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MONTY BOATRIGHT
ATTORNEY AT LAW
4653 N. MILWAUKEE
Chicago, IL 60630



Doc#: 0500334074
Eugene "Gene" Moore Fee: \$78.00
Cook County Recorder of Deeds
Date: 01/03/2005 11:57 AM Pg: 1 of 28

(This Space for Recorder's Use Only)

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR PINE FALLS ESTATES TOWNHOME HOMEOWNERS' ASSOCIATION

THIS DECLARATION dated the 23 day of December, 2004, Pine Falls Estates, Inc.
("Declarant").

P R E A M B L E :

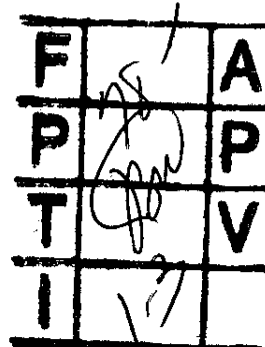
WHEREAS, Declarant owns fee simple title to a certain parcel of real estate in the
County of Cook, State of Illinois, legally described in Exhibit "A" attached hereto and made a
part hereof (the "Property"); and

WHEREAS, Declarant desires to subject the Property to the covenants, conditions,
restrictions and easements hereinafter set forth for the benefit of each present and future owner
thereof during the term of this Declaration; and

WHEREAS, the Property is being developed as a residential townhome development,
and this Declaration is for the benefit of the Property and for any and all subsequent owners
thereof, and shall inure to the benefit of and pass with the Property and each portion thereof,
and shall apply to and bind the successors in interest, and any owner thereof.

NOW, THEREFORE, to further the general purposes herein expressed, Declarant for
itself, and its successors and assigns, hereby declares that the Property at all time is and shall
be held, transferred, sold, conveyed and occupied subject to the covenants, conditions,
restrictions and easements as set forth in this Declaration.

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ARTICLE I DEFINITIONS

- 1.1 **"Affiliate of Developer"** shall mean any subsidiary or parent (on any level) of, or other entity controlled by or in common control with, Developer.
- 1.2 Intentionally left blank.
- 1.3 **"Annual Meeting"** shall mean and refer to the yearly meeting of all Owners held for the purpose of electing directors.
- 1.4 **"Association"** shall mean and refer to the Pine Falls Estates Townhome Homeowners' Association, an Illinois not-for-profit corporation and its successors and assigns.
- 1.5 **"Board"** shall mean and refer to the Board of Directors of the Association.
- 1.6 Intentionally left blank.
- 1.7 **"By-Laws"** shall mean those by-laws which govern the Association, in the form and containing the provisions as contained in Exhibit B attached hereto and incorporated herein by reference, and as may be amended from time to time hereafter.
- 1.8 **"Common Area"** shall mean all real and personal property and fixtures to be maintained by the Association for the common use and benefit of the Owners, and shall include, without limitation, as hereinafter provided and as provided by the terms of the Declaration of Covenants, Conditions, Restrictions and Easements, including but not limited to roofs and common shared areas as well as sidewalks and open space.
- 1.9 **"Declarant"** shall mean and refer to Pine Falls Estates, Inc., and Declarant's successors and assigns. Any such successor or assignee shall be deemed a Declarant and entitled to exercise all or any rights of Declarant provided herein if designated as such by Declarant in any instrument recorded by Declarant for such purposes as provided in Section 9.10.
- 1.10 Intentionally left blank.
- 1.11 **"Developer"** shall mean Pine Falls Estates, Inc.
- 1.12 **"Development"** shall mean the Pine Falls Estates Development.
- 1.13 **"Improvement"** or **"Improvements"** shall mean and include, but shall not be limited to, Townhomes, any and all exterior alterations or additions thereto, any and all buildings, garage buildings, bike and walking paths, parking lots, streets, islands, cul de sacs, boulevards, driveways, retaining walls, decks, patios, hedges, sidewalks, mailboxes, planted trees, shrubs and all other structures or landscaping improvements of every kind and description, including any changes in grade or slope.
- 1.14 **"Island"** shall mean the landscaped area within any street, lane, cul de sac or boulevard.

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- 1.15 Intentionally left blank.
- 1.16 **"Lot"** shall mean each of Lots known as Lot 1, Lot 2 and Lot 3 as established pursuant to the Subdivision Plat and the Surveys and the Survey's Legal descriptions attached hereto. Lot 1 is also be known as Unit A, Lot 2 is also known as Unit B, and Lot 3 is also known as Unit C.
- 1.17 **"Garage Spaces"** shall mean the established garages more specifically defined in Article II section 2.7 and the Surveys and their legal descriptions attached hereto.
- 1.18 **"Member"** or **"Members"** shall mean and refer to every Person or Persons who holds membership in the Association by virtue of being an Owner in the Pine Falls Estates Townhome Development.
- 1.19 **"Mortgage"** shall mean either a mortgage or deed of trust creating a lien against a Townhome given to secure an obligation of the Owner of such Townhome.
- 1.20 **"Municipality"** shall mean the City of Palos Hills, State of Illinois.
- 1.21 **"Occupant"** shall mean any person who resides in a Townhome either as a full-time resident or owner.
- 1.22 **"Open Space Areas"** shall mean and refer to those areas, if any, designated as Open Spaces on the Subdivision Plat.
- 1.23 **"Owner"** shall mean and refer to the record owner, whether one or more Persons, of fee simple title to any Townhome or Lot, but excluding any Person having an interest in a Townhome or Lot merely as security for the performance of an obligation. An "Owner" shall include a purchaser of a Townhome from a seller, other than the Developer, pursuant to an installment contract for purchase during such times as such purchaser resides in the Townhome.
- 1.24 **"Party Wall"** shall mean the wall which straddles the boundary line between Townhomes and which stands partly on one Townhome Lot and partly on another.
- 1.25 **"Person"** or **"Persons"** shall mean all natural individuals, corporations, partnerships, trustees or other legal entities capable of holding title to real property.
- 1.26 **"Pond"** shall mean and refer to those areas designated as Ponds on the Subdivision Plat.
- 1.27 **"Property"** shall mean and refer to the real estate legally described in "Exhibit A" attached hereto and made part hereof.
- 1.28 **"Recorder"** shall mean the Office of Recorder of Deeds, Cook County, Illinois.
- 1.29 **"Townhouse or Townhome"** A residential single family unit located on the Property designed and intended for independent residential use and such other uses permitted hereunder. Each Townhouse shall consist of a residential housing unit designed or

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intended for use as living quarters for a single family as constructed by Developer and the land on which such unit is located.

- 1.30 **"Turnover Date"** shall mean and refer to the date on which authority to elect the Board of Directors passes to the Members.
- 1.31 **"Wetland"** shall mean and refer to those areas designated as Wetland on the Subdivision Plat.

