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Doc#: 0606110097 Fee: \$120.50
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Cook County Recorder of Deeds
Date: 03/02/2008 02:59 PM Pg: 1 of 49

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**DECLARATION OF OWNERSHIP
AND OF
EASEMENTS, RESTRICTIONS,
COVENANTS AND BY-LAWS
FOR THE
ESTATES OF COLUMBIA PLACE
OWNERS' ASSOCIATION**

**THIS INSTRUMENT PREPARED BY
AND AFTER RECORDING RETURN TO:**

Warren C. Laski, Esq.
1751 West Surf Street
Chicago, Illinois 60657



**PERMANENT REAL ESTATE INDEX
NUMBERS:**

14-30-224-027-0000; 14-30-224-030-0000

ADDRESS OF PROPERTY:

2851 and 2861 N. Paulina Street; and
1630-1654 W. Surf Street, Chicago, Illinois

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DECLARATION OF OWNERSHIP
AND OF
EASEMENTS, RESTRICTIONS, COVENANTS AND BYLAWS
FOR THE
ESTATES OF COLUMBIA PLACE OWNERS' ASSOCIATION

THIS DECLARATION (the "Declaration") is made and entered into by 2865 NORTH PAULINA, LLC, for convenience hereinafter referred to as the "Developer."

ARTICLE I

RECITALS

Developer is the fee simple owner of the real estate legally described on Exhibits "A" and "B" attached hereto and made a part hereof.

Said real estate (hereinafter referred to as "the Real Estate") shall be improved with (i) up to eleven single-family homes to be called "The Estates of Columbia Place" (collectively, the "Homes"), (ii) an approximately 3,572 square foot recreation building (the "Recreation Building") containing an indoor built-in swimming pool, exercise equipment and a changing area, and (iii) an approximately seventeen foot (17') wide paved private alley (the "Alley"), which Alley shall provide vehicular and pedestrian access to and from the Real Estate and Paulina Street (the Homes, the Recreation Building and the Alley are sometimes hereinafter collectively referred to as the "Development").

All owners and occupants of the Homes (hereinafter defined) will benefit from the creation of an Owners' Association that will assume all maintenance obligations relative to the Common Area (hereinafter defined). The Developer has elected to declare that the Real Estate is and shall be transferred, held, sold, conveyed and accepted subject to this Declaration. The Developer does hereby further declare that the following easements, covenants, restrictions, conditions and burdens, uses, privileges, charges and liens contained in this Declaration shall: (1) exist at all times hereinafter amongst the several Owners (as hereinafter defined), mortgagees, occupants and all other parties having or acquired right, title or interest in any portions of the Real Estate; (2) be binding on and inure to the benefit of each Owner; and (3) run with the land subjected to this Declaration, to be held, sold and conveyed subject thereto.

During the construction and marketing of the Development the Developer shall retain certain rights set forth in this Declaration, which rights shall include, without limitation, the right, prior to the Turnover Date (hereinafter defined), to appoint all members of the Board and the right to enter upon the Development in connection with Developer's efforts to (i) complete construction thereof and (ii) sell the Homes.

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ARTICLE II

DEFINITIONS

For purposes of brevity certain terms and words used in this Declaration are defined as follows:

- 2.01. Association. The Estates of Columbia Place Owners' Association, an Illinois not-for-profit corporation, its successors and assigns.
- 2.02. Board. The Board of Directors of the Association as constituted at any time or from time to time in accordance with the applicable provisions of Article IV.
- 2.03. Bylaws. The Bylaws of the Association attached hereto and incorporated herein as Exhibit C.
- 2.04. Capital Reserve. The funds segregated by the Association in a special reserve account, if any, the use of which is limited to the making of capital expenditures in connection with the Common Areas as more fully set forth in Section 7.07.
- 2.05. Charges. The Maintenance Assessment, any special assessment levied by the Association and/or any special charges or payments that an Owner is required to pay or for which an Owner is liable under this Declaration and the Bylaws.
- 2.06. Common Area. The Recreation Building, the Alley and all real property, except the Dwelling Parcels, owned or to be owned and maintained by the Association for the common use and enjoyment of all members of the Association, legally described on Exhibit B attached hereto.
- 2.07. Declaration. This instrument with all exhibits hereto, as amended or supplemented from time to time.
- 2.08. Dwelling Parcels. Any of the eleven (11) legally described parcels of real estate upon which a Home is constructed or to be constructed. Each parcel of real estate, whether or not improved, is a Dwelling Parcel hereunder. The precise legal description of the real estate which makes up each Dwelling Parcel shall be set forth in the deed which conveys the Dwelling Parcel from the Developer to the first purchaser of such Dwelling Parcel.

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2.12. Eligible Mortgage Holder. Each holder of a first mortgage on a Home that has requested in writing that the Association notify it of any proposed action that requires consent of a specified percentage of mortgage holders.

2.13. Initial Development Period. The period commencing with the filing of this Declaration and ending on the Turnover Date as more fully set forth in Sections 4.12 and 7.09.

2.14. Maintenance Assessment. The amounts which the Association shall assess and collect from the Owners to pay the Maintenance Expenses and accumulate reserves for such expenses, as more fully described in Article VII.

2.15. Maintenance Expenses. The expenses of administration (including management and professional services), operation, maintenance (including street cleaning and snow removal), repair, replacement and landscaping of the Common Area, including without limitation, the Recreation Building and the Alley; the cost and expense incurred for the maintenance, repair and replacement of personal property acquired and used by the Association in connection with its maintenance of the Common Area; the cost and expense incurred for any utilities and lighting, supplied for the benefit of the Common Area; the cost and expense incurred, if any, for scavenger service, to the extent scavenger service is not provided to the Homes by the City of Chicago; the cost and expense incurred for any insurance maintained by the Association or the Board, including, without limitation, liability insurance covering the Common Area, including without limitation the Recreation Building and the swimming pool located therein; the cost of general and special real estate taxes and assessments levied or assessed against any portion of the Common Area; any expenses specifically designated as Maintenance Expenses by this Declaration; and any other expenses lawfully incurred by the Association for the common benefit of all of the Owners.

