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**DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR THE
TOWNES AT ASTOR PLACE NEIGHBORHOOD ASSOCIATION**

This instrument was prepared by and after recording mail to:

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**DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR THE
TOWNES AT ASTOR PLACE NEIGHBORHOOD ASSOCIATION**

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DECLARATION

OF

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR THE

TOWNES AT ASTOR PLACE NEIGHBORHOOD ASSOCIATION

This Declaration is made by the Astor Place Limited Partnership, an Illinois limited partnership by Kimball Hill, Inc. an Illinois corporation, its sole general partner ("Declarant") on January 27, 2003.

RECITALS:

A. Declarant is the owner in fee simple of a certain parcel of real estate in Wheeling, Cook County, Illinois, and legally described in Exhibit "A" attached hereto and made a part hereof ("Property").

B. Declarant, as hereinafter defined, desires to develop a townhome residential development on the Property, known as Astor Place ("Development"). Declarant is desirous of submitting the Property, in whole, to the provisions of this Declaration.

NOW THEREFORE, Declarant hereby declares that the Property is, and shall be held, transferred, sold, conveyed and occupied, subject to the covenants, conditions, restrictions, reservations, and easements ("Declaration") hereinafter set forth.

ARTICLE I

Declaration Purposes

1. General Purposes. The Declarant is the owner of the Property located in Wheeling, Cook County, Illinois, and desires to create thereon a townhome residential development for future owners of lots and residences to be created upon the Property.

(a) The Declarant desires to provide upon the Property, through its planning and layout, the harmonious development of a townhome community by the imposition of the covenants, conditions, restrictions and easements, as hereinafter set forth, for the benefit of the Property and the Owners, as hereinafter defined, thereof.

(b) The Declarant, by the imposition of covenants, conditions, restrictions and easements and the reservation of certain powers unto itself, does intend to provide for the Property a plan for development which is intended to enhance and to protect the values of Declarant's townhome residential community ("Astor Place").

(c) The Declarant desires to protect the Owners of the Lots, as hereinafter defined, against such improper use of surrounding Lots as may depreciate the value of their property.

2. Declaration. To further the general purposes herein expressed, the Declarant, for itself, its successors and assigns, hereby declares that the Property, whether or not referred to in any deed of conveyance of such properties, at all times is and shall be held, transferred, sold, conveyed and occupied subject to the covenants and restrictions herein set forth. The provisions of this Declaration are intended to create mutual equitable servitude upon each Lot becoming subject to this Declaration in favor of each and all other such Lots; to create privity of contract and estate between the grantees of such Lots, their heirs, successors and assigns; and to operate as covenants running with the land for the benefit of each and all such Lots becoming subject to this Declaration, and the respective Owners of such Lots, present and future.

ARTICLE II

Definitions

1. The following words and terms, when used in this Declaration (unless the context shall prohibit) shall have the following meanings:

(a) "Adjacent Owners" shall mean with respect to any two lots, the Owners of each of the two Dwelling Units which share a Party Wall.

(b) "Association" shall mean and refer to the Townes at Astor Place Neighborhood Association, an Illinois not-for-profit corporation, and its successors and assigns.

(c) "Board" shall mean and refer to the Board of Directors of the Association as constituted from time to time.

(d) "By-Laws" shall mean the By-Laws of the Association, as amended from time to time, which are attached hereto as Exhibit B and made a part hereof.

(e) "Common Expenses" shall mean the expenses of administration (including management and professional services), maintenance, operation, repair, replacement, and landscaping of the Dwelling Unit Exteriors; the cost of additions, alterations, or improvements to the Dwelling Unit Exteriors; the cost of insurance required or permitted to be obtained by the Board under Article VI; any expenses designated as Common Expenses by this Declaration or the By-Laws; and the obligations under the Detention Pond, Monument and Landscaping Declaration, as defined hereinafter and any other expenses lawfully incurred by the Association for the common benefit of all of the Owners.

(f) "Declarant" shall mean and refer to the Astor Place Limited Partnership, an Illinois limited partnership by Kimball Hill, Inc., an Illinois corporation, its sole general partner and its successors and assigns, whether such succession of assignment applies to all or any part of the Property. Any such successor or assignee shall be deemed a Declarant and entitled to exercise all or a portion of the rights of Declarant provided herein if designated as such by Declarant in any instrument recorded for such purposes.

(g) "Detention Pond, Monument and Landscaping Declaration" shall mean and refer to the Astor Place Declaration for Monument and Detention Pond Maintenance and Landscaping dated January 27, 2003 by the Astor Place Limited Partnership, an Illinois limited partnership, by Kimball Hill, Inc., an Illinois corporation, individually and as sole general partner setting forth the Association's: (a) obligation to contribute to the maintenance, replacement and repair of various storm water detention areas in the Astor Place Subdivision, entryway monumentation, landscaping and an irrigation system located along Milwaukee Avenue and adjacent to the Development Area; and (b) responsibility to maintain the stormwater detention pond at Outlot A in the Astor Place Subdivision.

(h) "Dwelling Unit" or "Unit" shall mean a townhome residence located on a Lot and intended for the shelter and housing of a Single Family, as hereinafter defined. Dwelling shall include any Structure attached or adjacent to the dwelling utilized for storage of personal property, tools and equipment. Declarant intends that each Lot which is made subject to this Declaration as part of the Premises shall be improved with a building consisting of a townhome residential unit which shares a wall with another residential unit located on an adjacent Lot (a "Party Wall"). The Party Wall, as extended, will be constructed on the lot line between the adjacent Lots. Each such Lot shall be a Dwelling Unit hereunder.

(i) "Dwelling Unit Exterior" shall mean the roof, foundation, steps, footings, crawl space, outer surfaces of exterior walls of the residence which is part of the Dwelling Unit, and all portions of the Dwelling Unit which are not improved with such residence, including, without limitation, the driveways, walkways, patios, landscaped areas and fences.

(j) "Lot" shall mean each part of the Property, the size and dimension of which shall be established by the legal description in the Lot Deed conveying such Lot. A Lot may also be established by Declarant pursuant to the Subdivision Plat or by an instrument in writing executed, acknowledged and recorded by Declarant which designates a part of the Property as a Lot for the purposes of the Declaration.

(k) "Lot Deed" shall mean the deed of Declarant conveying a Lot to an Owner.

(l) "Member" shall mean and refer to every person or entity who holds membership in the Association.

(m) "Municipality" shall mean the Village of Wheeling, Cook County, Illinois.

(n) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot, as hereinafter defined, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. The term "Owner" shall include the Declarant to the extent of the number of Lots owned by Declarant and also includes the interest of Declarant as contract seller of any Lot.

(o) "Party Wall" shall mean a wall constructed on the Property between two townhome Units and lying partially within both Units used as a dividing wall between the two Units and as an exterior wall for each such Unit.

(p) "Property" shall mean and refer to the real estate legally described in Exhibit "A" attached hereto and made part hereof.

(q) "Single Family" shall mean one or more persons, each related to the other by blood, marriage or adoption, or a group of not more than three persons not all so related, maintaining a common household in a Dwelling.

(r) "Structure" shall mean any building or other improvement erected or constructed, the use of which requires more or less permanent location on or in the ground, or attached to something having a permanent location on or in the ground.

(s) "Subdivision Plat" shall mean the Astor Place Neighborhood 1 Plat of Subdivision as recorded or may be recorded at the Office of the Recorder of Deeds of Cook County, Illinois and includes one or more phases or units thereof.

ARTICLE III

Covenants and Restrictions Relating to Townhomes

1. Party Walls. The Owner of a townhome Dwelling Unit immediately adjacent to a Party Wall shall have the obligations and be entitled to the rights and privileges provided in these covenants and, to the extent not inconsistent with this Declaration, general legal principles governing Party Walls. Such Owners shall be governed by the following provisions relating to Party Walls:

(a) Rights in Party Wall. Each Owner of a Dwelling Unit which is adjacent to a Party Wall shall have the right to use the Party Wall for support of the structure originally constructed thereon and all replacements thereof and shall have the right to keep, maintain, repair and replace therein all pipes, conduit, and ducts originally located therein and all replacements thereof.

(b) Easements.

(i) The title of each Owner to the portion of each Party Wall within such Unit is subject to a cross easement in favor of the adjoining Owner for joint use of said wall.

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(e) Arbitration. In the event of a disagreement between Adjacent Owners with respect to their respective rights or obligations as to their Party Wall, upon the written request of either of said Adjacent Owners to the other, the matter shall be submitted to arbitration in Cook County, Illinois, in accordance with the rules of the American Arbitration Association before an arbitrator agreed upon by the parties or selected as provided in the American Arbitration Association rules. The cost of such arbitration shall be allocated between the Owners by the arbitrator. The decision of the arbitrator shall be final and binding and shall be enforceable in any court of competent jurisdiction.

(d) Change in Party Wall. Any Owner of a Dwelling Unit who proposes to modify, rebuild, repair or make additions to any structure upon his Dwelling Unit in any manner which requires the extension, alteration or modification of any Party Wall, shall obtain the prior written consent of the Adjacent Owner.

(iii) Whenever any Party Wall or portion thereof shall be repaired or reconstructed, it shall be placed on the same line, be of the same size and constructed of the same or similar materials and of like quality as the wall being repaired or reconstructed.

