Treasurer to keep the financial records and books of account, and such additional officers as the Board shall see fit to elect. All officers shall be elected at each annual meeting of the Board and shall hold office at the pleasure of the Board.
- 4.7. Quorum and Voting: The attendance of a majority of Directors serving from time to time on the Board shall constitute a quorum for the election of officers and for the transaction of business at any meeting of the Board. Any such action taken at any meeting at which less than a quorum is present shall be void and of no effect, unless later ratified by the Board at a meeting at which a quorum is present, or by consent of the Board pursuant to Section 4.6 hereof.
- 4.8. Compensation: Directors shall receive no compensation for their services.
- 4.9. Board Liability: The Declarant, the developer, and the directors, officers, shareholders, partners, employees or agents of either of them, the Board, Members of the Board, officers of the Association, and the agents and employees of any of them (all of the above hereinafter referred to as the "Protected Parties"), shall not be liable to the Owners or any other person

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- 4.10. for any mistake of judgment or for any acts or omissions of any nature whatsoever in their respective positions which shall occur subsequent to the date of the recording of the Declaration, except for such acts or omissions found by a court of competent jurisdiction to constitute willful misfeasance, gross negligence or fraud. The Owners shall indemnify, hold harmless, protect and defend any and all of the Protected Parties against all claims, suits losses, damages, fees and amounts paid in reasonable settlement and compromise, and all costs, including attorneys' fees, incurred in connection therewith. Each Owner shall be entitled to a right of contribution from every other Owner in respect of said indemnity to the end that, to the extent possible, the burden of any such indemnity shall be borne by the Owners at the time the loss, cost, damage or expense is incurred in the proportion that the number of Dwelling Units in the Premises owned by each respective Owner bears to the total number of Dwelling Units in the Premises at the time the loss, cost, damage or expense is incurred. The Board shall assess each Owner for his share of the cost of such indemnification, and such assessments shall be collectible and enforceable in mode and manner as set forth in Article 6 hereof. To the extent possible the obligation of the Owners for indemnification and the Board's liability hereunder shall be insured by means of appropriate contractual endorsements to the comprehensive general liability insurance policies held from time to time by the Association.
- 4.11. Removal: Any officer elected by the Board may be removed by a majority vote of the Board
- 4.12. Vacancies: A vacancy in office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board for the unexpired portion of the term. The office of vice president may be kept vacant for any period of time if the Board declines to fill such office during such period.
- 4.13. Execution of Instruments: All agreements, contracts, deeds, leases, vouchers for payment of expenditures, and other instruments shall be signed by such officer or officers, agent or agents of the Board and in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board such documents shall be signed by the President and countersigned by the Secretary.
- 4.14. Nonprofit Purposes of Association: Nothing herein shall be construed to give the Association authority to conduct an active business for profit on its own behalf or on behalf of the Members, or on behalf of the Developer or Declarant.

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- 5.1 General Powers of the Board: The Board shall have all of the powers and duties granted to it or imposed upon it by the Declaration, these By-Laws or the Illinois General Not-For-Profit Corporations Act of the State of Illinois including, that without limitation, the following general powers and duties:
- (a) To adopt rules and regulation governing the use, maintenance and administration of the Community Facilities for the health, comfort, safety and general welfare of persons using the Community Facilities.
 - (b) To repair, maintain, improve and replace all Community Facilities and all facilities an improvements located thereon including without limitation all landscaping which is part of the Community Facilities, and to have such rights of ingress and egress over and upon the Premises as may be required to exercise such rights.
 - (c) To provide maintenance and services with respect to the Community Facilities, including: (i) maintenance, repair and replacement of all private roads and streets and private sidewalks adjacent thereto, detention ponds, recreational facilities, parking areas, lighting fixtures, signage, street furniture, entrance monuments, perimeter fencing and other Community Facilities; (ii) snow removal from all parking areas, trail areas, private roads and streets and private sidewalks adjacent thereto; (iii) maintenance, repair, replacement, improvement and care of all trees, shrubs, grass and landscaped areas; and (iv) maintenance, repair, replacement and operation of those Utilities or portions thereof which are not maintained by the Village of Glenview or by a public or quasi-public utility or authority;
 - (d) To repair, maintain and replace the exterior portions of the buildings containing the Dwelling Units, and all other areas which are part of the Dwelling Units, but which are located exterior to such buildings.
 - (e) At the Board's discretion, without obligation, to provide snow removal from public sidewalks adjacent to public roads.

POWERS OF THE BOARD

ARTICLE 5

4.15 Governing Law: Except as otherwise provided in the Declaration, the Association, its Board, officers and Members shall be governed by the Illinois General Not-For-Profit Corporation Act.

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To enter into contracts; maintain one or more bank accounts (including the managing agent of the Community Facilities) to draw upon such accounts; invest surplus funds of the Association

To borrow funds to pay costs of operation secured by assignment or pledge of rights or other reasonable form of security against delinquent Owners, if the Board sees fit.

The Board shall have the following additional rights and powers, and shall pay the costs and expenses of exercising the same out of the assessments funds:

To obtain and provide to all Owners, an annual financial statement for the Association (which financial statement may, at the Board's discretion but without obligation, be audited) containing an itemized accounting of the Association's expenses for the preceding year actually incurred or paid, together with a tabulation of the amounts collected pursuant to the imposition of assessments, and showing the net excess or deficit of income over expenditures, plus reserves.

To obtain such policy or policies of insurance as may be necessary, in the Board's opinion, to insure the Association against any liability in connection with the ownership and operation of the Community Facilities including, without limitation, those policies described in Section 5.1 of this Declaration.