2.16. Material Amendment. Any amendment to the Declaration, By-Laws or the Association's articles of incorporation that would change any of the following in a manner other than as expressly provided herein: voting rights in the Association; subordination of assessment liens; reserves for maintenance, operation, repair and replacement of the Common Area and/or Easement Parcel; responsibility for the maintenance, operation, repair and replacement of the Common Area and/or Easement Parcel; boundaries of any Dwelling Parcel; expansion or contraction of the Real Estate, subject to Developer's rights in Article VIII, or the addition, annexation or withdrawal of real estate from the Real Estate, subject to Developer's rights in Article VIII; insurance or fidelity bonds; imposition of any restrictions on an Owner's right to sell or transfer his or her Home; requirements for the restoration or repair of the Real Estate; termination of the legal status of the Association or the Real Estate following substantial destruction or condemnation; or any provisions that expressly benefit holders, insurers or guarantors of mortgages secured by portions of the Real Estate.

2.17. Mortgagee. The holder of a bona fide first mortgage, first trust deed or equivalent security interest in a Home.

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2.18. Owner. The person or persons whose estates or interests individually or collectively aggregate fee simple absolute ownership of a Dwelling Parcel. The word "owner" shall also include any beneficiary of a trust, shareholder of a corporation, member of a limited liability company or partner of a partnership holding legal title to a Dwelling Parcel.

2.19. Person. A natural individual, corporation, limited liability company, partnership, trustee or other legal entity capable of holding title to real estate.

2.20. Planned Development. That certain Residential Planned Development Number 930 adopted by the City Council of the City of Chicago on September 1, 2004, which ordinance affects the Real Estate.

2.20. Real Estate. The certain real estate described in Exhibits "A" and "B" and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

2.21. Home. A residential housing unit consisting of a group of rooms (including the Home Exterior) and which is designed or intended for the exclusive use as living quarters.

2.22. Home Exterior. The roof, foundation, steps, footings, outer surface of exterior walls, garage doors and deck of each Home including, to the extent that such improvements fall within the boundaries of the Dwelling Parcel, any driveways and walkways.

2.24. Turnover Date. The date on which the rights of the Developer to designate the members of the Board are terminated under Section 4.11.

2.25. Voting Member. The individual who shall be entitled to vote in person or by proxy in meetings of the Owners as more fully set forth in Section 4.03.

ARTICLE III

SCOPE OF DECLARATION

3.01. Property Subject to Declaration. Developer, as the owner of fee simple title to the Real Estate, expressly intends to and by the recording of this Declaration does hereby subject the Real Estate to the provisions of this Declaration.

3.02. Declaration to Run with Real Estate. All of the rights, benefits and privileges, and all of the restrictions, conditions, easements, reservations, covenants, liens and charges granted, created, reserved or declared by this Declaration, shall be deemed to be covenants appurtenant running with the land, and, so long as the Real Estate is subject to the provisions of this Declaration, shall remain in full force and effect, and inure to the benefit of and

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be binding upon the undersigned, its successors and assigns and upon any person having an interest or estate in the Real Estate or any Home.

3.03. Conveyance Subject to Declaration. Deeds of conveyance, trust deeds and other instruments that create or memorialize an interest or estate in the Real Estate or any Home, including (without limitation) those that create or record mortgage or lien interests, shall, irrespective of whether such instruments make reference to this Declaration, be subject thereto as fully and completely as would be the case were this Declaration set forth in its entirety in such instrument.

3.04. Dwelling Parcel Conveyance. Once a Dwelling Parcel has been conveyed by the Developer to a bona fide purchaser for value, any subsequent conveyance or transfer of ownership of such Dwelling Parcel shall be of the entire Dwelling Parcel and there shall be no conveyance or transfer of a portion of a Dwelling Parcel without the prior written consent of the Board.

ARTICLE IV

ADMINISTRATION

4.01. Association. Developer shall, prior to the sale of the first Dwelling Parcel, cause to be incorporated a not-for-profit corporation under the General Not For Profit Corporation Act of the State of Illinois to be called "The Estates of Columbia Place Owners' Association", which corporation (the "Association") shall be a governing body for all the Owners as provided herein. Every Owner shall, without exception, be a member of the Association. There will be one membership per Dwelling Parcel. Membership shall be appurtenant to and may not be separated from ownership of a Dwelling Parcel. Ownership of a Dwelling Parcel shall be the sole qualification for membership. Membership shall automatically terminate upon the sale, transfer or other disposition by such member of his or her Dwelling Parcel, at which time the new Owner shall automatically become a member therein.

The Association shall be given written notice of the change of ownership of a Dwelling Parcel within ten (10) days after such change.

4.02. Board of Directors. The direction and administration of the Association shall be vested in its Board of Directors (the "Board"). The Board shall consist of three (3) persons who shall be designated or elected in the manner hereinafter provided. Subject to the right of the Developer to designate Board members prior to the Turnover Date, each member of the Board shall be one of the Owners or a spouse of an Owner; provided, however, that in the event an Owner is a corporation, limited liability company, partnership, trust or other legal entity other than a natural person or persons, then any officer, director or other designated agent of such corporation, member of a limited liability company, any partner or other designated agent of such trust or manager of such other legal entity, shall be eligible to serve as a member of the Board.

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4.03. Voting Rights. There shall be one person (and only one person) with respect to each Dwelling Parcel who shall be entitled to vote at any meeting of the Owners. Such person shall be known and hereinafter referred to as a "Voting Member". Such Voting Member may be the Owner or one of the group comprising all the Owners of a Dwelling Parcel, or may be some person designated by such Owner or Owners to act as proxy on his or their behalf and who need not be an Owner. Such designation shall be made in writing to the Board and shall be revocable at any time by actual notice to the Board of the death or judicially declared incompetence of any designator, or by written notice to the Board by the Owner or Owners. Any or all of such Owners may be present at any meeting of the Voting Members and (those constituting a group, when acting unanimously) may vote or take any other action as a Voting Member either in person or by proxy. Developer shall be the Voting Member with respect to any and all Dwelling Parcels owned by the Developer.