(ii) The easements created herein shall not terminate in the event of the destruction of any Party Wall. In the event of the destruction, any Owner who shall have reconstructed a Party Wall shall be entitled to recover from the adjoining Owner, upon demand, a sum equal to 50% of the cost of reconstruction, including foundations and necessary supports, except as provided in subparagraph (i) above.

(i) In the event it is necessary to repair or rebuild any Party Wall or portion thereof, the expense shall be divided equally between the two adjoining Owners. However, if such repairs or rebuilding are caused by the fault of one adjoining Owner, said Owner shall bear the full cost. If repairs or reconstruction are required only on that portion of a Party Wall falling entirely within a Unit, the cost shall be borne entirely by the Owner on whose side the damage occurred.

(c) Repairing or Rebuilding.

(ii) Each Party Wall may be erected upon the line between the Units concerned, but it is recognized that errors may occur in the actual placement of said Party Walls during the course of construction. Accordingly, the right is hereby reserved to place each such Party Wall a distance of not more than 3 feet to either side of such line. Whenever an error with respect to the placement of any Party Wall of any Unit shall be found but said error is less than 3 feet in either direction from the line between the Units the legal description of the Units concerned may be changed or amended, and each of the Owners concerned shall without further consideration execute and deliver all such conveyances as may be necessary or appropriate, so as to place the line concerned directly underneath such Party Wall, or alternatively, each of the Owners concerned shall without further consideration execute and deliver all such grants of easement and other and further documents as may be necessary or appropriate in order to place each party in the same position as though such Party Wall were precisely situated upon the line between the Units intended.

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3. Modification Dwelling Exterior. No townhome Dwelling Unit Exterior shall be changed in design, material, color, material, finish or otherwise and no material changes or additions shall be constructed or installed on any part of a Dwelling Exterior without the prior written consent of

(d) In the event any portion of said connection or line is obstructed, damaged or destroyed by some cause other than the act of any of the Owners being served by said connection, his agents, guests or member of his family (including ordinary wear and tear and deterioration from lapse of time), then in such event if said obstruction, damage or construction shall prevent the full use and enjoyment of said connection by the Owner of a Unit served by said connection, all such Owners who are thereby deprived of said use and enjoyment shall proceed forthwith to replace or repair said connection to as good condition as formerly at their joint and equal expense.

(c) In the event any portion of said connection or line is obstructed, damaged or destroyed through the act of an Owner of a Unit being served by said connection, or any of his agents, guests or member of his family, whether or not such act is negligent or otherwise culpable, so as to deprive the other Owners being served by said connection of the full use and enjoyment of said connection, then the Owner responsible therefor shall forthwith proceed to replace or repair the same to as good condition as formerly without cost to the other Owners served by said connection.

(b) Whenever joint house connections of storm and sanitary sewer, water, electricity, gas, telephone or cable television lines are installed within the Property and the connections serve more than one Unit, the Owner of each Unit served by said connection shall be entitled to the full use and enjoyment of such portion of said connections as services his Unit.

(a) Whenever joint house connections of sanitary and storm sewer, water, electricity, gas, telephone or cable television lines are installed within the Property, and the connections, or any portion thereof, lie in or upon Units owned by others than Owner served by said connections, the Association and the Owners of any Unit served by said connection shall have the right, and are hereby granted an easement to the full extent necessary therefor, to enter upon Units or to have the utility companies enter upon the Units within the Property in or upon which said connection, or any portion thereof is located, to repair, replace and generally maintain said connection as and when the same may be necessary as set forth below. If the Board deems the repair, replacement or maintenance of such connection to be any emergency, the Association shall have the right to repair, replace or maintain such connection and assess the costs thereof against the Units served by such connection in the amounts the Owners would otherwise be responsible for under paragraphs (c) and (d) herein, and each such Owner, shall pay the Association (or its connecting agent) said assessment upon demand or in such periodic payments as may be determined by the Board. Said assessment, if not so paid on the date when due, shall become delinquent and shall be a continuing lien on the Unit of such Owner and shall be subject to collection, enforceability, foreclosure and remedies of the Association in the manner set forth in Article VII hereof for other assessments by the Association.

2. Joint Connection of Utilities. The rights and duties of the Owners of Units with respect to sewer, water, electricity, gas, telephone and cable television shall be governed by the following:

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(b) Without the prior written consent of the Board, an Owner shall not make any additions, alterations or improvements to any part of the Dwelling Unit Exterior nor make any additions, alterations or improvements to his or her Dwelling Unit where such work alters the structure of the Dwelling Unit or increases the cost of insurance required to be carried by the Board hereunder. The Board may (but shall not be required to) condition its consent to the

(a) The Board may authorize and charge as a Common Expense additions, alterations, or improvements to the Dwelling Unit Exterior. Subject to the provisions of Section 6 of Article VII, the cost of any such work to the Dwelling Unit Exterior may be paid out Municipality, except for routine maintenance of the Property or the replacement or repair of the property to return it to a condition that previously existed.

3. Additions, Alterations or Improvements.

(b) Whenever the Board shall determine, in its discretion, that any maintenance, repair, or replacement of any Dwelling Unit is necessary to protect the Dwelling Unit Exterior or any other portion of the Property (i) if such work is made necessary through the fault of the Owner, then the Board may direct the Owner thereof to perform such maintenance, repair, or replacement and pay the cost thereof, or (ii) if such work is made necessary through no fault of the Owner, then the Board may cause the work to be done and the cost thereof shall be a Common Expense. If an Owner fails or refuses to perform any such maintenance, repair, or replacement within a reasonable time after so directed by the Board pursuant to the preceding sentence, then the Board may cause such maintenance, repair, or replacement to be performed at the expense of such Owner. The determination of whether or not the work is made necessary through the fault of the Owner shall be made by the Board and such determination shall be final and binding.

(2) Each Owner shall furnish and be responsible, at his or her expense, for all of the maintenance, repairs and replacements within his or her Dwelling Unit and shall keep them in good condition and repair. The Board may, in its discretion, cause maintenance services to be performed within a Dwelling Unit upon the request of an Owner and may charge a reasonable fee for such services.

Maintenance, Repair and Replacement of Dwelling Units.

1. Maintenance, Repair and Replacement of Dwelling Unit Exteriors. Except as otherwise specifically provided in this Declaration, maintenance, repair and replacement of the Dwelling Unit Exteriors shall be furnished by the Board as part of the Common Expenses.

Maintenance of the Dwelling Unit Exteriors and Property

ARTICLE IV

the Board. Violations by the Owner under this section may be remedied by the injunctive relief sought.

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making of an addition, alteration or improvement by an Owner upon the Owner's agreement either (i) to be solely responsible for the maintenance of such addition, alteration or improvement, subject to such standards as the Board may from time to time set, or (ii) to pay to the Association from time to time the additional cost of maintenance and/or insurance as a result of the addition, alteration or improvement. If an addition, alteration or improvement is made by an Owner without the prior written consent of the Board, then the Board may, in its discretion, take any of the following actions:

(i) Require the Owner to remove the addition, alteration or improvement and restore the Dwelling Unit Exterior to its original condition, all at the Owner's expense; or

(ii) If the Owner refuses or fails to properly perform the work required under (i), the Board may cause such work to be done and may charge the Owner for the cost thereof as determined by the Board; or

(iii) Ratify the action taken by the Owner, and the Board may (but shall not be required to) condition such ratification upon the same conditions which it may impose upon the giving of its prior consent under this Section.

4. Damage Caused by Owner. If, due to the act of or the neglect of an Owner, a guest, tenant or other authorized occupant or invitee of such Owner, damage shall be caused to a part of the Dwelling Unit Exterior and maintenance, repairs or replacement shall be required which would otherwise be a Common Expense, then such Owner shall pay for such damage and not covered by insurance, if any, carried by the Association.

5. Use Affecting Insurance. Nothing shall be done or kept in any Dwelling Unit which will increase the rate of insurance on the Property or contents thereof, applicable for residential use, without prior written consent of the Board. No Owner shall permit anything to be done or kept in his Dwelling Unit which will result in the cancellation of insurance on the Property, or contents thereof, or which would be in violation of any law.

6. Board's Access Easement and Right of Entry.

(a) The Board or its agents shall have a non-exclusive easement for access over and across the Dwelling Unit Exterior in order to maintain, repair and replace the Dwelling Unit Exterior, including snow removal and landscaping.

(b) The Board or its agents, upon reasonable notice or, in the case of an emergency, without notice, shall have the right to enter any Dwelling Unit Exterior when necessary in exercise of its authority under Section 2 or in connection with any maintenance, repair and replacement for which the Board is responsible. Such entry shall be made with as-little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Board, as a Common Expense.

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ARTICLE V General Restrictions

1. Land Use - Townhome Residential. All Lots shall be used only for townhome residences with Party Walls. Each Dwelling shall be used for private residential purposes only; provided, that no Owner shall be precluded from (i) maintaining his personal professional library therein, (ii) keeping his personal business records or accounts therein or (iii) handling his personal business or professional calls or correspondence therefrom.

2. Standards for Construction. All Structures shall be constructed in accordance with applicable governmental building codes and zoning ordinances of the Municipality.