ARTICLE II GENERAL RESTRICTIONS

- 2.1 All Townhomes shall be used exclusively for single-family dwellings.
- 2.2 No clothes, sheets, blankets, laundry or articles of any kind shall be hung or exposed on any part of the Property. Each Owner shall (i) maintain his Lot and all Improvements located thereon in a clean, sightly and safe condition, (ii) cause the prompt removal of all papers, debris and refuse therefrom, and (iii) comply with all applicable governmental codes, laws, ordinances, orders, decrees, rules and regulations. There shall be no obstruction of the Common Areas nor shall anything be stored on the Common Areas without prior consent of the Board.
- 2.3 All Improvements shall be constructed in accordance with the Plans and Specifications approved in accordance with the terms and conditions in Article III and in accordance with all applicable governmental building and zoning codes, laws, ordinances, orders, decrees, rules and regulations which the Board may from time to time adopt.
- 2.4 Except as expressly provided herein, no temporary building, trailer, mobile home, recreational vehicle, camper, boat, snowmobile, tent, shack or other similar vehicle or structure shall be located upon the Lots.
- 2.5 No Owner shall accumulate on his Lot any derelict vehicles, litter, refuse or other unsightly materials. Landscaping provided by the Developer shall be maintained by the Association. No additions, deletions, changes or modifications may be made to the landscaping provided by Developer without prior approval of the Association. No private landscaping may be added to any Lot without prior approval of the Association. Once provided by the Developer, no mailbox may be modified or substituted without prior approval of the Association. No burning of refuse or building materials will be permitted.
- 2.6 Parking in the front common area (East Side) parking lots are for visitors. Parking by residents is not allowed without prior consent of Board.
- 2.7 Intentionally left blank.
- 2.8 Communication dishes or discs with a diameter of one meter or less shall be permitted on any exterior portion of the Townhome for which the Owner has the exclusive rights, in accordance with applicable Federal regulations. To ensure the safety of residents and adjacent Townhomes, the erection of any communication antennae, communication

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dishes or discs, or similar devices shall be subject to the approval of the Association as to installation and placement.

- 2.9 Each Owner shall keep all areas of the Lots, designed or intended for the proper drainage or detention of water, including swale lines and ditches, unobstructed from debris and the Owner's personal property. No trees, plantings, shrubbery, patios, structures, landscaping treatment or other obstruction shall be planted, placed or allowed to remain in any such areas of any Lot, and no Owner shall alter the rate or direction of the flow of water from any Lot or Detention Areas by impounding water, changing grade, blocking or re-directing swales, ditches or drainage areas or otherwise. Each Owner acknowledges, by acceptance of a deed to a Lot, that any and all such drainage or Detention Areas are for the benefit of the entire Property.
- 2.10 No noxious or offensive activity shall be carried on, in or upon any Lot. No plants, seeds, or other things harboring infectious plant diseases or noxious insect shall be introduced or maintained on any Lot.
- 2.11 No aboveground swimming pools, fences, dog kennels, sheds or outbuildings shall be maintained on any Lot.
- 2.12 No billboards or any advertising signs shall be erected, placed, permitted or maintained on any Lot or Improvement except "For Sale" signs of the type and size as the Board may prescribe which shall be removed upon execution of contract of sale. No "For Sale" sign may be displayed by any owner or their agent until all units have been sold by the Developer.
- 2.13 No animals, livestock, fowl or poultry of any kind shall be raised, bred, or kept in any Townhome or anywhere on the Property, except that dogs, cats, or other household pets may be kept in Townhouses; provided, they are not kept, bred or maintained for any commercial purpose and provided such pets shall not be permitted to disturb the peaceful use and enjoyment of other Townhomes by Owners and Occupants in the Development.

ARTICLE III ARCHITECTURAL CONTROLS

- 3.1 All walls which serve two or more Townhomes shall at all times be considered Party Walls and each of the Owners of the Townhomes upon which any such Party Wall shall stand shall have the right to use such Party Wall below and above the surface of the ground and along the whole length or any part of the length thereof for the support of said Townhome and for the support of any building constructed to replace the same and shall have the right to maintain in or on said wall any pipes, ducts or conduits originally located therein or thereon, subject to the restrictions hereinafter contained. No Owner of any Townhome shall have the right to extend said Party Wall in any manner, either in length, height or thickness.
- 3.2 Except for any construction instituted, or improvement undertaken, by Developer, no Improvements, whether original or replacement, temporary or permanent, shall be constructed placed or permitted on the exterior of any Townhome or on any Lot without

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the prior written approval of the Association. All Improvements allowed shall be in compliance with all codes, laws, and ordinances of the Municipality, whether constructed by Developer or other persons.

ARTICLE IV ASSESSMENTS

- 4.1 Each Owner(except for the Developer), by taking title to a Townhome, shall be deemed to have covenanted and agreed to pay to the Association (whether or not incorporated) monthly assessments or charges and special assessments for expenses related to the costs of the Association hereunder, including reserves, to be collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a lien on the Townhome against which each such assessment is made and each such assessment, together with such interest, costs and reasonable attorney's fees, shall be the personal obligation of the person who was the Owner of such Townhome Lot at the time when the assessment fell due. The Developer shall not be liable for the payment of assessments hereunder, and portions of the Property owned by the Developer or Declarant shall not be subject to liens hereunder; provided, however, that the Developer shall pay the actual costs incurred by the Association attributable to the maintenance and repair of those portions of the Property owned by the Developer.
- 4.2 Commencing with the initial sale, the Developer shall collect from each sale, an amount equal to two (2) months' assessments to be used to fund Association reserves.
- 4.3 The assessments levied by the Association shall be used for charges required or permitted by this Declaration and for the cost of those items that the Board shall determine to be necessary or desirable to meet the purpose of the Association.
- 4.4 Each year, on or about the first day of December, the Board shall adopt an annual budget. Each Owner shall receive a copy of such annual budget at least thirty (30) days prior to the date on which the Board adopts such annual Budget. The annual budget shall contain an estimate of the total amount of expenses necessary for the Association to perform its duties and otherwise operate hereunder during the ensuing calendar year (January 1 - December 31), and shall, on or before December 1, notify each Owner in writing of the amount of such estimate ("Estimated Cash Requirement"). The Estimated Cash Requirement shall be assessed equally against each Townhome, including Townhomes owned by Developer. On or before January 1 of the ensuing fiscal year, each Owner shall be obligated to pay to the Board, or as the Board may direct, the annual assessment made pursuant to this Section 5.3. The Board shall furnish an annual itemized accounting of the collections and expenses for the preceding fiscal year, and show the excess over or deficit of the actual expenditures. The Board shall, within ten (10) days of demand by any Owner, furnish a certificate in writing signed by an officer or agent of the Association, setting forth whether the assessments on a specified Townhome have been paid. Such certificates shall be conclusive evidence of payment or non-payment of any assessment thereon.
- 4.5 The Board may, at any time, levy a special assessment, which shall be assessed equally among the Townhomes. The Board shall serve notice of any such special

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assessment on all such Owners by a statement in writing giving the amount and reasons therefor, and such special assessment shall become effective and fully payable thirty (30) days after the delivery or mailing of any notice of assessment.

- 4.6 Assessments for additions or alterations to the Common Areas or to Association owned property not included in the adopted annual budget, shall be separately assessed and are subject to approval of seventy-five percent (75%) of the total votes of all Owners, provided that such expenditure will not be subject to Owner approval if such expenditure is relating to emergencies or expenditures mandated by law.
- 4.7 The failure or delay of the Board to prepare or serve the Estimated Cash Requirement on any Owner shall not constitute a waiver or release in any manner of any Owner's obligation to pay his share of the Estimated Cash Requirement as herein provided, as and when the Estimated Cash Requirement shall be determined, and, in the absence of the preparation of the Estimated Cash Requirement, the Owner shall continue to pay his share of such Estimated Cash Requirement at the then existing annual rate established for the previous calendar year, subject to adjustment at such time as the Estimated Cash Requirement has been prepared and the Owner has been notified thereof. Each Owner shall pay to the Board, or as the Board may direct, the Owner's share of any such adjustment to the Estimated Cash Requirement with respect to any current calendar year. Such payment shall become fully payable within thirty (30) days after the delivery or mailing of any notice of such adjustment.
- 4.8 The Board shall maintain the following records of the Association available for examination and copying at convenient hours of weekdays by any Owners subject to the authority of the Board or their mortgagees and their duly authorized agents or attorneys:
- (a) Copies of the recorded Declaration, other Association instruments, other duly recorded covenants and By-Laws and any Amendments, Articles of Incorporation of the Association, annual reports and any rules and regulations adopted by the Board.
 - (b) Detailed accurate records, in chronological order, of the receipts and expenditures affecting the Common Areas, specifying and itemizing the maintenance and repair expenses of the Common Areas, and any other expenses incurred, and copies of all contracts, leases, or other agreements entered into by the Association.
 - (c) The minutes of all meetings of the Association and the Board shall be maintained. The Association shall maintain these minutes for a period of not less than seven (7) years.
 - (d) Ballots, if any, for any election held for the Board, and for any other matters voted on by the Unit Owners shall be maintained for a period of not less than one (1) year.
 - (e) Such other records of the Association as are available for inspection by members of a not-for-profit corporation pursuant to Section 107.75 of the General Not-For-Profit Corporation Act of 1986.