4.04. Meetings

(a) Meetings of the Voting Members shall be held at the Real Estate or at such other place in Chicago, Illinois, as may be designated in any notice of a meeting. At any meeting of the Voting Members, the presence in person or by proxy of the Voting Members for at least six (6) Dwelling Parcels shall constitute a quorum. Except as otherwise required by the terms of this Declaration, any action may be taken at any meeting of the Voting Members at which a quorum is present upon the affirmative vote of a majority of the Voting Members present in person or by proxy.

(b) The initial meeting of the Voting Members shall be held upon at least ten (10) days' prior written notice given by the Developer. Such written notice must be given not later than ten (10) days prior to the Turnover Date. Thereafter, there shall be an annual meeting of the Voting Members on the first Tuesday of October following each initial meeting, and on the first Tuesday of October of each succeeding year thereafter, at 7:30 p.m., or at such other reasonable time or date (not more than thirty (30) days before or after such date) as may be designated by written notice of the Board delivered to the Voting Members not less than ten (10) days prior to the date fixed for said meeting.

(c) Special meetings of the Voting Members may be called at any time for the purpose of considering matters which, by the terms of this 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 a majority of the Board or by one-fifth (1/5th) of the Voting Members and delivered not less than ten (10) 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.

4.05. Notice of Meetings. Notices of meetings required to be given herein may be delivered either personally or by mail to the persons entitled to vote thereat, addressed to each

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such person at the address given by him to the Board for purpose of service of such notice, or to the Home of the Owner with respect to which such voting right appertains, if no address has been given to the Board.

4.06. Election of Board Members.

(a) At their initial meeting, the Voting Members shall elect a full three member Board. In all elections for members of the Board, each Voting Member shall be entitled to cast the number of votes equal to the number of Board members to be elected. Cumulative voting will not be permitted. The three (3) candidates receiving the highest number of votes shall be deemed to be elected. Members of the Board elected at the initial meeting shall serve until the first annual meeting. At the first annual meeting three (3) Board members shall be elected. 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 two (2) years and the one person receiving the next highest number of votes shall be elected to the Board for a term of one (1) year. Upon the expiration of the terms of office of the Board members elected at the first annual meeting, and thereafter, successors shall be elected for a term of one (1) year each. The Voting Members for at least two-thirds (2/3rds) of the number of Dwelling Parcels may from time to time increase such number of persons on the Board or may increase or decrease the term of office of Board members at any annual or special meeting. Members of the Board shall receive no compensation for their services, unless expressly allowed by the Board at the direction of the Voting Members for at least two-thirds (2/3rds) of the number of Dwelling Parcels. Vacancies in the Board, including vacancies due to any increase in the number of persons on the Board, shall be filled by the Voting Members present at the next annual meeting or at a special meeting of the Voting Members called for such purpose. Except as otherwise provided in this Declaration, the Association shall be managed by the Board and the Board shall act by a majority vote of those present at its meetings when a quorum exists. Meetings of the Board may be called, held and conducted in accordance with such resolutions as the Board may adopt. A majority of the total number of members of the Board shall constitute a quorum.

(b) The Board shall elect from among its members a President who shall preside over both its meetings and those of the Voting Members, and who shall be chief executive officer of the Association; a Secretary who shall keep the minutes of all meetings of the Board and of the Voting Members and who shall, in general, perform all the duties incident to the office of Secretary; a Treasurer to keep the financial records and books of account and who shall, in general, perform all the duties incident to the office of Treasurer; and such additional officers as the Board shall see fit to elect.

(c) Any Board member elected by the Voting Members may be removed from office by affirmative vote of the Voting Members for at least two-thirds (2/3rds) of the number of Dwelling Parcels at any special meeting called for that purpose. A successor to fill the unexpired term of a Board member removed may be elected by the Voting Members at the same meeting or any subsequent meeting called for that purpose.

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4.07. General Powers of the Board. The Board shall have such power as shall be necessary and appropriate to authorize, supervise and direct the performance by or on behalf of the Association of the various duties and obligations imposed on the Association in this Declaration. Without limiting the generality of the foregoing, the Board shall be responsible for and have the power and authority to purchase and pay for such materials, supplies, labor, service, and the like, as it deems necessary in order to fulfill its obligations under this Declaration or to meet requirements imposed by the CITY OF CHICAGO or other agencies with jurisdiction, or which are in its opinion necessary or proper for the maintenance of the Common Area.

4.08. Execution of Instruments. All agreements, contracts, deeds, leases, vouchers for payment of expenditures and other instruments shall be signed by such officer or officers, agent or agents of the Association and in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board, such documents shall be signed by the Treasurer and countersigned by the President.

4.09. Adoption of Rules and Regulations. The Board, without approval from any of the Voting Members except as hereinafter set forth, may adopt such reasonable rules and regulations as it may deem advisable for the repair, maintenance, conservation and beautification of the Common Area, and for the health, comfort, safety and general welfare of the Owners. Written notice of such rules and regulations shall be given to all Owners. If within thirty (30) days from the date of written notice to the Owners of the adoption of any such rule and regulation, the Voting Members for at least one-fourth (1/4) of the Owners shall file with the Board a written objection thereto, then such rule and regulation shall be deemed rescinded until approved by the Voting Members for at least three fifths (3/5) of the Owners.

4.10. Board Member and Officer Liability. Board members and officers of the Association shall not be personally liable to the Owners for any mistake of judgment or any acts or omissions of any nature which such Board members or officers take or fail to take as Board members and/or officers, except with respect to acts or omissions found by a court to constitute criminal conduct, gross negligence or fraud. The Association shall indemnify and hold harmless the Developer and each Board member and Association officer, along with their respective heirs, executors or administrators, against all contractual and other liability to others, arising out of contracts made by or other acts taken by them on behalf of the Owners or the Association, or arising out of their status as Board members or officers, unless in each case such contract or act shall have been entered into or taken criminally, fraudulently or with gross negligence. The foregoing indemnification shall include indemnification against all costs and expenses (including, without limitation, counsel fees, judgments paid and settlements paid) actually and reasonably incurred in connection with defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or other; provided, however, that such indemnity shall not be operative with respect to (i) any matter as to which such person shall have been adjudged in such action, suit or proceeding to be liable for criminal conduct, gross negligence or fraud in the performance of his or her duties as such Board member or officer, or (ii) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner

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determined by the Board, there is not reasonable ground for such person being adjudged liable for criminal conduct, gross negligence or fraud in the performance of his or her duties as such Board member or officer. It is intended that the foregoing indemnification shall be coextensive with the broadest indemnification permitted under the Illinois General Not-For-Profit Corporation Act of 1986, as from time to time amended.