To provide any material, supplies, insurance, furniture, equipment, fixtures, labor, services, maintenance, repairs, taxes or assessments which the Board is required to obtain or pay for pursuant to the terms of this Declaration or the By-Laws, or which in its opinion shall be necessary or proper for the operation or protection of the Association and its Members or for the enforcement of this Declaration.

To retain and compensate a firm to manage the Association and the Community Facilities or any separate portion thereof, and to provide the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Association, whether such personnel are employed directly by the Board or by such manager.

notwithstanding that such sidewalks are not part of Community Facilities.

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Such other records of the Association as are available for inspection by members of a Not-For-Profit corporation pursuant to Section 107.75 of the General Not-For-Profit Corporation Act.

(e) Such other records of the Association as are available for inspection by members of a Not-For-Profit corporation pursuant to Section 107.75 of the General Not-For-Profit Corporation Act.

Ballots, if any, of any election held for the Board or for Association Delegates and for any matters voted on by the Owners, which ballots shall be maintained for a period of not less than one year.

(d) Ballots, if any, of any election held for the Board or for Association Delegates and for any matters voted on by the Owners, which ballots shall be maintained for a period of not less than one year.

The minutes of all meetings of the Association and the Board. The Association shall maintain these minutes for a period of not less than seven (7) years.

(c) The minutes of all meetings of the Association and the Board. The Association shall maintain these minutes for a period of not less than seven (7) years.

Detailed, accurate records in chronological order of the receipts and expenditures affecting the Community Facilities, specifying and itemizing the maintenance and repair expense of the Community Facilities and any other expenses incurred, and copies of all contracts, leases or other agreements entered into by the Association.

(b) Detailed, accurate records in chronological order of the receipts and expenditures affecting the Community Facilities, specifying and itemizing the maintenance and repair expense of the Community Facilities and any other expenses incurred, and copies of all contracts, leases or other agreements entered into by the Association.

Copies of the recorded Declaration, other duly recorded covenants and By-Laws and any amendments thereto, articles of incorporation of the Association, annual reports and any rules and regulations adopted by the Association or the Board. Prior to the organization of the Association, the Developer shall maintain and make available the records set forth in this subsection (a) for examination and copying.

(a) Copies of the recorded Declaration, other duly recorded covenants and By-Laws and any amendments thereto, articles of incorporation of the Association, annual reports and any rules and regulations adopted by the Association or the Board. Prior to the organization of the Association, the Developer shall maintain and make available the records set forth in this subsection (a) for examination and copying.

Information to be Made Available to the Board: The Board shall maintain the following records of the Association available for examination and copying at convenient hours of weekdays by any owners or their mortgagees or duly authorized agents or attorneys:

To enforce the provisions of this Declaration and rules made hereunder and to enjoy and seek damages from any Owner for violation of such provisions or rules.

(d) To enforce the provisions of this Declaration and rules made hereunder and to enjoy and seek damages from any Owner for violation of such provisions or rules.

To adjust the amount of, collect and use any insurance proceeds to repair damage, or replace lost property.

(c) To adjust the amount of, collect and use any insurance proceeds to repair damage, or replace lost property.

in U.S. Government securities or in passbook savings accounts insured by the Federal Deposit Insurance Corporation or the Federal Savings & Loan Insurance Corporation or other similar types of low-risk investments approved by the Board (e.g., money market accounts); and generally, to have all the powers necessary or incidental to the operation and management of the Association.

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- 7.1 **Board Committees:** The Board, by resolution adopted by a majority of the directors in office, may designate one (1) or more committees, each of which shall consist of one (1) or more directors; said committees, to the extent consistent with law and as provided in said resolution, shall have the power to make recommendations and give advice to the Board regarding various management policy designation of such committees and the delegation thereto of authority to make recommendations and give advice shall not operate to relieve the Board, or any individual director, of any responsibility imposed upon it or him hereunder or otherwise by law.
- 7.2 **Special Committees:** Other committees not having and exercising the authority of the Board in the management of the Association may be designed by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, members of each such committee shall be Members of the Association, and the President of the Association shall appoint the members thereof. Any member thereof may be removed whenever in the Board's judgment the best interest of the Association shall be served by such removal.
- 7.3 **Term:** Each member of a committee shall continue as such until the next annual meeting of the Board and until his successor is appointed and shall have qualified, or until such member shall cease to qualify as a member thereof.
- 7.4 **Chairman:** One (1) member of each committee shall be appointed chairman.
- 7.5 **Vacancies:** Vacancies in the membership of any committee may be filled by appointment made in the same manner as provided in the case of the original appointments.

COMMITTEES

ARTICLE 7

The assessments to be levied by the Board shall be pursuant to the terms and provisions of ARTICLE 4 of the Declaration.

MAINTENANCE ASSESSMENTS

ARTICLE 6

A reasonable fee may be charged by the Association or the Board for the cost of copying.

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The terms used in these By-Laws shall have the same definition as set forth in the Declaration to which these By-Laws are attached to the extent such terms are defined therein.

DEFINITION OF TERMS

ARTICLE 10

In the case of any conflict between the Articles of Incorporation of the Association and these By-Laws, the Articles of Incorporation shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

INTERPRETATION

ARTICLE 9

These By-Laws may be amended or modified from time to time by action or approval of a majority of the votes cast by Voting Members voting at a meeting of the Voting Members and a copy thereof recorded in the office of the Recorder of Deeds of Cook County, Illinois.

AMENDMENTS

ARTICLE 8

- 7.6 Quorum: Unless otherwise provided in the resolution of the Board designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.
- 7.7 Rules: Each committee may adopt rules for its own government not inconsistent with these By-Laws or with the rules adopted by the Board.