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The Board shall have the right to charge the requesting Owner a reasonable fee to compensate the Board or the Association for any reasonable costs incurred by the Board or the Association to assemble the documents and to otherwise comply with the Owner's request.

- 4.9 Any assessments or other charges which are not paid when due, shall be delinquent. If the assessments or other charges are not paid on the due date, the assessment or such charge shall bear interest from and after the due date at the rate of 18% per annum, plus a late fee equal to the reasonable amount set by the Board for any assessments or other charges that are more than thirty (30) days past due. The Association may bring an action at law against the Owner personally for collection of all sums due by the Owner and/or foreclose the lien against the Owner's Townhome or Lot, and interest, costs and reasonable attorney's fees incurred in any such action shall be added to the amount of any such overdue assessment. To the fullest extent permitted by law, any court shall be authorized to restrain the defaulting Owner from re-acquiring his interest at such foreclosure/sale. No right or action shall accrue or be brought by anyone against Developer or the Association for or on account of delay or failure to bring any action on account of any breach by Owner hereunder.
- 4.10 The lien of assessments provided for herein shall be subordinate to the lien of any first Mortgage now or hereafter placed on any of the Townhomes or Lots. 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 such lien for assessment authorized by this Declaration so long as any such lien shall have arisen prior to the date of recording of any such deed but after recording of the Mortgage.

ARTICLE V MAINTENANCE

- 5.1 Each Owner shall furnish and be responsible, at his own expense, for all of the maintenance, snow and ice removal, repairs and replacements for his Townhouse and shall keep his Townhouse in good condition and repair. This obligation shall include the maintenance, repairs and replacements of all exterior surfaces of a Townhouse, including windows, doors, chimneys and any other Improvements located on the Townhouse owned by an Owner. An exception to the foregoing includes the upkeep and maintenance of all Decks to each Townhome which will be the responsibility of the Association subject to any amendments made by the Association pursuant to this Declaration. In addition, it shall be the responsibility of the Association to maintain the yard behind each Townhome by mowing, cutting and planting grass in a proper and slightly manner. Each owner will allow the Association access to all areas including the rear of their Townhomes to perform any and all maintenance and upkeep. In the event any Townhouse is damaged or destroyed, the Owner shall replace, repair and/or restore the Townhouse to substantially the same condition and appearance as existed prior to such damage or destruction.
- 5.2 To the extent not inconsistent with the provisions of this Section 5.2, the general rules of law regarding party walls and of liability for property damage due to negligent or willful acts or omissions shall apply to all party walls and other shared facilities such as roofs. The cost of reasonable repair and maintenance of a party wall or shared facility shall be

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shared by the owners who make use of the party wall or shared facility in proportion to such use. If a party wall or shared facility is destroyed or damaged by fire or other casualty any Owner who has used the party wall or shared facility may restore it, and if the other Owner thereafter makes use of the party wall or shared facility, the other owner shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of the Owner who restores such party wall or shared facility to call for a larger contribution from the other Owner under any rule of law regarding liability for negligent or willful acts or omissions. An Owner who, by his negligent or willful act, causes any party wall to be exposed to the elements, or any roof or ancillary structure to be damaged shall bear the entire cost of repair and restoration and of furnishing the necessary protection against such elements. The right of any Owner to contribution from any other Owner under this Section 5.2 shall be appurtenant to and run with the Townhouse owned by the Owner entitled to contribution and shall pass to the successors in title of such Owner entitled to such contribution. If either party sharing said party wall shall neglect or refuse to pay his share as aforesaid, the other party may have the party wall repaired or rebuilt and, in addition to any other remedy available to him by law, shall be entitled to have a mechanic's lien on the premises of the party so failing to pay in the amount of such defaulting party's share of the repair or rebuilding cost. Any repairing or rebuilding done hereunder shall be performed timely and in a good and workmanlike manner, and to the extent possible, accomplished without interruption to the normal usages of the Townhomes which share said party wall.

- 5.3 If, in the opinion of the Association, it becomes necessary to replace or repair the roofs of the townhomes or decks (other than as a result of damage or destruction from a casualty or similar occurrence), then the Association shall be responsible for such replacement. The Association shall, upon an appropriate vote of the Board and membership of the Association, levy such special assessments or allocate capital reserves for the purpose of such roof and deck repair or replacement. In addition to the above, the Association shall repair, replace and maintain Common Areas and Common Facilities with all rights and duties so granted in this Section 5.3.

Article VI **INSURANCE**

- 6.1 The Board shall have the authority to, and shall obtain, insurance for the property as follows:
- (a) Insurance on the Property, including all Common Areas, against loss or damage by fire and against loss or damage by risks now or hereafter embraced by standard extended coverage and vandalism and malicious mischief endorsements, in an amount sufficient to prevent the insured from being a co-insurer within the terms of the applicable policies, but in any event, in an amount not less than one hundred percent (100%) of the full insurable replacement cost thereof. The "full insurable replacement cost" of the Property, including the Common Areas, shall be determined by an agreed amount of insurance with the insurance carrier. The "agreed amount" shall be an amount not less than the full insurable replacement cost of the insured property as determined by an appropriate appraisal, cost analysis or other procedures acceptable to the Board

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and to the insurance carrier, and shall be updated not less frequently than once in any twelve (12) month period. The costs of any and all such appraisals, cost analyses or other procedures shall be a common expense. The insurance provided shall include coverage for the increased cost of construction due to building code requirements at the time the insurance is purchased and at each renewal date. In the event Insurance is not fully covered by the Association, each Owner shall be individually responsible for providing the insurance that is appropriate or necessary to cover the value of his/her investment, including but not limited to his or her Townhome and Limited Common Area, and improvements, betterments and additions to his/her Townhome.

- (b) Comprehensive public liability and property damage insurance against claims for personal injury or death or property damage suffered by the public or by any homeowner occurring in, on or about the Common Areas or upon, in or about the streets and passageways adjoining the Property, such public liability and property damage insurance to afford protection to such amounts as the Board shall deem desirable, but in a minimum amount of no less than \$1,000,000.
- (c) Such workmen's compensation insurance as may be necessary to comply with applicable laws.
- (d) Employer's liability insurance in such amounts as the Board shall deem desirable.
- (e) The Board shall obtain and maintain fidelity insurance for the maximum amount of coverage available to protect funds in the custody or control of the Association, plus reserve funds. The insurance shall cover officers, employers and other persons who either handle or disburse funds of the Association. Any management company who handles or is responsible for funds held or administered by the Association shall maintain and furnish a fidelity bond to the Association for the maximum amount of coverage available to protect funds in the custody of the management company at any time. The Association shall be the direct obligee of the fidelity bond. Fidelity insurance coverage shall include both a fidelity bond and directors' and officers' liability coverage. The amount of the directors' and officers' liability coverage shall be procured for amounts deemed reasonable by the Board. Directors' and officers' liability coverage must extend to all contracts and other actions taken by the Board in their official capacity as directors and officers, but this coverage shall exclude actions for which the directors are not entitled to indemnification under the General Not-For-Profit Corporation Act of 1986, or these Declaration and By-Laws.
- (f) Such other insurance in such reasonable amounts as the Board shall deem desirable.