Agreements made by the Association or the Developer on behalf of the Owners may provide the officers of the Association, members of the Board, or the Developer, as the case may be, are acting only as agents for the Owners and shall have no personal liability thereunder (except as Owners) and that each Owner's liability shall be limited to such proportion of the total liability as the number of Dwelling Parcels owned by such Owner bears to the aggregate number of Dwelling Parcels.

4.11. Developer Control of Association. The first and all subsequent Boards shall (until the Turnover Date) consist solely of three (3) persons from time to time designated by the Developer, which persons may, but need not be Owners. Developer's rights under this Section to designate the members of the Board shall terminate on the Turnover Date. From and after the Turnover Date, the Board shall be constituted and elected as provided in Sections 4.02 through 4.06. Prior to the Turnover Date, all of the voting rights at each meeting of the Owners shall be vested exclusively in the Developer and the Owners shall not have any voting rights.

4.12. Developer's Reserved Rights During Initial Development Period.

(a) In connection with the sale of Homes the Developer shall have the right and power to construct such temporary improvements as the Developer may deem necessary or advisable, including (without limitation) the construction of a sales office, model Homes or other promotional facility as determined by Developer; provided that all such facilities and advertising and other promotional devices shall at all times be in conformity with the applicable ordinances of the CITY OF CHICAGO.

(b) In connection with the construction of the Development, the Developer, its agents and contractors shall have the right to store construction equipment and materials on the Real Estate and otherwise engage in such activities as are necessary and appropriate and that are in conformity with the applicable laws and ordinances of the CITY OF CHICAGO.

(c) The Developer shall have the right and power to execute all necessary documents and perform all acts that in the Developer's opinion are necessary in connection with the exercise of its rights under this Declaration.

(d) All rights that are specified in this Declaration to be rights of the Developer are mortgageable, pledgeable, assignable or transferable. Any successor to or assignee of the rights of the Developer (whether as the result of voluntary assignment, foreclosure,

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assignment in lieu of foreclosure, or otherwise) shall hold or be entitled to exercise the rights of the Developer hereunder.

ARTICLE V

DUTIES, OBLIGATIONS AND RESTRICTIONS

5.01. Maintenance, Repair and Replacement of Homes.

(a) Except as otherwise provided in this Section, each Owner shall be responsible for the maintenance, repair and replacement of his Dwelling Parcel, including any Home constructed thereon and the Home Exterior, including but not limited to:

- (i) Repair and maintenance of all masonry exterior walls, including the foundation thereof;
- (ii) Repair, maintenance and replacement of roofs, gutters and downspouts;
- (iii) Painting, maintenance and repair of exterior walls and all fences located within the boundaries of his Dwelling Parcel;
- (iv) Painting, maintenance and cosmetic repair of front doors and garage doors;
- (v) Painting of gutters and downspouts;
- (vi) Repair and maintenance of chimneys and exterior fireplace parts.
- (vii) Added planting, replacing, care and maintenance of trees, shrubs, flowers, grass and any and all other landscaping located within the boundaries of his Dwelling Parcel.
- (viii) All window washing, replacement of broken glass, and the repair, maintenance and painting of deck flooring and patios.

(b) The Association shall carry out or cause to be performed all maintenance and repair the Common Area, including but not limited to those items listed below if such maintenance is made necessary and/or desirable in the sole discretion of the Association:

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- (i) Added planting, replanting, care and maintenance of trees, shrubs, flowers, grass and any and all other landscaping, if any, located within the boundaries of Common Area;
- (ii) Maintenance, repair and replacement of the Common Area, including snow removal and maintenance of the Alley;
- (iii) Maintenance, repair and replacement of the Recreation Building, including the swimming pool and personal property and equipment located therein;
- (iv) Maintenance, repair, and replacement of water, sewer, electrical and other utility systems and components thereof, if any, which serve (a) more than one (1) Home or (b) the Common Area, including without limitation, the Recreation Building and the Alley.

5.02. Insurance.

(a) Each Owner of a Home shall procure and maintain in full force at all times insurance covering his Dwelling Parcel and the Home located thereon, consisting of, or providing all the protections provided by, the insurance now generally described as fire, extended coverage, additional extended coverage, vandalism and malicious mischief, to one hundred percent (100%) of the full insurable value thereof, with loss payable on the basis of the cost of replacement without deduction for depreciation, and naming the Association as a co-insured under each policy.

(b) Each Owner shall be responsible for his own insurance on the contents of his or her Home and the furnishings and personal property therein.

(c) No Owner shall cause or permit to be done or be kept in or about such Owner's Home anything that will result in the cancellation of insurance on such Owner's Home or any other Home.

(d) The Board, on behalf of the Association, shall have the authority to and shall obtain comprehensive public liability insurance against claims for personal injury or death or property damage suffered by the public or by any Owner occurring in, or about the Common Area, including without limitation, in or about the Recreation Building in such amounts as the Board shall deem desirable (but not less than \$1,000,000.00 covering all claims for personal injury and/or property damage arising out of a single occurrence). Additionally, the Board may, in its discretion, obtain any insurance that it deems desirable including, without limitation, insurance covering the Board members and officers from liability for good faith actions beyond the scope of their respective authorities covering the indemnity set forth in Section 4.10. Such insurance coverage shall include cross liability claims of one or more insured

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parties. Fidelity bonds indemnifying the Association, the Board and the Owners for loss of funds resulting from fraudulent or dishonest acts of any employee of the Association or any other person handling funds of the Association shall be obtained by the Association in such amounts as the Board shall deem desirable.