3. Nuisances. No noxious or offensive activity or trade shall be carried on, in or upon the Property, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. No plants or seeds or other conditions, harboring or breeding infectious plant diseases or noxious insects shall be introduced or maintained upon any part of a Lot. No building shall be erected or maintained on any Lot for manufacturing, industrial or business purposes, excepting a temporary sales office.

4. Temporary and Other Structures. No temporary building, trailer, mobile home, recreational vehicle, tent, shack or other similar Structure shall, except as otherwise herein provided, be located upon the Lots. No shed, outbuilding or other similar Structure shall be located on the Lots.

5. Lot Appearance. Each Lot shall be properly maintained and landscaped in such a way as to enhance the appearance of the Lot and the surrounding Lots and shall be neat in appearance and in good order. No person shall accumulate on a Lot junked vehicles, litter, refuse or other unsightly materials. Trucks, boats, recreational vehicles or trailers shall at all times be parked in the garage of the Dwelling Unit. Garbage shall be placed in receptacles provided therefore; and if outside, shall be properly screened. Vacant Lots shall not be used for the purpose of gardening and/or raising crops thereon.

6. Fences. No fence shall be commenced, erected or maintained upon the Property nor change or alteration therein be made except such as are installed and approved by the Declarant in connection with the initial construction upon the Property or, after the Turnover Date approved by the unanimous vote of the Board. The maintenance, repair and replacement of the fences located on an Owner's Lot shall be the responsibility of such Owner and all fences, if any located at the entryway and the Common Property shall be the responsibility of and shall be maintained, repaired and replaced at the expense of the Association, as hereinafter provided for.

7. Maintenance. The Association shall cause the Dwelling Unit Exteriors to be maintained, repaired and replaced at the expense of the Association, as hereinafter provided for, so that the appearance of the Dwelling Unit Exterior is substantially similar to its appearance when first constructed, ordinary unavoidable wear and tear excepted.

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8. Vehicle Repair. The repair or body work on any motorized vehicle shall not be permitted except within the confines of the garage. Such repair or body work shall be on an occasional basis, during reasonable hours, and shall be on an Owner's vehicle only.

9. Construction Equipment and Parking. Following the construction of a Dwelling Unit and sale of the Lot by the Declarant, all equipment used in subsequent clearing, excavation or construction, not rubber-tired, shall only be loaded or unloaded within the boundary lines of each Lot. No truck or commercial vehicle shall be permitted upon any Lot except when such truck or commercial vehicle is actually delivering or unloading personal property to and from the premises and except any truck or commercial vehicle which is restricted to the interior confines of the private garage. No private vehicles shall be continuously parked on the streets or roadways, but shall be kept on the driveway of the Lot, or in the private garage, it being the intention to prevent obstruction of the streets by continuous parking thereon.

10. Other Prohibited Matters.

(a) No animal of any kind including domestic or household pets, shall be raised, bred or kept in any Dwelling Unit or in any Lot, except, that dogs, cats or other household pets may be kept in a Dwelling Unit, subject to rules and regulations adopted by the Board. No more than two common household pets may be kept in, remain in, or about a Dwelling Unit or in any Lot.

(b) The operation of "ham" or other amateur radio stations or the erection of any related communication antennae, electro-magnetic devices, or similar devices shall not be allowed. Television antennae of any kind shall be permitted, as long as such antennae are installed in the attic storage area of a Dwelling Unit. Subject to applicable Federal laws and regulations, no communication discs, receiving dishes or similar device shall be installed on the exterior of a Dwelling Unit; provided, however one satellite dish of not more than one meter in diameter may be installed on the exterior of a Dwelling Unit.

(c) No above-ground or below-ground swimming pools shall be permitted on the Lots.

11. Use During Construction and Sale Period. During the period of construction of the Dwelling Units on the Property by the Declarant, contractors and subcontractors and their respective agents and employees, shall without charge, cost or rent be entitled to access, ingress and egress to said Dwelling Units and Property as may be required in connection with said construction. During the period in which sales of Units by the Declarant and for a reasonable time after conveyance by Declarant of the last Unit, the Declarant may occupy or grant permission to any person or entity to occupy, with or without rental, one or more Units for business or promotional purposes, including all business activities of Declarant regardless of any connections with the herein described real estate, including promotional activities, sales offices, model Units for display and the like and may maintain customary signs in connection therewith; provided, that the activities in the Units so occupied do not interfere with the quiet enjoyment of any other Owner.

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ARTICLE VI Insurance/Rebuilding

1. Fire Insurance. The Board shall have the authority to and shall obtain insurance for the Dwelling Unit Exteriors against loss or damage by fire and such other hazards, as the Board may deem desirable, or as reasonably required by First Mortgagees, for the full insurable replacement cost of the Dwelling Units. Premiums for such insurance shall be Common Expenses. Such insurance coverage shall be written in the name of, losses under such policies shall be adjusted by, and the proceeds of such insurance shall be payable to, the Board as trustee for each of the Owners of the damaged Dwelling Units. All such policies of insurance (i) shall contain standard mortgage clause endorsements in favor of the First Mortgagees as their respective interests may appear, (ii) shall provide that the insurance, as to the interest of the Board, shall not be invalidated by any act of neglect of any Owner, (iii) shall provide that notwithstanding any provision thereof which gives the insurer an election to restore damage in lieu of making a cash settlement thereof, (iv) to the extent possible, shall provide that such policy shall not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least 30 days' written notice to the First Mortgagee of each Unit Ownership, and (v) shall contain waivers of subrogation with respect to the Association, its directors, officers, employees and agents (including the managing agent), Owners, occupants of the Dwelling Unit, First Mortgagees, the Declarant, alternatively, all such parties shall be named as additional insureds.

2. Insurance Trustee/Use of Proceeds. The Board may engage the services of any bank or trust company authorized to do trust business in Illinois to act as trustee, agent or depository on behalf of the Board for the purpose of receiving and disbursing the insurance proceeds resulting from any loss, upon such terms as the Board shall determine consistent with the provisions of this Declaration. The fees of such corporate trustee shall be Common Expenses. In the event of any loss in excess of \$50,000 in the aggregate, the Board shall engage a corporate trustee as aforesaid, or in the event of any loss resulting in the destruction of the major portion of one or more Dwelling Units, the Board shall engage a corporate trustee as aforesaid upon the written demand of the mortgagee or any Owner of any Dwelling Unit so destroyed. The rights of First Mortgagees under any standard mortgage clause endorsement to such policies shall, notwithstanding anything to the contrary therein contained, at all times be subject to the provisions in this Declaration with respect to the application of insurance proceeds to the repair or reconstruction of the Dwelling Units. Payment by an insurance company to the Board or to such corporate trustee of the proceeds of any policy, and the receipt of a release from the Board of the company's liability under such policy, shall constitute a full discharge of such insurance company, and such company shall be under no obligation to inquire into the terms of any trust under which proceeds may be held pursuant hereto, or to take notice of any standard mortgage clause endorsement inconsistent with the provisions hereof, or see to the application of any payments of the proceeds of any policy by the Board or the corporate trustee.

3. Other Insurance. The Board shall also have the authority to and shall obtain the following insurance:

(a) Comprehensive public liability and property damage insurance against claims for personal injury or death or property damage suffered by the public or by an Owner

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occurring in, on or about the Dwelling Units or upon, in or about the streets and passageways and other areas adjoining the Dwelling Units, in such amounts as the Board shall deem desirable (but not less than \$1,000,000 covering all claims for personal injury and or property damage arising out of a single occurrence).

(b) Such workers' compensation insurance as may be necessary to comply with applicable laws.

(c) Employer's liability insurance in such amount as the Board shall deem desirable.

(d) Directors and Officers liability insurance.

(e) Such other insurance in such reasonable amounts as is required under the Act or the Board shall deem desirable. Such insurance coverage shall include cross liability claims of one or more insured parties against other insured parties. To the extent possible, all of such policies shall provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least 30 days' prior written notice to the Association and First Mortgagees who specifically request such notice. The premiums for such insurance shall be Common Expenses.

4. Owner's Responsibility. Each Owner shall obtain his or her own insurance on the contents of his or her own Dwelling Unit, the furnishings and personal property therein, and his or her personal liability to the extent not covered by the liability insurance for all of the Owners obtained as part of the Common Expenses as above provided, and the Board shall have no obligation whatsoever to obtain any such insurance coverage on behalf of the Owners. Each Owner shall promptly report, in writing to the Board, all additions, alterations or improvements to his Dwelling Unit without prior request from the Board and shall reimburse the Board for any additional insurance premiums attributable thereto, and shall be responsible for any deficiency in any insurance loss recovery resulting from his failure to so notify the Board. The Board shall not be responsible for obtaining insurance on such additions, alterations or improvements unless and until such Owner shall make such report and request the Board in writing to obtain such insurance, and shall make arrangements satisfactory to the Board for such additional premiums; and upon the failure of such Owner so to do, the Board shall not be obligated to apply any insurance proceeds to restore the affected Dwelling Unit to a condition better than the condition existing prior to the making of such additions, alterations or improvements.