The premiums for the above described insurance shall be a Common Expense.

- 6.2 Each Owner shall be responsible for his own insurance on his Townhome, Limited Common Areas, and the contents of each Townhome and furnishings and personal property therein, and his personal property stored elsewhere on the Property, and his personal liability to the extent not covered by the policies of liability insurance obtained

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by the Board for the benefit of all the Owners as part of the Common Expenses as above provided. An Owner shall be liable for any claim, damage or judgment entered as a result of the use or operation of his or her Townhome, or caused by his or her conduct or the conduct of his or her tenants, guests, household pets or invitees.

ARTICLE VII Easements

- 7.1 Members of the Association own and possess their Lots and take such ownership and possession rights subject to easements created in the Declaration of Covenants, Conditions, Restrictions and Easements.
- 7.2 Developer and Association and any of their respective agents, employees and independent contractors shall have the right to enter upon Detention or Open Space Areas and any Lot to the extent reasonably necessary for the purpose of maintaining, repairing and replacing Detention or Open Space Areas, and any improvements in, on, under or upon Detention or Open Space Areas as herein provided, or for performing any of their perspective obligations herein provided. This includes the Associations responsibility to maintain the Decks and rear areas of each Townhome. In any such case, Developer and Association or any of their respective agents, employees or independent contractors shall not be guilty of any trespass and shall not unreasonably interfere with the residential use of any Lot.
- 7.3 Developer and the Association hereby reserve the right to grant easements for ingress, egress, installation, construction, reconstruction, maintenance, repair, operation and inspection of utility services over, under across, and through Detention or Open Space Areas as they deem necessary or desirable in order to effectuate the intent of this Declaration; provided such easements are first approved by the Municipality.
- 7.4 Developer and the Association hereby reserve the right to retain reasonable easements on any Lot for the purpose of placing signs thereon (including related improvements and landscaping) identifying the Pine Falls Estates Development. All such signs must comply with the applicable codes and ordinances of the Municipality.
- 7.5 In the event that, by reason of construction, settlement or shifting any Townhome which is not owned by the Owner of said Townhome so encroaching, or said encroachment occurs upon any portion of the Common Area, or if by reason of the design or construction thereof, any pipes, conduits, ducts or other utility facilities serving more than one Townhome encroach or shall hereinafter encroach upon any part of any Townhome or, if by reason of the design or the construction of any Townhome it shall be necessary or advantageous for any Owner to occupy or use any portion of the Common Area for any reasonable use appurtenant to said Townhome, valid easements for the maintenance of such encroachment and for such use of the Common Area are hereby established and shall exist for the benefit of the Owner of the Townhome so encroaching; provided, however, that in no event shall a valid easement for any encroachment or use of the Common Area be created in favor of any owner if such encroachment or use is detrimental to or materially interferes with the reasonable use

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and enjoyment of the Townhome or Common Area burdened thereby or such encroachment results from the willful conduct of the Owner of the Townhome so encroaching.

- 7.6 The City of Palos Hills, SBC, Commonwealth Edison Company, Peoples Energy, and all other public utilities serving the Property (including any utility company providing cable, microwave or other satellite television service) and their respective successors and assigns are hereby granted the right to lay, construct, renew, operate and maintain conduits, cables, pipes, mains, sanitary and storm sewers and services, drainage ways and sewages, ducts, wires, street lights and other equipment into and through the Common Area or other areas of the Property designated on the grant of easement made pursuant to this Declaration for the purpose of providing the Townhomes with such utilities.
- 7.7 Each Owner of a Townhome is hereby granted a perpetual non-exclusive easement for pedestrian and vehicular access, ingress and egress over and across Common Areas, including but not limited to front and side of each Townhome. The easements shall benefit the Owners and other occupants, from time to time, of the Townhomes and their respective tenants, guests and invitees. The Association, through its Board, shall have the right to establish, and thereafter amend and modify, rules and regulations in respect to the exercise of the easement rights granted.
- 7.8 The Property shall be subject to those additional easements as set forth on the Subdivision Plat.
- 7.9 Owners have the right to go upon the Townhome of another to make repairs or maintain their Townhomes; provided that the Owners must provide at least forty-eight (48) hours' notice to the Owner of the adjacent Townhome.
- 7.10 All easements described in this Declaration are perpetual non-exclusive easements appurtenant, running with the land. They shall at all times inure to the benefit of and be binding on the Developer, the Owners, the entities referenced herein and the mortgagees from time to time of any Townhome and their respective heirs, administrators, executors, personal representative, successors and assigns.

ARTICLE VIII **GENERAL PROVISIONS**

- 8.1 The covenants and restrictions of this Declaration shall run with the land, and bind the Owners and shall inure to the benefit of and be enforceable by the Board, or the Owner of any Lot subject to this Declaration, or the Municipality, and their respective legal representatives, heirs, successors, and assigns, for a term of one hundred (100) years from the date this Declaration is recorded in the Office of the Recorder of Deeds of Cook County, Illinois, after which time said covenants shall be automatically extended for successive periods of ten (10) years, subject to amendment as hereinabove provided.
- 8.2 If and to the extent that any of the covenants would otherwise be unlawful or void for violation of (a) the rule against perpetuities, (b) the rule restricting restraints on

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alienation, or (c) any other applicable statute or common law rule analogous thereto, or otherwise imposing limitations upon the time during which such covenants may be valid, then said covenant shall continue and endure only until the expiration of twenty one (21) years after the death of the last to survive of the class of persons consisting of all of the lawful descendants of Rod Blagojevich, Governor of the State of Illinois, who are living at the date of this Declaration.

- 8.3 Each grantee of Developer by taking title to a Lot, and each purchaser under any contract for a deed of conveyance pursuant to which said grantee will take title, accepts said title 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. All impositions and obligations hereby imposed shall be deemed and taken to be covenants running with the land, shall bind any person at any time, any interest or estate in said 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 8.3 or described in any other part of this Declaration shall be sufficient to create and reserve such rights to the respective grantees, mortgages and trustees of such Lot as fully and completely as though such rights were recited fully and set forth in their entirety in any such documents.
- 8.4 After the Turnover Date and subject to the provisions of Section 9.7 and this Section 8.4, the Owners may revoke, modify, amend or supplement in whole or in part, any or all of the covenants, obligations and conditions contained in this Declaration. Any such revocation, modification, amendment or supplement may be made effective at any time if the Owners of at least three-fifths (3/5) of the Lots and Developer consent thereto, the consent of Declarant being required so long as Developer owns any Lots. Any such revocations, modifications, amendments or supplements 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 with the Recorder. No revocations, modifications, amendments or supplements to this Declaration may be made without the consent of the corporate authorities of the Municipality, by resolution duly adopted, unless such revocations, modifications, amendments or supplements (1) are technical in nature or (2) does not diminish the rights of the Municipality or the obligations of the Owners hereunder with respect to the Municipality, including without limitation, as may be set forth in the Subdivision Agreement. In the event that revocations, modifications, amendments or supplements not requiring the consent of the Municipality is effected, a copy thereof shall promptly be delivered to the Municipality.
- 8.5 Declarant hereby reserves the right and power to record amendments to this Declaration at any time and from time to time, in its reasonable discretion, so long as such amendment will not materially alter the scheme of the Declaration. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to Declarant to vote in favor of, make, or consent to an Amendment on behalf of each Owner as proxy or attorney-in-fact, as the case may be. Said power shall be irrevocable. Each deed, mortgage, trust deed other evidence of obligation or other instrument affecting a Lot and the acceptance thereof shall be deemed to be a grant and acknowledgement of,