5.03. Rebuilding of Damaged Home.

In the event of damage to or destruction of any Home by fire or other casualty, the Owner thereof shall within a reasonable time after such damage or destruction, repair or rebuild the same in substantial and workmanlike manner with materials comparable to those used in the original structure and in conformity in all respects with all ordinances of the City of Chicago regulating the construction of buildings in force at the time of such repair or reconstruction. The Home Exterior, when rebuilt, shall be in substantial conformity in quality of construction, with the surrounding Homes that have not been so damaged or destroyed. The Owner shall not be relieved of his or her obligation to repair or rebuild his or her Home under this Subsection (a) by reason of such Owner's failure to carry sufficient insurance or the fact that proceeds received by the Owner from the insurer are not sufficient to cover the cost thereof.

5.04. Damage Caused by an Owner. If, due to the act or omission of the Owner of a Home, or the household pet, guest or other occupant or invitee of such Owner, maintenance, repairs or replacements shall be required, that would otherwise be a Maintenance Expense, then the Owner of the Home shall pay for such damage and such maintenance, repairs and replacements as may be determined by the Board, to the extent not covered by insurance carried by the Association. In the event such damage is covered by insurance carried by the Association then, unless a resolution to the contrary is adopted by the affirmative vote of at least seventy-five percent (75%) of the Voting Members, the damaged improvements shall be repaired, replaced or reconstructed and the insurance proceeds used, first, to pay the cost thereof, and any excess thereafter used to pay the Maintenance Expenses. Any deficiency shall remain the responsibility of the Owner whose act or omission, pet, guest or other occupant or invitee caused the damage.

5.05. Waiver of Subrogation. The Association and each Owner hereby waive and release any and all claims which it, he or she may have against any Owner, including relatives of the Owner, the Association, its Board members and officers, the Developer, the managing agent, if any, and their respective employees and agents for damage to a Home or any personal property located in a Home caused by fire or other casualty to the extent that such damage is covered by fire or other forms of casualty insurance and to the extent that this release is permitted under policies for such insurance. To the extent possible, all policies purchased by the Board under Section 5.15 shall contain waivers of the insurer's rights to subrogation against any Owner, relatives of the Owner, the Association, its directors and officers, the Developer, the managing agent, if any, and their respective employees and agents.

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5.06 Use Restrictions.

(a) Exterior Exposure of Home. No Owner shall cause or permit anything to be hung or displayed on any portion of any Home Exterior or in any portion of the Common Area, including but not limited to clothes, sheets, blankets or laundry of any kind, or paint or decorate or adorn the outside of his Home and no sign, awning, canopy, shutter, or receptive or transmitting devices, shall be affixed to or placed upon the exterior walls or roof or any part thereof, without the prior written consent of the Board; provided, however, that the foregoing shall not apply to: (i) the Developer, or (ii) radio or television antennae and/or satellite dishes which are hereby expressly permitted, subject to the reasonable rules and regulations of the Board. All Home Exteriors shall be kept free and clear of all rubbish, debris and other unsightly materials and no waste shall be committed thereon. All rubbish shall be deposited in receptacles provided by the City of Chicago or as shall be designated by the Board. Each Owner shall have the obligation to maintain in good condition, neat fashion and repair his glass surfaces, windows, exterior electrical fixtures and patios and decks.

(b) Obstruction of Common Area. There shall be no obstruction whatsoever of the Common Area and no vehicles of any kind shall be permitted to park on any portion of the Common Area at any time whatsoever.

(c) No Business Activity. Each Home shall be used only as a residence, provided that no Owner shall be precluded, with respect to his Home, from (i) maintaining a personal professional library, (ii) keeping his personal business records or accounts therein or (iii) handling his personal business or professional calls or correspondence therefrom. Such uses are expressly declared customarily incident to the principal residential use and not in violation of this subsection (c) of this Section 5.06. No Owner shall permit his Dwelling Parcel to be used or occupied for any prohibited purpose.

(d) Parking of Vehicles. No trucks, buses, recreational vehicles or trailers or any other types of vehicles as determined by the Board shall be parked anywhere on the Real Estate except within the individual garage which forms a part of each Home.

(e) Hazardous Uses and Waste. Nothing shall be done or kept in any Home or in the Common Area that will increase the rate of insurance on the Real Estate without the prior consent of the Board. No Owner shall permit anything to be done or kept in his Home or in the Common Area which will result in the cancellation of insurance on the Real Estate, or which would be in violation of any law, including but not limited to any law relating to hazardous waste or the environment. No waste shall be committed in the Common Area.

(f) Pets. No animals, livestock, fowl, poultry or other animals of any kind shall be raised, bred or kept in any Home, except that dogs, cats, or other household pets may be kept in a Home, provided that such permitted pets are not kept, bred, or maintained for any commercial purpose.

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(g) Nuisances. No noxious or offensive activity shall be carried on upon any Dwelling Parcel or in the Common Area, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Owners or occupants.

(h) Use of Common Area. The Alley shall be used for pedestrian and vehicular access only and no other use shall be permitted on the Alley. The use of the Common Area, including without limitation, the Recreation Building shall at all times be subject to the reasonable rules and regulations of the Board, adopted from time to time.

(j) Prohibited Activities and Signs. No industry, business, trade, occupation or profession of any kind, commercial, religious, educational, or otherwise, designed for profit, altruism, exploration, or otherwise, shall be conducted, maintained, or permitted on any part of the Real Estate. No signs, advertising or other displays shall be maintained or permitted on any part of the Real Estate, except at such location and in such form as shall be determined by the Board. The right is reserved by the Developer, and its respective agent or agents to place "For Sale" or "For Rent" signs on any unsold or unoccupied Homes, and on any part of the Common Area and to do such other things as may be advisable to facilitate the sale or close of unsold or unoccupied Dwelling Parcels.

(k) Alterations of Common Area. Except as otherwise provided for herein, nothing shall be altered or constructed in or removed from the Common Area, except as otherwise provided for herein or upon the written consent of the Board.