5. Waiver of Subrogation. Each Owner hereby waives and releases any and all claims which he may have against any other Owner, the Association, its directors and officers, the Declarant, the manager and the managing agent, if any, and their respective employees and agents, for damage to the Dwelling Units, or to any personal property located in the Dwelling Units, caused by fire or other casualty, to the extent that such damage is covered by fire or other form of casualty insurance, and to the extent this release is allowed by policies for such fire or other casualty insurance.

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6. Repair or Reconstruction.

(a) In the case of damage by fire or other disaster to a portion of a Dwelling Unit (a "Damaged Improvement") where the insurance proceeds are sufficient to repair or reconstruct the Damaged Improvement, then the proceeds shall be used to repair or reconstruct the Damaged Improvement.

(b) In the event that the insurance proceeds are insufficient to repair or reconstruct the Damaged Improvement, then the Owner shall be responsible for the cost of repairing or reconstructing the Damaged Improvement in excess of the insurance proceeds.

ARTICLE VII

Townes at Astor Place Neighborhood Association

1. Creation and Purposes. The Declarant shall form an Illinois not-for-profit corporation to be known as the Townes at Astor Place Neighborhood Association which shall provide for maintenance and operation of the Dwelling Unit Exteriors and in general to maintain and promote the desired character of the Property.

2. Board of Directors and Officers. The Association shall have a Board of not less than 3 directors who shall be elected by the Members of the Association at such intervals as the By-Laws of the Association shall provide, except that vacancies in the Board occurring between regularly scheduled meetings of the Members may be filled by the Board if so provided by the By-Laws and that the first Board and subsequent Boards (until Declarant has turned over control of the Association to the Members, as provided in Section 2 of this Article VII) shall be appointed by the Declarant and shall be 3 in number. The Association shall have such officers as shall be appropriate from time to time, who shall be elected by the Board and who shall manage and conduct the affairs of the Association under the direction of the Board. Except as expressly otherwise provided by the Articles of Incorporation or the By-Laws, all power and authority to act on behalf of the Association both pursuant to this Declaration and otherwise shall be vested in its Board from time to time and its officers under the direction of the Board, and shall not be subject to any requirement of approval on the part of its Members. The By-Laws of the Association shall include such added provisions for the protection and indemnification of its officers and directors as shall be permissible by law. The directors and officers of the Association shall not be liable to the Owners or others for any mistake of judgment or any acts or omissions made in good faith as such directors or officer. The Owners shall indemnify and hold harmless each of such directors or officers against all contractual liability arising out of contracts made by such directors or officers on behalf of the Owners of the Association, unless any such contracts shall have been made in bad faith or contrary to the provisions of this Declaration. The liability of any Owner arising out of any such contract made by the Board or officers or out of the aforesaid indemnity in favor of the directors or officers to the extent not covered by insurance, shall be limited to such Owner's proportionate share of the total liability.

3. Turnover Date. The Declarant shall through the Board appointed by it in accordance with Section 2 of this Article, exercise control over all Association matters, until the first to occur from the date of this Declaration, (b) the individual sale and

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conveyance of legal or equitable title to 75% of the Lots to Owners other than Declarant, or (c) Declarant elects to voluntarily turn over to the Members the authority to appoint the Board, which election it shall evidence by directing the Declarant to execute an instrument setting forth its intention to so turn over its authority hereunder. The date upon which the authority to appoint the Board passes to the Members shall be hereinafter referred to as the "Turnover Date."

4. Membership and Voting.

(a) Every person or entity who is record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, including a contract seller, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No Owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification of membership. Nothing herein contained shall be interpreted to exclude Declarant from membership while it or its successors in interest, if any, owns one or more Lots.

(b) From and after the time that the Declarant has relinquished its authority to appoint the directors as hereinabove provided, each Member shall be entitled to one (1) vote on each matter submitted to a vote of Members for each Lot owned by him or it, provided, that where title to a Lot is in more than one person, such co-owners acting jointly shall be entitled to but one vote. When more than one person holds such interest in any Lot, all such persons shall be Members.

5. Powers and Duties of the Association. The Association, through the Board, shall have the following powers and duties:

(a) Maintain, repair and replace the Dwelling Unit Exteriors, including but not limited to driveways and entry sidewalks, but not perimeter sidewalks, if any.

(b) Have the authority to employ a manager or other persons and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association, provided that any contract with a person or firm appointed as a manager or managing agent shall provide for the right of the Association to terminate the same at the first annual meeting of the Members of the Association after such appointment.

(c) Establish and maintain a working capital and contingency fund in an amount to be determined by the Board.

(d) Provide for the snow removal on sidewalks and driveways lying in the Dwelling Unit Exterior, maintenance, landscaping and repairs as set forth above.

(e) At its option, mow, care for, and maintain vacant and unimproved property and remove rubbish from same and to do any other things necessary or desirable in the judgment of the Board to keep any vacant and unimproved property and parkways in the

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Property neat in appearance and in good order. The foregoing rights shall not apply to any Lot or other portion of the Property owned by Declarant.

(f) Make such improvements to the Property and provide such other facilities and services as may be authorized from time to time by the affirmative vote of 2/3 of the Members of the Association acting in accordance with By-Laws, provided, however, that any such action so authorized shall always be for the express purpose of keeping the Property a highly desirable residential community.

(g) Exercise all other powers and duties vested in or delegated to the Association, and not specifically reserved to the Voting Members by the Articles of Incorporation, the Declaration or By-Laws.

(h) Adopt reasonable rules and regulations to implement the intent of this Declaration, and the power to assess fines and recover attorneys' fees and collection or litigation costs in enforcing this Declaration or any such rules and regulations. Such rules and regulations shall include but are not limited to rules and regulations regarding the size, type of material and location of fences, walls, buildings or other structures or improvements except for Dwelling Units, whether original or a replacement, temporary or permanent, located on any Lot. All such improvements subject to rules and regulations of the Association must comply with all applicable Municipality ordinances if, and to the extent there is any conflict between this Declaration, the rules and regulations implemented by the Board and the provisions of any ordinances, codes, rules and regulations of the Municipality, then such conflict shall be resolved by the application of the more stringent provision as among this Declaration, the rules and regulations and such ordinances, code, rules and regulations of the Municipality.

(i) To maintain the stormwater detention pond located at Outlot "A" in the Astor Place Subdivision as provided under the Detention Pond, Monument and Landscaping Declaration and seek contribution from the owners of adjoining lots that utilize the detention pond as set forth in that Declaration.

(j) Carry out the terms and provisions of the Detention Pond, Maintenance and Landscape Declaration, including but not limited to, prompt payment of the Association's obligations due under such Declaration.

6. Assessments.

Upon the closing of the sale of each Dwelling Unit by the Declarant to a purchaser for value, the purchasing Owner shall make the following contributions to the Association: (a) an initial working capital contribution to the Association in an amount equal to three months' Annual Assessment at the rate in effect with respect to the Dwelling Unit as of the closing, which amount shall be held and used by the Association for its initial working capital needs, (b) a reserve fund contribution in the amount of \$150 for each Dwelling Unit, which shall be allocated collectively as a "Contingency and Replacement Reserve" for the Association to be utilized for repair and replacement of capital improvements made or to be made on the Common Property, (c) an insurance fund contribution to the Association in the amount of \$250, which amount shall be held and used by the Association for its initial insurance needs, and (d) unless

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otherwise agreed by Declarant, an advance payment of two months' assessments at the rate which shall become effective with respect to the Dwelling Unit as of the closing. Any advance assessment payment made hereunder shall be applied as an advance payment of assessments with respect to such period; however, if assessments increase during such period, the Owner of the Dwelling Unit shall be required to pay the amount of the increase.

The Declarant shall have no right to utilize any of funds received from an initial purchasing Owner prior to the Turnover Date. All of the above collected funds, except the Contingency and Replacement Reserve, may be used for, but not limited to, maintenance, insurance and landscaping expenses of the Association.

(b) Each Owner, by acceptance of a deed or other conveyance from the Declarant, its successors or assigns, is deemed to covenant and agree to pay to the Association annual assessments or charges and special assessments for capital improvements and unforeseen expenses, to be collected from time to time as hereinafter provided in this Declaration, together with By-Laws of the Association. The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the Property against which each such assessment is made. Each such assessment, together with such interests, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation shall not pass to his successors in title unless expressly assumed by them. The assessments to be utilized for expenses and purposes hereunder shall be allocated equally among all Owners other than Declarant.

(c) The Association shall levy an assessment on an annual basis that shall be used exclusively for the purpose of promoting the health, safety and welfare of the residents in the Property and in particular for the improvement and maintenance of the Dwelling Unit Exteriors. Such uses shall include, but are not limited to, the cost of the Association of all taxes, snow removal, insurance, repair, replacement and maintenance and other charges required by the Declaration and by the Detention Pond, Monument and Landscaping Declaration or that the Board shall determine to be necessary or desirable to meet the primary purpose of the Association, including the establishment and maintenance of a reserve for repair, maintenance, replacements, taxes, and other charges as specified herein or in the Detention Pond, Monument and Landscaping Declaration.

(d) In addition to the annual assessments authorized above, the Association may levy in any assessment year a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement within the Dwelling Unit Exteriors, including the necessary fixtures and personal property related thereto, if any.

(e) Both annual and special assessments must be fixed at a uniform amount for all Lots. Annual assessments shall be collected, in advance, on a monthly basis.