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- and a consent to the reservation of, the power of the Declarant to make, execute and record such Amendments. No revocations, modifications, amendments or supplements may be made without the consent of the corporate authorities of the Municipality, by resolution duly adopted, unless such revocations, modifications, amendments or supplements (1) are technical in nature or (2) do not diminish the rights of the Municipality or the obligations of the Owners hereunder with respect to the Municipality.
- 8.6 The provisions of this Declaration shall be liberally construed to effectuate the purpose of creating a uniform plan for development for the Property.
- 8.7 In the event title to any Lot is conveyed to a title holding trust, under the terms of which all power of management, operation and control of the Lot remain vested in the trust beneficiary(ies), then the beneficiary(ies) hereunder from time to time shall be personally responsible for payment of all obligations, liens or indebtedness and for the performance of all agreements, covenants, obligations and undertakings chargeable or created under this Declaration against any such Lot. No claim shall be made against any such title holding trustee personally for payment for any lien or obligation hereunder created. The amount of such lien or obligation shall continue to be a charge or lien upon said Lot and the beneficiary(ies) of such trust, notwithstanding any transfers of the beneficial interest of any trust or any transfers of title to any such Lot.
- 8.8 All 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. The singular shall include the plural wherever the Declaration so requires, and the masculine, the feminine and neuter and visa versa.
- 8.9 If a court of competent jurisdiction shall hold invalid or unenforceable any part of this Declaration, such holding shall not impair, invalidate or otherwise affect the remainder of this Declaration, which shall remain in full force and effect.
- 8.10 Notwithstanding anything herein to the contrary, Declarant hereby reserves the right to transfer, assign, mortgage or pledge any and all of its privileges, rights, title and interests hereunder or in the Property by means of recording an assignment of such with the Recorder. At such time as legal title to all of the Lots has been conveyed by Declarant, other than to an Affiliate of Declarant, Declarant shall assign to the Association all of Declarant's privileges, rights and interest hereunder pursuant to an assignment recorded with the Recorder.
- 8.11 Title to the Common Area shall be held initially by the Declarant. Until all Townhouses have been sold by the Declarant, or sooner at the option of the Declarant, the Declarant shall retain such title to the Common Area. At such time as all the Townhouses are sold, or sooner at the option of the Declarant, title to the Common Area be transferred by the Declarant to the Association by Declarant's quitclaim deed and other appropriate documentation.
- 8.12 Any notice required or permitted to be given under this Declaration and the By-Laws shall be in writing. Any notice hereunder may be served either by prepaid United States mail or by delivery in person; provided, however, that notice to the Developer, the Association or the Board may only be served by mail. Any such notice served by mail shall be addressed or delivered as follows:

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- (a) if to an Owner, to the person or persons and addressed as reflected as such Owner on the Books of Developer or the Association;
- (b) if to any devisee or personal representative of a deceased or incompetent Owner, to such devisee or personal representative at the address of such Owner, as reflected on the books of the Association or to the address of such devisee or personal representative set forth in the records of the court in which the estate of such deceased or incompetent Owner is being administered;

- (c) if to the Association:

Pine Falls Estates, Inc.
 Attn: Monty Boatright,
 Attorney at Law
 4653 N. Milwaukee
 Chicago, IL 60630
 Or any new location so
 Designated by the Association.

- (d) if to Declarant or Developer

Pine Falls Estates, Inc.
 Attn: Monty Boatright
 4653 N. Milwaukee
 Chicago, IL 60630

- (e) if to a mortgagee of a Townhouse, at the address provided by an Owner for such Mortgagee or as otherwise reflected on the books of the Developer or the Association.

The Declarant, Developer, the Board or the Association may designate different respective addresses by written notice of such change of address to all Owners. All Owners may designate a different address by written notice of such change of address to the Declarant, Developer, the Association and the Board. Any first mortgagee of a Townhome may designate a different address by written notice of such change of address to the Declarant, Developer, the Association and the Board. All notices shall be deemed served three (3) days after such notice was deposited in the United States mail, or on the day and at the time delivered in person.

- 8.13 Anything herein contained to the contrary notwithstanding, it is understood and agreed that Pine Falls Estates, Inc., an Illinois Corporation and Individually, shall have no obligation to see to the performance or non-performance of any of the covenants herein contained and shall not be personally liable for any action or non-action taken in violation of any of the covenants herein contained.

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ARTICLE IX REMEDIES

- 9.1 In the event of a violation by an Owner of the provisions, covenants or restrictions of this Declaration, the By-Laws, or rules or regulations of the Board, where such violation or breach may be cured or abated by affirmative action, the Board, upon not less than ten (10) days' prior written notice, shall have the right to enter upon that part of the Development where the violation or breach exists and summarily abate, remove or do whatever else may be necessary to correct such violation or breach. Any and all expenses in connection with the exercise of the right provided by this Article shall be charged to and assessed against the violating Owner.
- 9.2 If any Owner (either by his own conduct or by the conduct of any other occupant of his or her Townhome) shall violate any of the covenants or restrictions or provisions of this Declaration, the By-Laws, or the rules or regulations adopted by the Board, and such violation shall not be cured within ten (10) days after notice in writing from the Board, or shall reoccur more than once thereafter, then the Board shall have the power to issue to said defaulting Owner a ten (10) day notice in writing to terminate the rights of said defaulting Owner to continue as a Owner and to continue to occupy, use, or control his Townhome and thereupon an action may be filed by the Board against said defaulting Owner for a decree declaring the termination of said defaulting Owner's right to occupy, use or control the Townhome owned by him or her on account of said violation, and ordering that all the right, title, and interest of said defaulting Owner in the Development shall be sold (subject to the lien of any existing mortgage) a judicial sale upon such notice and other terms as the court shall determine equitable. The proceeds of any such judicial sale shall first be paid to discharge court costs, reasonable attorneys' fees and all other expenses of the proceeding and sale, and all such items shall be taxed against such defaulting Owner in the decree. Any balance of proceeds, after satisfaction of such charges and any unpaid assessments hereunder or any liens, shall be paid by the defaulting Owner. Upon the confirmation of such sale, the purchaser shall thereupon be entitled to a deed to the Townhome and to immediate possession of the Townhome sold and may apply to the court for a writ of assistance for the purpose of acquiring such possession, and it shall be a condition of any such sale, and the decree shall so provide, that the purchaser shall take the Townhome so purchased subject this Declaration
- 9.3 In addition to or in conjunction with the remedies set forth above, in the event of a violation by an Owner of this Declaration, the By-Laws, or rules and regulations of the Board, the Board or its agents shall have the right, after notice and an opportunity for hearing to levy and collect reasonable fines from members for violations of the Declaration, By-Laws and rules and regulations of the Association and/or to bring an action at law or in equity against an Owner and/or others as permitted by law including, without limitation, (i) to foreclose the lien against the Townhome, (ii) for damages, injunctive relief, or specific performance, (iii) for judgment or for the payment of money and the collection thereof, (iv) for any combination of the remedies set forth in this Article, or (v) for any other relief which the Board may deem necessary or appropriate. Any and all rights and remedies provided for in this Article may be exercised at any time

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and from time to time cumulatively or otherwise by the Board in its discretion. The failure of the Board to enforce any provisions of this Declaration, the By-Laws or rules and regulations of the Board shall in no event be deemed a waiver of the right to do so thereafter.