(l) Access and Use Rights. During the period that the Developer, or its respective agents, successors or assigns, are engaged in the marketing, sales or leasing of Homes, or performing work in or about the Real Estate, the Developer and its respective contractors, subcontractors, brokers, licensees, invitee, agents and employees reserve the right and shall be entitled at all times (provided the same do not unreasonably interfere with any other Owner's use and enjoyment of his or her Dwelling Parcel): (i) to access, ingress and egress to and from the Real Estate as may be required or desirable in connection with the marketing (including sales and leasing) of Homes or performance of work, (ii) to erect and maintain on the Real Estate any advertising, signs, banners, lighting, and other sales or rental devices for the purpose of aiding the sale or leasing of Dwelling Parcels, (iii) complete or correct construction of, or make alterations of and additions and improvements to, the Dwelling Parcels or the Common Area in connection with any of the Developers' activities in connection with the construction, promotion, marketing, sales or leasing of the Dwelling Parcels or performing work in or about the Real Estate, (iv) to store construction materials on the Real Estate when and where they deem necessary in connection with the construction or rehabilitation of the Homes and the Common Area. In addition thereto, Developer reserves the right to and may occupy or grant permission to any person or entity to occupy, with or without rental, as determined by the Developer, one or more Dwelling Parcels for management, business or promotional purposes, including clerical activities, sales offices, leasing offices, construction offices, model units for

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display and the like in connection with the sale or leasing of units. The foregoing provisions shall not be amended or modified in any manner without the express consent of the Developer or its successors or assigns.

(m) Building Code and Zoning Violations. No Owner shall permit anything to be done in or to his Home or in the Common Area which would be in violation of the provisions of the then applicable laws, codes or ordinances of any governmental body or authority having jurisdiction over the Real Estate, including without limitation, the Planned Development.

(n) Compliance with Ordinances. Notwithstanding anything contained in this Section to the contrary, only those uses permitted by the applicable ordinances of the City of Chicago, as amended from time to time, shall be permitted on the Real Estate.

5.09. Occupants. The terms, conditions and provisions of this Declaration, and the rules and regulations promulgated pursuant hereto, shall be binding upon any occupant, and such terms, conditions, provisions, rules and regulations shall be deemed incorporated in any agreement granting such occupant the right of possession of any Dwelling Parcel or portion thereof. In addition to any other remedies, by filing an action jointly against the tenant and Owner, the Association may seek to enjoin a tenant from occupying a Dwelling Parcel or seek to evict a tenant under the provisions of Article IX of the Illinois Code of Civil Procedure.

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

5.12. Lease of Home. Any Owner shall have the right to lease all (and not less than all) of his Home, provided no Home shall be leased for transient or hotel purposes, which are hereby defined as being for a period of less than thirty (30) days or for a period of more than six (6) months where hotel services normally furnished by a hotel (such as room service or mail service) are furnished;

Any lease shall be in writing and shall provide that such lease shall be subject to the terms of this Declaration and that any failure of the lessee to comply with the terms of this Declaration shall be a default under the lease. A lessee shall be bound by the provisions hereof regardless of whether the lease specifically refers to this Declaration.

5.13. Association's Access. The Association shall have the right and power to come onto any Dwelling Parcel for the purpose of furnishing the services required to be furnished hereunder or enforcing its rights and powers hereunder.

5.14. Violation of City Ordinances. When notified by the City of Chicago of a violation of any City of Chicago ordinances, codes or covenants, the Association shall assist the City in obtaining appropriate compliance.

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ARTICLE VI

EASEMENTS

6.01. Easements over Common Area. An easement is hereby declared or created over, upon, through and across the Common Area for the benefit of the Real Estate, and every Owner shall have a right and easement of use and enjoyment of the Common Area (and with respect to the Alley, a right of vehicular and pedestrian access to and ingress and egress over, upon, through and across and to the Alley), such right and easement shall be appurtenant to and shall pass with title to every Dwelling Parcel, subject to the right of the Association, in accordance with its By-Laws, to adopt rules and regulations governing the use, operation and maintenance of the Common Area. Additionally, an easement is hereby granted to Developer and the Association and their respective agents, employees and contractors, by the Owners to enter upon the Common Area and over, upon, through and across any Dwelling Parcel to the extent necessary for the purpose of maintaining, repairing and replacing the Common Area, as herein provided, for performing any of their respective obligations herein provided including but not limited to construction of the Alley, driveways, service walks or sidewalks, for installation of fences, for completion, replacement and maintenance of landscaping, or for provision of emergency police, firefighting or rescue services.

6.02. Easements for Utilities. Any authorized telephone company, cable company, electric company, gas company, Cook County Public Works Department, City of Chicago and all other suppliers of utilities (including any utility company providing cable, internet or other satellite television service) serving the Real Estate are hereby granted the right to install, lay, construct, operate, maintain, renew, repair and replace conduits, cables, pipes, wires, transformers, mains, switching apparatus and other equipment, including housings for such equipment, into, over, under, on and through the Real Estate for the purpose of providing utility services to the Real Estate. The right is also reserved to Developer to grant to said utilities and to cause to be recorded by separate instruments such easements. Every Owner is also hereby granted an easement of ingress and egress over, upon, through and across the Common Area and any other Dwelling Parcel for any and all purposes arising out of the construction, installation, repair, maintenance, replacement and inspection of utilities servicing such Owner's Dwelling Parcel. Easements are hereby declared and granted to the Developer or its assignee to install, lay, construct, operate, maintain, renew, repair and replace any conduits, cables, pipes, wires or other equipment or components of any utility system or of any community antenna television service system into, over, under, on and through the Common Area and any Dwelling Parcel for the purpose of providing such utility service or television service to any portion of the Real Estate.