(f) The annual assessments provided for herein shall commence on the date of closing. The Board shall fix the amount of the annual assessment of each annual assessment period and in lieu thereof, the amount of the prior year's annual assessment shall be the fixed

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amount. The assessment relating to any Lot conveyed by Declarant to a third-party purchaser shall be payable as follows: The Owner shall pay to Declarant (for delivery to the Association) the pro rata amount of the annual assessment due for the proration of such month following the closing. 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 Lot have been paid. Such certificates shall be conclusive evidence of payment of any assessment therein.

(g) Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within 15 days after the due date, the assessment shall bear interest for the date of delinquency at the rate allowed by law or 18%, whichever is less, and the Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Property, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. To the extent permitted by any decision or statute now or hereafter effective, the amount of any delinquent and unpaid charges or assessments and interest, costs and fees as above provided, shall be and become a lien or charge against the Lot of the Owner involved when payable and may be foreclosed by an action brought in the name of the Board as in the case of foreclosure of liens against real estate. Each Owner, by such Owner's acceptance of a deed to a Lot, hereby expressly vest in the Association, or its agents, the right and power to bring all actions against such Owner personally for the collection of such charges as a debt, and to enforce the aforesaid lien by all methods available for the enforcement of such liens. In addition, if any Owner shall default in the payment when same shall be due, of the aforesaid charges or assessments and default shall continue for 30 days after notice to the Owner by the Board, setting forth the amount of unpaid charges or assessments together with a demand for payment thereof, the Board shall have the right to declare the default a Forcible Detainer of the Dwelling and shall have the right, on behalf of the other Owners, to enter and take possession of the Lot and the Dwelling from the defaulting Owner, to put out the Owner, or any occupant or tenant claiming by, through or under the Owner, using such reasonable force as the Board shall deem necessary under the circumstances and to exercise any of the rights and remedies set forth in the Forcible Entry and Detainer provisions of the Illinois Compiled Statutes Annotated, as amended from time to time.

(h) The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed on the Lots prior to the effective dates of such liens. In the event of the issuance of a deed, pursuant to the foreclosure of such prior mortgage or in lieu of such foreclosure, the grantee of such deed shall take title free and clear of any lien herein provided which may accrue prior to the recording to such deed.

(i) The regular yearly assessment shall be determined by the affirmative vote of 2/3 of the Board of the Association.

7. Provisions in Effect if Dissolution. All Owners, by acceptance of a deed to a Lot, covenant and agree that in the event the Association shall be dissolved, all restrictions and obligations created herein shall remain in full force and effect.

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8. Insurance.

(a) The Board shall also have the authority to and shall obtain comprehensive public liability insurance, including liability for injuries to and death of persons, and property damage, in such limits as it shall deem desirable, and workers' compensation insurance, and other liability insurance as it may deem desirable, insuring each Owner, the Association, its officers, members of the Board, the Declarant, and their respective employees and agents from liability and insuring the officers of the Association and members of the Board from liability for good faith actions beyond the scope of their respective authority. Such insurance coverage shall include cross liability claims of one or more insured parties against other insured parties. The premiums for such insurance shall be common expenses payable out of the proceeds of the assessments required by and collected in accordance with Section 6 of this Article.

(b) The Association shall be further responsible for maintaining such policies of insurance for the Dwelling Unit Exteriors against damage to or destruction of Dwelling Units by fire or other casualty and such other hazards contained in the customary fire and extended coverage, vandalism and malicious mischief endorsements as the Association may deem desirable and may also obtain such other kinds of insurance as the Association shall from time to time deem prudent. Upon request, the Board shall furnish unto the Municipality copies of certificates of insurance or other adequate evidence of such insurance as the Association is required or authorized to maintain by the provisions hereof.

9. Interim Procedure.

(a) Until each of the various Lots shall have been conveyed by the Declarant to the first Owner thereof (or to such Owner's nominee) the Declarant shall, with respect to each such unsold Lot, have all of the rights granted to the Owners.

(b) Until the Association shall have been organized and shall have assumed its duties and powers, the Declarant shall have all the rights, powers, duties and obligations herein granted to, or imposed upon, the Association and shall be authorized and empowered to take all such actions as the Board would have been authorized and empowered to take if the Association had then been formed. Alternatively, until the initial meeting of the Members the Declarant may appoint the Board (as more fully provided in Section 2 of this Article) which shall have the same powers and authority as given to the Board generally.

(c) Declarant shall be entitled at all times to conduct sales of Lots from the Property and shall have the right, for itself and its agents, employees, guests and invitees, to utilize roads, streets, Common Property and all other portions of the Property, excluding sold Lots, for such purposes until all Lots in the Property are sold. Declarant may at all times utilize signage, lighting and establish sales offices and model homes as required to conduct its sales and marketing of the Development.

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ARTICLE VIII MUNICIPALITY RIGHTS

Easements. The Municipality is hereby granted the right and easement of access over, across and through the Property for any purposes reasonably related to the proper exercise of the rights and powers of the Municipality, including without limitation, the right and easement to come upon the Property to install, lay, construct, renew, operate, maintain, repair and replace lines, pipes, pumps and other equipment (including housings for such equipment) into, over, under, along and through the Property for the purpose of providing water, storm sewer and sanitary sewer services and storm water detention areas, if any, to the Property or any part or parts thereto and to adjacent property.

ARTICLE IX DECLARANT'S RESERVED RIGHTS

1. In General. In the event of conflict between any rights or powers reserved of this Article and any other provisions of this Declaration or the By-Laws, the provisions of this Article shall govern. Except as otherwise provided in this Article, Declarant's rights under this Article shall terminate at such time as the Declarant is not longer vested with or controls title to a portion of the Property.

2. Promotion Efforts. Declarant shall have the right, in its discretion, to maintain on the Property model Units, sales and leasing offices, displays, signs and other forms of advertising and, to the extent not prohibited by law, to come upon any portion of the Property for the purpose of showing the Property to prospective purchasers or lessees of Units, all without the payment of any fee or charge whatsoever. The Declarant shall have a non-exclusive access easement over and across the roads and walkways located on the Property for ingress and egress to and from those portions of the Townes at Astor Place Neighborhood Area and this Declaration in order to exercise the rights reserved under this section and Section 3 below. The Declarant shall have the right and power to sell or lease a Unit to whomever it chooses on whatever terms it, in its sole discretion, shall deem appropriate.

3. Construction. Declarant, its agents and contractors shall have the right to come upon the Property for the purpose of making alterations or improvements to the Property and shall have the right to store equipment and materials used in connection with such work on the Property without payment of any fee or charge whatsoever.

4. Control of Board. Until the initial meeting of the Owners (which shall occur no later than the Turnover Date) and the election of the initial Board as provided for in the By-Laws, the rights, title, powers, privileges, trusts, duties and obligations vested in or imposed upon the Board by this Declaration or the By-Laws shall be held and performed by the Declarant. The Declarant may hold and perform such rights and obligations through the Board which, prior to the initial meeting, shall consist of 3 individuals designated by the Declarant from time to time. If the initial Board of Directors is not elected by the Owners at the time so established, the Declarant or Directors designated by the Declarant shall continue in office for a period of 30 days whereupon written notice of resignation shall be sent to all Unit Owners

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entitled to vote at such election. Prior to the Turnover Date, the Declarant may appoint from among the Owners 3 non-voting counselors to the Board, who shall serve at the pleasure of the Declarant.

ARTICLE X General Provisions

1. Covenants Run With Land. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Board, or the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of 20 years from the date this Declaration is recorded, after which time such covenants and restrictions shall be automatically extended for successive periods of 20 years, subject to amendment as hereinabove set forth.

2. Perpetuities and Other Invalidity. If and to the extent that any of the covenants or restrictions would otherwise be unlawful or void for violation of (a) the rule against perpetuities, (b) the rule restricting restraints on alienation, or (c) any other applicable statute or common law rule analogous thereto or otherwise imposing limitations upon the time for which such covenants may be valid, then the provision concerned shall continue and endure only until the expiration of a period of 21 years after the death of the last to survive of the class of persons consisting of all of the lawful descendants of the current President of the United States.

3. Rerecording of Declaration. If at any time or times the Board shall deem it necessary or advisable to rerecord this Declaration or any part hereof in the Office of the Recorder of Deeds of Cook County, Illinois in order to avoid the expiration hereof or of any of the covenants, easements, agreements or other provisions herein contained under any of the provisions of Chapter 83 of the Illinois Compiled Statutes Annotated presently in force commonly known as the Marketable Title Act, or any other law or statute of similar purport, they shall submit the matter to a meeting of the Members of the Association called upon not less than 10 days notice, and unless at such meeting at least 2/3 of such Members shall vote against such rerecording, the Association shall have, and is hereby granted power to so rerecord this Declaration or such part thereof, and such rerecording shall be binding upon all Owners of any part of the Property in every way and with all the full force and effect as though such action were taken by each of the Owners and the rerecorded document executed and acknowledged by each of them.