- 9.4 All expenses incurred by the Board in connection with the actions, proceedings or self-help in connection with the exercise of its rights and remedies under this Article or successfully defending any claims brought by Owners, including without limitation, court costs, reasonable attorneys' fees and all other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon at the highest legal contract rate of interest then permitted in Illinois until paid not to exceed eighteen percent (18%) per annum plus late fees determined by the Board, shall be charged to and assessed against the defaulting Owner, and the Association shall have a lien for all the same upon the Townhome.

IN WITNESS WHEREOF, Declarant has signed this Declaration as of the date shown on the first page.

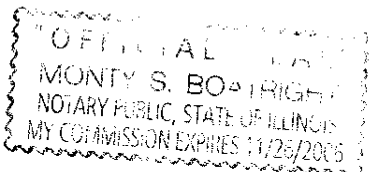
PINE FALLS ESTATES, INC. an Illinois Corporation

By: *Renata Chrobak*
Name: Renata Chrobak
Title: President

STATE OF ILLINOIS)
COUNTY OF COOK)

I, the undersigned, a Notary Public, in and for the County and State aforesaid, DO HEREBY CERTIFY, that Renata Chrobak is personally known to be to be the President of Pine Falls Estates, Inc., an Illinois Corporation, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such President, she signed and delivered the said instrument and cause the corporate seal of said corporation to be affixed thereto, pursuant to authority given by the Board of Directors of said corporation, as her free and voluntary act, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 23 day of December, 2004.



[Signature]
Notary Public

My Commission Expires: _____

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EXHIBIT A

Legal Description of Property

LOT 1 FRANKLIN DELUGACH'S 103RD STREET MANOR, BEING A SUBDIVISION OF THE SOUTHEAST ¼ OF THE SOUTHEAST ¼ OF SECTION 11, TOWNSHIP 37 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL II:

AN EASEMENT FOR INGRESS AND EGRESS ACROSS THE COMMON AREA DESCRIBED AS FOLLOWS: THE EAST 26.50 FEET OF THE NORTH 71.13 FEET, THE SOUTH 34.74 FEET OF THE NORTH 105.60 FEET AND THE EAST 26.35 FEET OF THE SOUTH 72.19 FEET OF LOT 1 AFORESAID.

P.I.N. 23-11-408-008 (UNDERLYING P.I.N.)

C/K/A 10108 S. ROBERTS ROAD, PALOS HILLS, ILLINOIS 60465

THE LEGAL DESCRIPTION OF EACH TOWNHOME IS BROKEN DOWN AND PROVIDED ON THE NEXT PAGE.

Property of Cook County Clerk's Office

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Unit 4-N

THE WEST 21.94 FEET OF THE EAST 114.18 FEET OF THE NORTH 71.13 FEET OF LOT 1 IN FRANKLIN DELUGACH'S 103RD STREET MANOR, BEING A SUBDIVISION OF THE SOUTHEAST ¼ OF THE SOUTHEAST ¼ OF SECTION 11, TOWNSHIP 37 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Unit 3-N

THE WEST 21.91 FEET OF THE EAST 92.24 FEET OF THE NORTH 71.13 FEET OF LOT 1 IN FRANKLIN DELUGACH'S 103RD STREET MANOR, BEING A SUBDIVISION OF THE SOUTHEAST ¼ OF THE SOUTHEAST ¼ OF SECTION 11, TOWNSHIP 37 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Unit 2-N

THE WEST 21.91 FEET OF THE EAST 70.33 FEET OF THE NORTH 71.13 FEET OF LOT 1 IN FRANKLIN DELUGACH'S 103RD STREET MANOR, BEING A SUBDIVISION OF THE SOUTHEAST ¼ OF THE SOUTHEAST ¼ OF SECTION 11, TOWNSHIP 37 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Unit 1-N

THE WEST 21.92 FEET OF THE EAST 48.42 FEET OF THE NORTH 71.13 FEET OF LOT 1 IN FRANKLIN DELUGACH'S 103RD STREET MANOR, BEING A SUBDIVISION OF THE SOUTHEAST ¼ OF THE SOUTHEAST ¼ OF SECTION 11, TOWNSHIP 37 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Unit 4-S

THE WEST 22.15 FEET OF THE EAST 114.51 FEET OF THE SOUTH 72.19 FEET OF LOT 1 IN FRANKLIN DELUGACH'S 103RD STREET MANOR, BEING A SUBDIVISION OF THE SOUTHEAST ¼ OF THE SOUTHEAST ¼ OF SECTION 11, TOWNSHIP 37 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Unit 3-S

THE WEST 22.14 FEET OF THE EAST 92.36 FEET OF THE SOUTH 72.19 FEET OF LOT 1 IN FRANKLIN DELUGACH'S 103RD STREET MANOR, BEING A SUBDIVISION OF THE SOUTHEAST ¼ OF THE SOUTHEAST ¼ OF SECTION 11, TOWNSHIP 37 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Unit 2-S

THE WEST 21.93 FEET OF THE EAST 70.22 FEET OF THE SOUTH 72.19 FEET OF LOT 1 IN FRANKLIN DELUGACH'S 103RD STREET MANOR, BEING A SUBDIVISION OF THE SOUTHEAST ¼ OF THE SOUTHEAST ¼ OF SECTION 11, TOWNSHIP 37 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Unit 1-S

THE WEST 48.29 FEET OF THE EAST 48.92 FEET OF THE SOUTH 72.19 FEET OF LOT 1 IN FRANKLIN DELUGACH'S 103RD STREET MANOR, BEING A SUBDIVISION OF THE SOUTHEAST ¼ OF THE SOUTHEAST ¼ OF SECTION 11, TOWNSHIP 37 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

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EXHIBIT B

THE BY-LAWS OF THE PINE FALLS ESTATES TOWNHOME HOMEOWNERS' ASSOCIATION

ARTICLE I

- 1.1 Declarant shall form an Illinois non-for-profit corporation to be known as "Pine Falls Estates Townhome Homeowners' Association", to provide for maintenance, repair and replacement of certain limited exterior elements of each Townhome as more specifically set forth herein in Article 5.1, and, in general, to maintain and promote the desired character of the Property.
- 1.2 (a) The Association shall have a Board of three (3) directors who shall be elected to a one (1) year term of office at the Association Annual Meeting. The first Board and subsequent Boards (until the Turnover Date) shall be appointed by Developer. The terms of office of the directors shall be staggered such that at the first annual meeting of the Turnover, the two directors with the highest number of votes shall serve one-year terms, with the remaining elected directors to serve a one-year term. Thereafter, each officer shall be elected for a one-year term. Any Board appointed by Developer may have less than three (3) directors; and except for directors of the Board appointed by Developer, all directors shall be Members of the Association.
- (b) The Association shall have a President, Secretary and Treasurer, whom the Board shall elect and who shall manage and conduct the affairs of the Association. Except as expressly provided otherwise by the Articles of Incorporation of the Association 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 the Board from time to time and its officers under the direction of the Board, and shall not be subject to the approval of the Members. The directors and officers of the Association shall not be liable to the Owners or any others for any mistake of judgment or any acts or omissions made in good faith as such directors or officers.
- 1.3 Developer shall appoint the Board until the first to occur of the following: (a) the date which is three (3) years from the date this Declaration is recorded with the Recorder, (b) the date the sale and conveyance of legal title to seventy five percent (75%) of the Lots to Owners, other than Developer, or an Affiliate of Developer, occurs, or (c) the date Developer elects voluntarily to turn over to Members the authority to appoint the Board, which election shall be made in writing. The date upon which the authority to elect the Board passes to the Members is hereinafter referred to as the "Turnover Date".
- 1.4 (a) Every Owner shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Townhome. Nothing herein contained shall be interpreted to exclude Developer from membership while it or any Affiliate of Developer owns one or more Lots.