A non-exclusive easement on all of the Real Estate not occupied by buildings is hereby reserved for and granted to The Peoples Gas Light And Coke Company, its successors and assigns, to install, construct, operate, maintain, inspect, repair, renew, replace, remove or abandon in place gas mains and services pipes, together with the necessary valves, valve boxes,

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regulators and other attachments, connections and fixtures for distributing gas to Homes within the Development, upon, under, across and within the Common Area, provided however, that such facilities, equipment and appurtenances, when installed, will not interfere with the movement of traffic upon the Alley.

6.04. Easements - Municipal Authorities. Police, fire, water, health, engineering, development and other authorized officials, employees and vehicles of the City of Chicago shall have the right of and are hereby granted ingress and egress to the Real Estate and the Common Area, and any part thereof, for performance of official duties and for the purpose of enforcing all City ordinances and statutes of the State of Illinois. In addition, duly designated officials and employees of the City of Chicago and of other governmental bodies having jurisdiction over the Real Estate and the Common Area shall have and are hereby granted an easement to enter upon, on and over the Real Estate and the Common Area for the purposes of maintaining the storm water detention areas, drainage systems, and enforcing the applicable ordinances, rules and regulations of the said City and governmental bodies, and to correct or eliminate nuisances or violations resulting from the failure to exercise maintenance responsibilities by the Developer or its successors and assigns, an Owner or the Association.

6.05 Specific Easements. In addition to the general easements granted pursuant to Sections 6.01, 6.02, 6.03 and 6.04 hereof, the following specific easements are hereby granted:

(1) An non-exclusive easement is hereby declared or created in favor of the Developer and/or the Association and their respective successors and assigns, for the benefit of the Real Estate, over, under and through the west eight feet (8.0') of Lot 1 in the Estates of Columbia Place Subdivision, to install, construct, operate, maintain, inspect, repair, renew, replace, or remove storm sewer(s) serving the Real Estate. A non-exclusive easement of ingress and egress is also hereby declared and granted to the Developer and/or the Association and their respective successors and assigns, for purposes of installing, servicing, repairing, replacing and maintaining the storm sewer(s) located under said west eight feet (8.0') feet of Lot 1.

(2) An easement is hereby declared or created in favor of the Owner of Lot 1 in the Estates of Columbia Place Subdivision, and their successors and/or assigns, over, under and through the west one foot (1.0') of Lot 2 in the Estates of Columbia Subdivision, to install, construct, maintain, repair or replace subterranean foundation footings, for the benefit of the Home constructed on Lot 1. A non-exclusive easement of ingress and egress is also hereby declared and granted to the Owner of Lot 1 and their successors and/or assigns, for purposes of installing, constructing, maintaining, repairing or replacing the subterranean foundations footings under said west one foot (1.0') of Lot 2.

(3) An easement is hereby declared or created in favor of the Owner of Lot 2 in the Estates of Columbia Place Subdivision, and their successors and/or assigns, over, under and through the west one foot (1.0') of Lot 3 in the Estates of Columbia Subdivision, to install, construct, maintain, repair or replace subterranean foundation footings, for the benefit of the Home constructed on Lot 2. A non-exclusive easement of ingress and egress is also hereby

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declared and granted to the Owner of Lot 2 and their successors and/or assigns, for purposes of installing, constructing, maintaining, repairing or replacing the subterranean foundations footings under said west one foot (1.0') of Lot 3.

(4) An easement is hereby declared or created in favor of the Owner of Lot 3 in the Estates of Columbia Place Subdivision, and their successors and/or assigns, over, under and through the west one foot (1.0') of Lot 4 in the Estates of Columbia Subdivision, to install, construct, maintain, repair or replace subterranean foundation footings, for the benefit of the Home constructed on Lot 3. A non-exclusive easement of ingress and egress is also hereby declared and granted to the Owner of Lot 3 and their successors and/or assigns, for purposes of installing, constructing, maintaining, repairing or replacing the subterranean foundations footings under said west one foot (1.0') of Lot 4.

(5) An easement is hereby declared or created in favor of the Owner of Lot 4 in the Estates of Columbia Place Subdivision, and their successors and/or assigns, over, under and through the west one foot (1.0') of Lot 5 in the Estates of Columbia Subdivision, to install, construct, maintain, repair or replace subterranean foundation footings, for the benefit of the Home constructed on Lot 4. A non-exclusive easement of ingress and egress is also hereby declared and granted to the Owner of Lot 4 and their successors and/or assigns, for purposes of installing, constructing, maintaining, repairing or replacing the subterranean foundations footings under said west one foot (1.0') of Lot 5.

(6) An easement is hereby declared or created in favor of the Owner of Lot 5 in the Estates of Columbia Place Subdivision, and their successors and/or assigns, over, under and through the west one foot (1.0') of Lot 6 in the Estates of Columbia Subdivision, to install, construct, maintain, repair or replace subterranean foundation footings, for the benefit of the Home constructed on Lot 5. A non-exclusive easement of ingress and egress is also hereby declared and granted to the Owner of Lot 5 and their successors and/or assigns, for purposes of installing, constructing, maintaining, repairing or replacing the subterranean foundations footings under said west one foot (1.0') of Lot 6.

(7) An easement is hereby declared or created in favor of the Owner of Lot 6 in the Estates of Columbia Place Subdivision, and their successors and/or assigns, over, under and through the west one foot (1.0') of Lot 7 in the Estates of Columbia Subdivision, to install, construct, maintain, repair or replace subterranean foundation footings, for the benefit of the Home constructed on Lot 6. A non-exclusive easement of ingress and egress is also hereby declared and granted to the Owner of Lot 6 and their successors and/or assigns, for purposes of installing, constructing, maintaining, repairing or replacing the subterranean foundations footings under said west one foot (1.0') of Lot 7.

(8) An easement is hereby declared or created in favor of the Owner of Lot 7 in the Estates of Columbia Place Subdivision, and their successors and/or assigns, over, under and through the west one foot (1.0') of Lot 8 in the Estates of Columbia Subdivision, to install, construct, maintain, repair or replace subterranean foundation footings, for the benefit of the

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Home constructed on Lot 7. A non-exclusive easement of ingress and egress is also hereby declared and granted to the Owner of Lot 7 and their successors and/or assigns, for purposes of installing, constructing, maintaining, repairing or replacing the subterranean foundations footings under said west one foot (1.0') of Lot 8.