4. Binding Effect. Each grantee of Declarant by the acceptance of a deed of conveyance, and each purchaser under any contract for such deed of conveyance, accepts the same subject to all restrictions, conditions, covenants, reservations, liens and charges and the jurisdiction, rights and powers created or reserved by this Declaration, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations hereby imposed shall be deemed and taken to be covenants running with the land, and shall bind any person having at any time any interest or estate in the land, and shall inure to the benefit of such person in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance, or in any mortgage or trust deed or other evidence of obligation, and the rights described in this Section 4 or

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described in any other part of this Declaration shall be sufficient to create and reserve such easements and rights to the respective grantees, mortgagees and trustees of such Lot ownership as fully and completely as though such rights were recited fully and set forth in their entirety in such documents.

5. Power to Enforce. Declarant, Association and each Owner or Owners of any of the Property from time to time shall have the right jointly and separately to sue for and obtain a prohibitive or mandatory injunction to prevent the breach of, or to enforce the observance of, the covenants and restrictions above set forth, or any of them, in addition to the right to bring an ordinary legal action for damages. Whenever there shall have been built (or whenever there is being built) on any Lot in the Property and Structure which is and remains in violation of the covenants above set forth, or any of them, for a period of 30 days after actual receipt of written notice of such violation from Declarant or the Association by the Owner of such Lot, then Declarant and Association shall have, in addition to the foregoing rights, the right to enter upon the property where such violation exists and summarily abate or remove same and such action shall not be deemed a trespass. In no event shall the failure of Declarant, Association or such Owners to enforce any of the covenants herein set forth due to a particular violation be deemed to be a waiver of the right to do so as to any subsequent violation.

6. Amendment by Owners. Subject to the provisions of Section 7 of this Article, the record Owners in fee simple of the Lots in the Property may, by a 2/3 written vote of all Voting Members revoke, modify, amend or supplement in whole or in part any or all of the covenants and conditions contained in this Declaration and may release from any part or all of such covenants all or any part of the real property subject hereto. Any such change or changes may be made effective at any time by the Declarant, so long as Declarant owns any Lots in the Development, and the Owners of at least 2/3 of the Lots not owned by Declarant consent thereto. Any such change or changes may be made effective at any time by the Declarant, so long as Declarant owns any Lots in the Development, and the Owners of at least 2/3 of the Lots not owned by Declarant consent thereto. Any such changes shall be effective only if expressed in a written instrument or instruments executed and acknowledged by each of the consenting Owners, certified by the Secretary of the Association and recorded in the Office of the Recorder of Deeds of Cook County, Illinois.

7. Amendment by Declarant. Declarant reserves 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 Veterans Administration, or any other governmental agency or any other public, quasi-public or private entity which performs (or any in the future that may perform) functions similar to those currently performed by such entities, (ii) to induce any of such agencies or entities to make, purchase, sell, insure, or guarantee first mortgages covering any Lot ownership, (iii) to correct clerical or typographical errors, omissions, ambiguities or inconsistencies in this Declaration or any Exhibit hereto or any supplement or amendment thereto, or (iv) to bring the Declaration into compliance with applicable laws, ordinances or governmental regulations.

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In addition, a Special Amendment shall be also deemed to include, until the Turnover Date, such amendment to this Declaration as Declarant elects to record at any time and from time to time for any other purpose, so long as such amendment will not materially impair the rights of the Owners hereunder or materially increase the expenses to be borne by them hereunder. In furtherance of the foregoing, a power coupled with an interest, is hereby reserved and granted to the Declarant to vote in favor of, make, or consent to a Special Amendment on behalf of each mortgage, trust deed, other evidence or obligation, or other instrument affecting a Lot 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 Declarant to vote in favor of, make, execute and record Special Amendments. The right of the Declarant to act pursuant to rights reserved or granted under this section shall terminate at such time as the Declarant no longer holds or controls title to any Lot.

8. Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for development.

9. Titleholding Land Trust. In the event title to any Lot is conveyed to a titleholding trust, under the terms of which all powers of management, operation and control of the Lot remain vested in the trust beneficiary or beneficiaries, then the beneficiaries thereunder 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 such Lot. No claim shall be made against any such titleholding trustee personally for payment of any lien or obligation hereunder created and the 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 Lot and the beneficiaries of such trust notwithstanding any transfers of the beneficial interest of any such trust or any transfers of title to such Lot.

10. Captions and Headings. All articles and section headings set forth herein are intended for convenience only and shall not be given or construed to have any substantive effect on the provisions of this Declaration.

11. Severability. If a court of competent jurisdiction shall hold invalid or unenforceable any part of any covenant or provision contained in this Declaration, such holding shall not impair, invalidate or otherwise affect the remainder of this Declaration which shall remain in full force and effect.

12. Assignment by Declarant. At any time or times Declarant may assign any or all of its rights conferred on it as set forth in this Declaration and upon its execution of any assignment by Declarant, it shall be relieved from any liability arising from the performance or non-performance of such rights or obligations.

13. Notices. Each Owner of a Lot shall file the correct mailing address of such Owner with Declarant and shall notify Declarant promptly in writing of any subsequent change of address. Declarant shall maintain a file of such addresses and make the same available to the Association. A written or printed notice, deposited in the United States Post Office, postage prepaid, and addressed to any Owner at the last address filed by such Owner with Declarant shall be sufficient and proper notice to such Owner wherever notices are required in this Declaration.

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14. Number and Gender. The singular shall include the plural wherever the Declaration so requires, and the masculine shall include the feminine and neuter and vice versa.

15. Strict Interpretation. In the event provisions in this Declaration and provisions of a Municipality Ordinance apply to a situation, then the more restrictive provision shall apply.

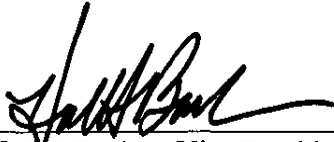
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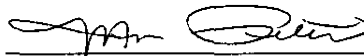
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IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed on the date first set out above.

Astor Place Limited Partnership, an Illinois limited partnership, by
Kimball Hill, Inc., an Illinois corporation, its sole general partner

By: 
Hal H. Barber, Vice President

ATTEST:


JoAnn Peterson, Secretary

Property of Cook County Clerk's Office

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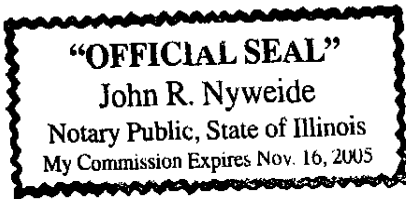
STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

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I, John R. Nyweide, notary public in and for said county and state aforesaid, do hereby certify that Hal H. Barber, Vice President of Kimball Hill, Inc., and JoAnn Peterson, Secretary thereof, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such Vice President and Secretary, respectively, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act, and as the free and voluntary act of said Company, for the uses and purpose therein set forth.

GIVEN under my hand and Notarial Seal this January 27, 2003.

SEAL



John R. Nyweide

Notary Public

My commission expires: 11/16/05

This instrument was prepared by and mail after recording to:

John R. Nyweide
HOLLAND & KNIGHT LLC
500 West Madison Street, 40th Floor
Chicago, Illinois 60661-2511
312.715.5740 (phone and fax)

Property Index Nos. 03-12-300-050

Address of Property: Lot 1 and Outlot A in Astor Place Subdivision
Astor Place Drive
Wheeling, Illinois

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EXHIBIT A
TO THE
DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR THE
TOWNES AT ASTOR PLACE NEIGHBORHOOD ASSOCIATION

The Property, as defined in the Declaration is legally described as follows:

Lot 1 and Outlot "A" in the Astor Place Subdivision, being a Subdivision of part of the Southwest Quarter of Section 12, Township 42 North, Range 11 East of the Third Principal Meridian according to the Plat thereof recorded June 7, 2002 as document No. 0020637731, Cook County, Illinois

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EXHIBIT B
TO THE
DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR THE
TOWNES AT ASTOR PLACE NEIGHBORHOOD ASSOCIATION

**BY-LAWS FOR THE
TOWNES AT ASTOR PLACE NEIGHBORHOOD ASSOCIATION**

**ARTICLE I
NAME OF CORPORATION**

The name of this corporation is the Townes at Astor Place Neighborhood Association.

**ARTICLE II
PURPOSE AND POWERS**

2.01 PURPOSES. The purposes of this Association are to act on behalf of its members collectively, as their governing body for civic functions and other purposes, with respect to the preservation, care, maintenance, replacement, improvement, enhancement, operation and administration of both real and personal property and for the promotion of the health, safety and welfare of the Members of the Association, all on a not for profit basis. These By-Laws are attached as Exhibit B to the Declaration of Covenants, Conditions and Restrictions for the Townes at Astor Place Neighborhood Association ("Declaration"). All terms used herein shall have the meanings set forth in the Declaration.

2.02 POWERS. The Association shall have and exercise all powers as are now or may hereafter be granted by the Illinois General Not For Profit Corporation Act, the Declaration and these By-Laws.

2.03 PERSONAL APPLICATION. All present or future Owners, tenants, future tenants, and their agents and employees, and any other person that might use the facilities of the Property in any manner, shall be subject to the provisions of the Declaration and these By-Laws. The mere acquisition or rental of a Unit or the mere act of occupancy of a Unit will signify that the Declaration and these By-Laws are accepted, ratified and will be complied with.

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ARTICLE III OFFICES

3.01 REGISTERED OFFICE. The Association shall have and continuously maintain in this state a registered office and a registered agent whose office is identical with such registered office, and may have other offices within or without the State of Illinois as the Board may from time to time determine.