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- (b) From and after the Turnover Date, each Member shall be entitled to one (1) vote for each Townhome owned by the Member on each matter submitted to a vote of Members; provided, however, that where there is more than one Owner of a single Townhome, such Co-Owners shall only be entitled to one vote.
- 1.5 The Association, through the elected Board, shall have the power and duty to:
- (a) To prepare, adopt and distribute the annual budget for the Property, which shall include reasonable reserves for capital expenditures and deferred maintenance relating to the Association's responsibility to maintain and repair certain limited exterior elements of each Townhome as more specifically set forth in Article 6.1, and to maintain and promote the desired character of the Property;
 - (b) Levy and expend assessments;
 - (c) To collect assessments from Owners on behalf of the Association;
 - (d) To adopt rules and regulations governing the use, maintenance and administration of the Lots and Townhomes and the Common Areas to the extent not inconsistent with such rules adopted by the Association, for the health, comfort, safety and general welfare of the Owners and Occupants. The Board shall further have the power, after notice and an opportunity to be heard, to levy and collect reasonable fines from Owners for violation of this Declaration or any rules and regulations adopted thereunder;
 - (e) To appoint, from the Owners, committees to serve at the discretion of the Board and with the duties and authorities as determined by the Board. Such committees shall consist of an Architectural Control Committee, Finance Committee, Social Activities Committee and any others designated by the Board from time to time;
 - (f) Employ a manager or other persons and contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association;
 - (g) Provide for the maintenance, repair and replacement of certain limited exterior elements of all Townhomes as more specifically set forth herein in Article 6.1;
 - (h) To enter into contracts on behalf of, and to purchase and service in the name of the Association, any material supplies, insurance (including directors' and officers' liability insurance), equipment, fixtures, labor, services (including accountants and attorneys), required by the terms of this Declaration or the By-Laws of the Association, or which in its reasonable opinion shall be necessary or proper for the operation or protection of the Association or its members and the enforcement of the provisions of this Declaration;
 - (i) To enter upon, and have its contractors, subcontractors and agents enter upon, any Lot or Townhome as may be needed to exercise all of the rights and obligations granted to or imposed upon it pursuant to this Declaration or to correct any condition that in the Board's judgment is a nuisance or is damaging to the Common Areas, Improvements or any Owner or occupant;

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- (j) To enter into contracts, maintain one or more bank or investment accounts (granting authority as the Board shall desire to one or more persons to draw upon such account), and generally, to have all the powers necessary and incidental to the operation and management of the Association;
 - (k) To borrow money in the name of the Association to provide for the maintenance, repair and replacement of the portions of any Townhome or Lot required herein. The Board shall have the power to secure such borrowings by pledging and granting a security interest in the assessments due the Association hereunder; and
 - (l) Exercise all other powers and duties vested in or delegated to the Association, and not specifically reserved to the Members by this Declaration, and the Articles of incorporation of the Association and the By-Laws, including, but not limited to, the enforcement of any of the architectural controls set forth in Article III of this Declaration.
- 1.6 The Board shall also have the authority and responsibility to obtain and maintain such insurance as it may reasonably deem necessary or desirable, including, without limitation, casualty and liability insurance, and directors and officers' liability insurance. The premiums for such insurance shall be common expenses payable out of the proceeds of the assessments required by and collected in accordance with Article V.
- 1.7 Developer, the Board, the officers of the Association and the respective employees and agents of any of them shall not be liable and shall be deemed fully released of any liability, to the Owners or any other person (except the Municipality, which shall have whatever rights it would otherwise have by Contract, pursuant to this Declaration or at law or in equity) for any mistake of judgment or for any acts or omissions of any nature whatsoever in their respective positions, except for such acts or omissions found by a court of competent jurisdiction to constitute willful misfeasance, gross negligence or fraud. The Owners shall indemnify, hold harmless, protect and defend the foregoing parties against all claims, suits, losses, damages, costs and expenses, including without limitation, reasonable attorney's fees and amounts paid in reasonable settlement or compromise incurred in connection therewith. The burden of the foregoing indemnity shall be borne by the Owners at the time such loss, damage, cost or expense is incurred in the same proportion as assessments are borne by the Owners as provided in Article V hereof. To the extent reasonable, the Board's and Association's liability hereunder and the Owner's indemnification obligation shall be insured by means of appropriate contractual endorsements to the insurance policies held from time to time by the Association. Each Owner, by taking title to a Lot, shall be deemed to have covenanted and agreed to the releases and indemnities contained in Section 3.6 and this Section 1.7.
- 1.8 (a) Until the Turnover Date, Developer shall have all the rights and powers therein granted to the Association and shall be authorized and empowered to exercise all power and authority of the Board.

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- (b) Developer and Affiliates of Developer shall be entitled at all times to conduct sales of Townhomes from the Property and shall have the right, for itself and its agents, employees, guests and invitees, to utilize roads, streets, Common Area and all other portions of the Property, including unsold Lots, for such purpose until all Townhomes are sold to bona fide purchasers for value. Developer and Affiliates of Developer may at all times utilize signage and lighting and establish sales offices, trailers, and model townhomes as required to conduct its sales and marketing of the Property.

ARTICLE 2

- 2.1 The Association shall be responsible for the general management and supervision of the Property and shall have all of the powers to perform, and shall be responsible to perform, all of the obligations provided in the Declaration. Further, the Association shall have all powers now or hereafter granted by the General Not-For-Profit Corporation Act of the State of Illinois, which shall be consistent with the purposes specified herein and in the Declaration. Any defined terms used in these By-Laws shall have the same meaning as set forth in the Declaration, except as otherwise expressly provided herein.
- 2.2 No revocations, modifications, amendments or supplements may be made without the consent of the corporate authorities of the Municipality, by resolution duly adopted, unless such revocations, modifications, amendments or supplements (1) are technical in nature or (2) do not diminish the rights of the Municipality or the obligations of the Owners hereunder with respect to the Municipality.

OFFICES

- 2.3 The Association shall have and continuously maintain in the State of Illinois a registered office and a registered agent whose office shall be identical with such registered office.
- 2.4 The principal office of the Association shall be maintained in Cook County, Illinois.

MEMBERSHIP

- 2.5 (a) Every Owner shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Nothing herein contained shall be interpreted to exclude Developer from membership while it or any Affiliate of Developer owns one or more Lots.
- (b) From and after the Turnover Date, each Member shall be entitled to one (1) vote for each Lot owned by the Member on each matter submitted to vote of Members; provided, however, that where there is more than one Owner of a Townhome, such co-owners of a Lot shall only be entitled to one vote.
- 2.6 (a) Meetings of the Members shall be held at the principal office of the Association or at such other place in Cook County, Illinois, as may be designated in any notice of a meeting. The presence at any meeting, in person or by proxy, of a majority of the total votes shall constitute a quorum. Unless otherwise expressly provided herein, any action may be taken at any meeting of the Members at which a quorum is present upon the affirmative vote of the Members having more than

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50% of the total votes present at such meeting. Any Member in writing may waive notice of a meeting, or consent to any action of the Association without a meeting.