3.02. PRINCIPAL OFFICE. The Association's principal office shall be maintained on the Development Area or at the office of a managing agent engaged by the Association.

ARTICLE IV MEETINGS OF MEMBERS

4.01 VOTING RIGHTS. The Association shall have one class of membership. There shall be one individual with respect to each Unit who shall be entitled to vote at any meeting of the Owners (the "Voting Member"). If the Owner of a Unit is one individual, then such individual shall be the Voting Member. If the Record Ownership of a Unit shall be in more than one individual or if the Owner is a trustee, corporation, partnership or other legal entity, then the Voting Member shall be designated by the Owner or by a majority of Owners in writing to the Board. If in the case of multiple individual Owners no designation is given and only one of the multiple Owners is present at a meeting of the Owners, then he is entitled to cast all the votes allocated to that Unit. If in the case of multiple individual Owners no designation is given and more than one of the multiple Owners are present at a meeting, the votes allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the multiple Owners, provided that the Board shall consider a majority agreement if any one of the multiple Owners casts the votes allotted to the Unit without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Unit. Any or all Owners may be present at any meeting of the Owners, but the voting rights shall be vested exclusively in the Voting Members; provided, however, that a Voting Member may vote either in person or by proxy executed and dated in writing by the Voting Member or his duly authorized attorney-in-fact and filed with the secretary before the meeting. No proxy shall be valid after 11 months from the date of its execution, unless otherwise provided in the proxy. Except as otherwise specifically provided in the Declaration or these By-Laws, each Voting Member shall have one vote.

4.02 PLACE OF MEETING; QUORUM. Meetings of the Owners shall be held on the Property or at such other place in the County in which the Property is located and convenient to the Owners as may be designated in any notice of a meeting. All meetings shall be conducted in accordance with the rules and provisions set forth in Roberts Rules of Order, as from time to time published. Voting Members holding 20% of the votes, represented in person or by proxy, shall constitute a quorum. The vote of a majority of the votes entitled to be cast by the Voting Members present or represented by proxy at a meeting at which a quorum is present, shall be necessary for the adoption of any matter voted upon by the Voting Members. The affirmative vote of 75% of the votes entitled to be cast shall be required for the following action: (a) merger or consolidation of the Association; (b) sale, lease, exchange, mortgage, pledge or other

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disposition of all, or substantially all of the property and assets of the Association; and (c) purchase or sale of land or of Units on behalf of all Owners.

4.03 ANNUAL MEETINGS. The initial meeting of the Owners shall be held upon not less than 21 nor more than 30 days' written notice given by the Declarant. If not called earlier by the Declarant, the initial meeting of the Owners shall be held on or before the Turnover Date. Thereafter there shall be an annual meeting of the Owners within 30 days from the anniversary date of the initial annual meeting at such time and on such date designated by the Board.

4.04 SPECIAL MEETINGS. Special meetings of the Owners may be called at any time for the purpose of considering matters which, by the terms of the Declaration, require the approval of all or some of the Voting Members or for any other reasonable purpose. Said meetings shall be called by written notice, authorized by the President, a majority of the Board or by Voting Members representing at least 20% of the votes.

4.05 NOTICE OF MEMBERSHIP MEETINGS. Written notice of any membership meeting shall be mailed or personally delivered and posted conspicuously on the Property, giving Owners not less than 10 nor more than 30 days notice of the time, place, and purpose of the meeting.

ARTICLE V BOARD OF DIRECTORS

5.01 IN GENERAL. The affairs of the Association and the direction and administration of the Property shall be vested in the Board, which (after the Turnover Date) shall consist of 3 persons or such other number of persons as shall be fixed from time to time by the affirmative vote of 50% of the Voting Members ("Directors"). The Board shall have all of the powers granted to it under the Declaration, these By-Laws and the Illinois General Not For Profit Corporation Act.

5.02 DECLARANT DESIGNATED BOARDS. Anything herein to the contrary notwithstanding, until the first meeting of the Owners after the Turnover Date the Board shall consist of 3 individuals from time to time designated by the Declarant. Such individuals may, but need not, be Owners and shall serve at the discretion of the Declarant.

5.03 BOARDS AFTER TURNOVER DATE. At the first meeting of the Owners (which shall be held no later than the Turnover Date) the Voting Members shall elect the initial Board in the manner hereinafter provided to replace the Declarant designated Board established under Section 5.02. The Declarant shall give at least 21 days notice of the first meeting of the Owners to elect the initial Board and shall provide to any Owner within 3 working days of a written request from the Owner, the names, addresses and telephone numbers (if available) of each Owner entitled to vote at such meeting. Any Owner shall be provided with this same information within 3 working days of the request, with respect to each subsequent meeting to elect members of the Board. From and after such meeting, each member of the Board shall be an Owner or a Voting Member, or both. Within 60 days after the election of a majority of the Board other than those designated by the Declarant, the Declarant shall deliver to the Board:

(a) All original documents as recorded or filed pertaining to the Property, its administration and the Association, such as the Declaration, the By-Laws, Articles of

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Incorporation, other Association instruments, annual reports, minutes and rules and 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, or an officer or agent of the Declarant, as being a complete copy of the actual document as recorded or filed.

(b) An accounting of all receipts and expenditures made or received on behalf of the Association by the Declarant designated Boards and copies of all insurance policies and a list of any loans or advances to the Association which are outstanding.

(c) All Association funds and bank accounts.

(d) A schedule of all real or personal property, equipment and fixtures belonging to the Association including documents transferring the property to the Association, warranties, if any, for all real or personal property and equipment, deeds, title insurance policies and all tax bills.

(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 by the Association, engineering and architectural drawings and specifications as approved by any governmental authority, all other 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, originals of all documents relating to everything listed in this subparagraph.

5.04 ELECTION. At the initial meeting of the Owners, the Voting Members shall elect a full Board of Directors. The two Directors receiving the highest number of votes shall serve a term of two years and the one other Director shall serve a term of one year. Thereafter each Director shall serve a term of two years. Each Director shall hold office until his term expires or until his successor shall have been elected and qualified. Directors must be an Owner or a Voting Member to serve and may succeed themselves in office. In all elections for members of the Board, the Voting Member for each Unit shall be entitled to the number of votes equal to the number of Directors to be elected (cumulative voting shall not be permitted). The candidates receiving the highest number of votes with respect to the number of offices to be filled shall be deemed to be elected.

5.05 ANNUAL MEETINGS. The Board shall hold an annual meeting within 10 days after the annual meeting of the Owners at such place as shall be fixed by the Directors at the annual meeting of the Owners.

5.06 REGULAR MEETINGS. Regular meetings of the Board shall be held at such time and place as shall be determined at the annual meeting or, from time to time, by a majority of the Directors, provided that from and after the Turnover Date, not less than four such meetings shall be held during each fiscal year.

5.07 SPECIAL MEETINGS. Special meetings of the Board may be called by the President or by at least one-third (1/3) of the Directors then serving.

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5.08 NOTICE OF BOARD MEETINGS. Notice of each meeting of the Board shall be mailed or personally delivered to each Director at least 48 hours prior to the meeting and notice of any meeting of the Board concerning the adoption of the proposed annual budget or any increase or establishment of an assessment shall be given to each Owner in the same manner as provided in Paragraph 4.05 of these By-Laws, unless a written waiver of such notice is signed by the person or persons entitled to such notice before the meeting is convened.

5.09 OPEN MEETINGS. Each meeting of the Board shall be open to any Owner except for the portion of any meeting held (i) to discuss litigation when an action against or on behalf of the Association has been filed and is pending in a court or administrative tribunal, or when the Board finds that such an action is probable or imminent, (ii) to consider information regarding appointment, employment or dismissal of an employee, or (iii) to discuss violations of rules and regulations of the Association or an Owner's unpaid share of the Monthly Assessment attributable to expenses of the Association. Any vote taken on any of the matters set forth in subparagraphs (i), (ii) or (iii) above shall be taken at a meeting or portion thereof open to any Owner. Notice of such meeting shall be mailed or personally delivered and posted conspicuously upon the Property at least 48 hours prior thereto, unless a written waiver of such notice is signed by the person or persons entitled to such notice before the meeting is convened. The Board may adopt reasonable rules governing the conduct of Owners who attend meetings and Owners who do not comply with such rules may be removed from the meeting. Any Owner may record the proceedings at a meeting required to be open by tape, film or other means and the Board may prescribe reasonable rules and regulations to govern the right to make such recordings.

5.10 QUORUM. A majority of the Directors serving from time to time shall constitute a quorum for the election of officers and for the transaction of business at any meeting of the Board. Except as otherwise expressly provided herein or in the Declaration, any action may be taken upon the affirmative vote of a majority of the Directors present at a meeting at which a quorum is present.

5.11 COMPENSATION/REIMBURSEMENT FOR EXPENSES. No Director shall be compensated by the Association for services rendered to the Association, except as expressly provided in a resolution duly adopted by the Voting Members. Upon the presentation of receipts or other appropriate documentation, a Director shall be reimbursed by the Association for reasonable out-of-pocket expenses incurred in the course of the performance of his duties as a Director.