- (b) The initial meeting of the Members shall be held at such time as may be designated upon not less than thirty (30) days written notice given by Developer, provided that such initial meeting shall be held no later than sixty (60) days after the Turnover Date. Thereafter, there shall be an Annual Meeting of the Members on the first day of December of each succeeding year at 7:30 p.m.
- (c) Special meetings of the Members may be called at any time for the purpose of considering matters which, by the terms of the Declaration or these By-Laws, require the approval of all or some of the Members, or for any other reasonable purpose. Said meetings shall be called by written notice, authorized by a majority of the Board or by the Members having one-third (1/3) of the total votes, and delivered not less than five (5) days prior to the date fixed for said meeting. The notices shall specify the date, time and place of the meeting and the matters to be considered.

2.7 Notices of meetings required to be given herein may be delivered either personally or by mail to the persons entitled to vote thereat.

2.8 At any meeting of the Members, a Member entitled to vote may either vote in person or by proxy executed in writing by the Member or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise expressly provided in the proxy.

BOARD OF DIRECTORS

2.9 The direction and administration of the Property in accordance with the provisions of the Declaration shall be vested in the Board consisting of three (3) persons who shall be elected in the manner hereinafter provided, except that, until the Turnover Date, the first and each subsequent Board shall be appointed by Developer. Each member of the Board, with the exception of the Board members initially appointed by Developer, shall be an Owner.

2.10 All matters of dispute or disagreement between Owners or with respect to interpretation or application of the provisions of the Declaration or these By-Laws shall be determined by the Board as hereinafter provided, which determination shall be final and binding on the Association and on all Owners.

2.11 At the initial meeting of the Members as provided in Section 4.2(b) hereof, and at all subsequent annual meetings of the Members, there shall be elected members of the Board. In all elections for the members of the Board, each member shall be entitled to vote, and the candidates receiving the highest number of votes with respect to the number of offices to be filled shall be deemed to be elected. Three (3) Board members shall be elected at the initial meeting and shall serve until the first annual meeting. The two (2) Persons receiving the highest number of votes at the first annual meeting shall be elected to the Board for a term of one (1) year and the one (1) person receiving the next highest number of votes at the first annual meeting shall be elected to the Board for a term of one (1) year. In the event of tie votes, the members of the Board shall

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determine which members shall have the one (1) year terms and which member shall have the one (1) year terms. Upon expiration of the terms of office of the Board members so elected at the first annual meeting and thereafter, successors shall be elected for a term of one (1) year each. Notwithstanding the aforesaid election procedure, Developer may appoint a Board comprised of one director which shall have the same powers and authority as given to the Board generally, as provided hereinafter, and such appointed Board shall function until such time as the initial meeting of the Members is held. Nothing contained herein shall preclude Directors from succeeding themselves and members of the Board.

- 2.12 Members of the Board shall receive no compensation for their services. However, any member of the Board may be reimbursed for reasonable expenses incurred in the performance of his duties.
- 2.13 Vacancies in the Board, other than as a result of removal pursuant to Paragraph 2.15 herein, shall be filled by majority vote of the remaining members of the Board or of the Members present at the next annual meeting or at a special meeting of the Members called for such purpose.
- 2.14 The Board shall elect from among its members: (i) a President who shall preside over both its meetings and those of its Members, and who shall be the chief executive officer of the Board and Association, (ii) a Secretary who will keep the minutes of all meetings of the Members and of the Board, and who shall, in general, perform all the duties incident to the office of Secretary, (iii) a Treasurer to keep the financial records and books of accounts, and such additional officers as the Board shall see fit to elect.
- 2.15 Any Board member or officer may be removed from office by affirmative vote of the Members having at least forty percent (40%) of the total votes, at any special meeting called for the purpose in the manner aforesaid. A successor to fill the unexpired term of a Board member removed may be elected by the Members at the same meeting or any subsequent meeting called for that purpose.
- 2.16 The initial meeting of the Board shall be held immediately following the initial meeting of the Members and at the same place. All subsequent meetings of the Board shall be held immediately after, and at the same place as, the annual meeting of the Members. Special meetings of the Board shall be held upon call by the President or by majority of the Board on not less than forty-eight (48) hours notice to each member of the Board, delivered personally or by mail or telegram. Any member of the Board, may in writing waive notice of a meeting, or consent to the holding of a meeting without notice, or consent to any action of the Board without a meeting. A majority of the number of Board members shall constitute a quorum for the transaction of business. Unless otherwise expressly provided herein, any action may be taken by the Board upon the affirmative vote of a majority of those present at its meetings when a quorum is present.
- 2.17 Each Owner shall receive written notice mailed or delivered not less than thirty (30) days prior to any meeting of the Board concerning the adoption of the proposed annual budget or any increase, or establishment of an assessment. Such notice shall include a copy of the proposed budget.
- 2.18 Meetings of the Board shall be open to any Owner, except for the portion of any meeting held:

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- (a) 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;
- (b) to consider information regarding appointment, employment or dismissal of an employee; or
- (c) to discuss violations of rules and regulations of the Association or unpaid common expenses owed to the Association.

Any vote on these matters shall be taken at a meeting or portion thereof open to any Owner.

- 2.19 Any Owner may record the proceedings at meetings required to be open by tape, film or other means; notice of such meetings shall be mailed or delivered at least 48 hours prior thereto; and copies of notices of meetings of the Board shall be posted in conspicuous places within the Association at least 48 hours prior to the meeting of the Board.
- 2.20 The purchaser of a Townhome from a seller other than Developer pursuant to an installment contract for purchase shall, during such times as he or she resides in the Townhome on such Lot, be counted toward a quorum for purposes of election of members of the Board, and shall have the right to vote for the election of the Board and to be elected to and serve on the Board unless the seller expressly retains in writing any or all of such rights. Satisfactory evidence of the installment contract shall be made available to the Association or its agents.
- 2.21 The Board shall have the power, after notice and an opportunity to be heard, to levy and collect reasonable fines from Owners for violations of the Declaration, By-Laws and/or rules and regulations of the Association.
- 2.22 The Board shall maintain the following records of the Association available for examination and copying at convenient weekday hours by any Owners or by the holders of any Mortgages, and their duly authorized agents or attorneys: copies of the recorded Declaration and By-Laws and any amendments thereto; the articles of incorporation of the Association; annual reports and any rules and regulations adopted by the Association or its Board. Prior to the organization of the Association, Developer shall maintain and make available the records set forth in this Section 2.22 for examination and copying. Owners must submit a written request to view copies of the books and records and contracts to which the Association is a party. The stated purpose must relate to the operation or issues affecting the Association.
- 2.23 With respect to Lots owned by a land trust, a trustee may designate, in writing, a person to cast votes on behalf of the Owner, which designation shall remain in effect until a subsequent document is filed with the Association.
- 2.24 In the event of any resale of a Townhome by an Owner, other than Developer, such owner shall obtain from the Board and shall make available for inspection to the prospective purchaser, upon demand, the following:
 - (1) A copy of the Declaration, and any rules and regulations.

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- (2) A statement of any liens, including a statement of the account with respect to such Lot, setting forth the amounts of unpaid assessments and other charges due and owing.
- (3) A statement of any capital expenditures anticipated by the Association within the current or succeeding two fiscal years.
- (4) A statement of the status and amount of any reserve for replacement fund and any portion of such fund earmarked for any specified project by the Board.
- (5) A copy of the statement of financial condition of the Association for the last fiscal year for which such statement is available.
- (6) A statement of the status of any pending suits or judgments in which the Association is a party.
- (7) A statement setting forth the insurance coverage, if any, provided for all Owners by the Association.
- (8) A statement that any improvements or alterations made to the Lot by the prior Owner are in good faith believed to be in compliance with the Declaration.

The principal officer of the Association or such other officer as is specifically designated, shall furnish the above information when requested to do so in writing and within thirty (30) days of the request. A reasonable fee covering the direct out-of-pocket cost of providing such information and copying may be charged by the Association or the Board to the Owner for providing such information.

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