5.12 REMOVAL OR RESIGNATION OF DIRECTOR. Any Director may be removed from office, with or without cause, by action of the Voting Members at any annual meeting or at a special meeting called for such purpose. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting. Any Director may resign at any time by submitting his written resignation to the Board. If a Director ceases to be an Owner or a Voting Member, he shall be deemed to have resigned as of the date of such cessation.

A successor to fill the unexpired term of a Director who resigns or is removed may be appointed by a two-thirds (2/3) majority of the remaining Directors to serve until the next meeting of the Owners or for a period terminating no later than 30 days following the filing of a petition signed by the Owners holding 20% of the votes of the Association requesting a meeting

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of the Owners to fill the vacancy for the balance of the term. Such meeting of the Owners shall be called for purposes of filling a vacancy on the Board no later than 30 days following the filing of a petition signed by the Owners holding 20% of the votes of the Association requesting such a meeting.

5.13 POWERS AND DUTIES 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, and the Illinois General Not For Profit Corporation Act, including, without limitation, the following powers and duties:

- (a) To procure insurance as provided for in the Declaration;
- (b) To engage the services of a manager or managing agent to assist the Association in performing and providing such services as the Association is required to provide to its members under the Declaration;
- (c) To provide for the designation, hiring and removal of such employees and such other personnel, including attorneys and accountants, as the Board may, in its discretion, deem necessary or proper for the effective administration of the Association;
- (d) To provide for any maintenance, repair, alteration, addition, improvement or replacement of the Dwelling Unit Exterior, including snow removal, for which the Association is responsible under the Declaration and these By Laws;
- (e) To estimate and provide each Owner with an annual budget as provided for in the Declaration;
- (f) To set, give notice of, and collect assessments from the Owners as provided in the Declaration;
- (g) To pay the Common Expenses;
- (h) To adopt rules and regulations as provided in the Declaration;
- (i) To delegate the exercise of its power to committees appointed pursuant to Paragraph 7.01 of these By-Laws;
- (j) To own, convey, encumber, lease, or otherwise deal with Units or other real property conveyed to or purchased by the Association;
- (k) To keep detailed, accurate records of the receipts and expenditures affecting the use and operation of the Property;
- (l) To pay real property taxes, special assessments, and any other special taxes or charges of the State of Illinois or of any political subdivision thereof, or other lawful taxing or assessing body, which are authorized by law to be assessed and levied upon the real property;

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(m) To impose charges for late payments of an Owner's proportionate share of the Common Expenses, or any other expenses lawfully agreed upon, and after notice and an opportunity to be heard, levy reasonable fines for violation of the Declaration, By-Laws, and rules and regulations of the Association;

(n) To assign the Association's right to future income, including the right to receive assessments;

(o) To record the granting of an easement for the laying of cable television cable where authorized by the Unit Owners under the provisions of the Declaration; and

(p) To carry out the terms of the Astor Place Declaration for Monument and Detention Pond Maintenance and landscaping and, including, but not limited to promptly paying and completing all obligations of the Association thereunder.

ARTICLE VI OFFICERS

6.01 OFFICERS. The officers of the Association shall be a President, one or more Vice Presidents, a Secretary, a Treasurer, and such assistants to such officers as the Board may deem appropriate. All officers shall be elected at each annual meeting of the Board and shall hold office at the discretion of the Board. Officers may succeed themselves in office. The President, Vice President, Secretary and Treasurer shall be Directors and all other officers may, but need not be, Directors.

6.02 VACANCY OF OFFICE. Any officer may be removed at any meeting of the Board by the affirmative vote of the majority of the Directors in office, either with or without cause, and any vacancy in any office may be filled by the Board at any meeting thereof.

6.03 POWERS OF OFFICERS. The respective officers of the Association shall have such powers and duties as are from time to time prescribed by the Board and as are usually vested in such officers of an Illinois Not For Profit Corporation including without limitation, the following:

(a) The President shall be the Chief Executive Officer of the Association and shall preside at all meetings of the Owners and at all meetings of the Board and shall execute amendments to the Declaration and these By-Laws.

(b) The Vice President shall, in the absence or the disability of the President, perform the duties and exercise the powers of such office, and other duties assigned by the Board. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to act in the capacity of President on an interim basis;

(c) The Secretary shall keep minutes of all meetings of the Owners and of the Board and shall have custody of the Association Seal and have charge of such other books, papers and documents as the Board may prescribe, and shall be responsible for giving and

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receiving all notices to be given to or by the Association under the Declaration or these By-Laws; and

(d) The Treasurer shall be responsible for Association funds and securities and for keeping full and accurate accounts of all receipts and disbursements in the Association books of accounts kept for such purpose. The Treasurer shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board.

6.04 OFFICERS' COMPENSATION. The officers shall receive no compensation for their services except as expressly provided by a resolution duly adopted by the Voting Members.

ARTICLE VII COMMITTEES DESIGNATED BY BOARD

7.01 BOARD COMMITTEES. The Board, by resolution adopted by a majority of the Directors in office, may designate one or more committees, each of which shall consist of two or more Directors, which committees, to the extent consistent with law and as provided in said resolution, shall have and exercise the authority of the Board in the management of the Association; but the designation of such committees and delegation thereto of authority shall not operate to relieve the Board, or any individual Director, of any responsibility imposed upon it or him by law.

7.02 SPECIAL COMMITTEES. Other committees not having and exercising the authority of the Board in the management of the Association may be designated 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 Owners and the President of the Association shall appoint the members thereof. Any member thereof may be removed by the person or persons authorized to appoint such member whenever in their judgment the best interests of the Association shall be served by such removal.

7.03 TERM. Each member of a committee shall continue as such until the next annual meeting of the Board and until his successor is appointed, unless the committee shall be sooner terminated, or unless such member shall be removed from such committee, or unless such member shall cease to qualify as a member thereof.

7.04 CHAIRMAN. One member of each committee shall be appointed chairman.

7.05 VACANCIES. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

7.06 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.

7.07 RULES. Each committee may adopt rules for its own government not inconsistent with the Declaration, these By-Laws or with rules adopted by the Board.

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ARTICLE VIII INSTRUMENTS, CHECKS, DEPOSITS AND FUNDS

8.01 EXECUTION OF INSTRUMENTS. The Board may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by these By-Laws, to enter into any contract or execute and deliver any instrument (including amendments to the Declaration or these By-Laws which must be executed by the Association) in the name of and on behalf of the Association and such authority may be general or confined to specific instances. In the absence of any such authorization by the Board, any such contract or instrument shall be executed by the President or a Vice President and attested to by the Secretary or an Assistant Secretary of the Association.

8.02 PAYMENTS. All checks, drafts, vouchers or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association, and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board such instruments shall be signed by the Treasurer or an Assistant Treasurer and countersigned by the President or a Vice President of the Association.

8.03 BANK ACCOUNTS. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositaries as the Board shall elect.

8.04 SPECIAL RECEIPTS. The Board may accept on behalf of the Association any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Association.

ARTICLE IX FISCAL MANAGEMENT

9.01 FISCAL YEAR. The fiscal year of the Association shall be determined by the Board and may be changed from time to time, as the Board deems advisable.

9.02 ANNUAL STATEMENT. Within a reasonable time after the close of each fiscal year the Board shall furnish each Owner with an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the Annual Assessment budget, and showing the net excess or deficit of income over expenditures plus reserves.

9.03 ASSESSMENT PROCEDURE.

(a) Annual assessments, special assessments and Master Association assessments shall be made and collected as provided in Article VII of the Declaration, and the provisions of Article VII are incorporated herein by reference.

(b) If an adopted budget requires assessment against the Owners in any fiscal year exceeding 115% of the assessments for the preceding year, the Board, upon written petition by

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Owners with 20% of the votes of the Association filed within 14 days of the Board action, shall call a meeting of the Owners within 30 days of the date of filing of the petition to consider the budget. Unless a majority of the votes of the Owners are cast at the meeting to reject the budget, it is ratified, whether or not a quorum is present. In determining whether assessments exceed 115% of similar assessments in prior years, any authorized provisions for reasonable reserves for repair or replacement of the Property, and anticipated expenses by the Association which are not anticipated to be incurred on a regular or annual basis, shall be excluded from the computation.

9.04 NO FORBEARANCE ON ASSESSMENT PAYMENT. Neither the Association nor the Board shall have authority to forbear the payment of assessments by any Owner.

**ARTICLE X
BOOKS AND RECORDS**

The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, the Board, and committees having any of the authority of the Board, and shall keep at the registered or principal office of the Association a record giving the names and addresses of the members. All books and records of the Association may be inspected by any Owner, or his agent, mortgagee or attorney, for any proper purpose at any reasonable time.

**ARTICLE XI
SEAL**

The Board may provide for a corporate seal which shall be in the form of a circle and shall have inscribed thereon the names of the Association and the words "Corporate Seal, Illinois."

**ARTICLE XII
AMENDMENTS**

These By-Laws may be amended or modified at any time, or from time to time in the same manner as provided in Section 6 of Article X of the Declaration; provided, that no provision of these By-Laws may be amended or modified so as to conflict with the provisions of the Declaration. These By-Laws may also be amended by the Declarant for the purposes and by the procedure set forth in Section 7 of Article X of the Declaration. No amendment to these By-Laws shall become effective until Recorded.