(9) An easement is hereby declared or created in favor of the Owner of Lot 8 in the Estates of Columbia Place Subdivision, and their successors and/or assigns, over, under and through the west one foot (1.0') of Lot 9 in the Estates of Columbia Subdivision, to install, construct, maintain, repair or replace subterranean foundation footings, for the benefit of the Home constructed on Lot 8. A non-exclusive easement of ingress and egress is also hereby declared and granted to the Owner of Lot 8 and their successors and/or assigns, for purposes of installing, constructing, maintaining, repairing or replacing the subterranean foundations footings under said west one foot (1.0') of Lot 9.

(10) An easement is hereby declared or created in favor of the Owner of Lot 9 in the Estates of Columbia Place Subdivision, and their successors and/or assigns, over, under and through the west one foot (1.0') of Lot 10 in the Estates of Columbia Subdivision, to install, construct, maintain, repair or replace subterranean foundation footings, for the benefit of the Home constructed on Lot 9. A non-exclusive easement of ingress and egress is also hereby declared and granted to the Owner of Lot 9 and their successors and/or assigns, for purposes of installing, constructing, maintaining, repairing or replacing the subterranean foundations footings under said west one foot (1.0') of Lot 10.

6.06. Easements to Run with the Land. All easements and rights on or with respect to the Real Estate are easements appurtenant to and running with the land, perpetually in full force and effect, and at all times shall inure to the benefit of and be binding on the Developer and its successors and assigns, every Owner and his or her heirs, grantees, successors and assigns, and the Association.

6.07. Creation of Easements. Reference to the easements and rights described in any part of this Declaration shall be sufficient to create such easements and rights and any subsequent conveyance of any Home shall be deemed to include such easements and rights as fully and completely as though such easements and rights were recited fully and set forth in their entirety in such conveyance.

6.08. Non-Interference with Easements. Neither the Association nor any Owner shall interfere with or allow the interference with any easement as hereinabove set forth in this Article. Obstructions shall not be placed over any of said easements. The grade of the property over said easements shall not be altered in any manner so as to interfere with the proper operation and maintenance of the easement, but the same may be used for gardens, shrubs, landscaping and such other purposes that then and later do not unreasonably interfere with the use and right herein granted.

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6.09. Easement Rights. The Developer, its successors and assigns, and any party for whose benefit easements are granted pursuant to the terms hereof, shall have the right to do whatever may be required for the enjoyment of the easement rights herein granted, including the right to clear said easement area of trees, shrubs, or any building, fence, structure or paving erected on or installed within the easement areas, and no charge, claim or demand may be made against such parties for any such activities in the exercise of such rights.

6.10. Additional Easements - Association Authority. The Association shall have the right and authority from time to time to lease or grant easements, licenses, or concessions with respect to any portions or all of the Common Area for such uses and purposes as the Board deems to be in the best interests of the Owners and which are not prohibited hereunder, including, without limitation, the right to grant easements for utilities and similar and related purposes. Any and all proceeds from leases, easements, licenses or concessions with respect to the Common Area shall be used to pay the Maintenance Expenses. Each person, by acceptance of a deed, mortgage, trust deed, other evidence of obligation, or other instrument relating to a Home, shall be deemed to grant a power coupled with an interest to the Board, as attorney-in-fact, to grant, cancel, alter or otherwise change the easements provided for in this Section. Any instrument executed pursuant to the power granted herein shall be executed by the President and attested by the Secretary of the Association and duly recorded.

6.11. Easement for Encroachment. In the event that by reason of the construction, repair, reconstruction, settlement or shifting of a Home, any portion of such Home (including without limitation foundation footings) shall encroach upon any other Dwelling Parcel, then in any such case there should be deemed to be an easement in favor of and appurtenant to such encroaching improvement for the continuance, maintenance, repair and replacement thereof, provided, however, that in no event shall an easement for any encroachment be created in favor of any Owner if such encroachment occurred due to the intentional, willful or negligent conduct of such Owner or such Owner's agent.

ARTICLE VII

ASSESSMENTS, RESERVE FUND, REMEDIES FOR NON-PAYMENT OF ASSESSMENTS

7.01. Purpose of Assessments. The assessments levied shall be exclusively for the purpose of defraying Maintenance Expenses and accumulating reserves to defray any extraordinary Maintenance Expenses.

7.02. Maintenance Assessment. Each year on or before December 1 the Board shall adopt and furnish each Owner with a budget for the ensuing calendar year. Such budget shall show the following with reasonable explanations and itemizations:

- (a) The estimated Maintenance Expenses;

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(b) The estimated amount, if any, required to maintain adequate reserves for extraordinary Maintenance Expenses, including without limitation amounts, if any, required to maintain the Capital Reserve;

(c) The estimated net excess funds, if any, from the current year's assessments;

(d) The amount of the Maintenance Assessment payable with respect to the ensuing year by the Owners, which amount is defined as the amount determined in (a) above plus the amount determined in (b) above minus the amount determined in (c) above;

(e) That portion of the Maintenance Assessment which shall be payable each month by the Owner of each Dwelling Parcel which is subject to assessment hereunder, which shall be equal to one-twelfth (1/12) of the Maintenance Assessment divided by eleven (11) (the number of Dwelling Parcels on the Real Estate), the intent being that each Owner shall pay an equal Maintenance Assessment.

7.03. Payment of Maintenance Assessment. On or before the first day of January of the ensuing calendar year, and on or before the first day of each and every month until the effective date of the next annual or revised Maintenance Assessment, each Owner of a Dwelling Parcel shall pay to the Association, or as the Board may direct, that portion of the Maintenance Assessment which is payable by an Owner of a Dwelling Parcel under Section 7.02(e).

7.04. Report of Expenditures. On or before April first of each calendar year the Board shall supply to all Owners an itemized accounting of the Maintenance Expenses actually incurred and paid with respect to the preceding calendar year together with a tabulation of the amounts collected by way of Maintenance Assessments. Such accounting shall set forth overages or shortages as well as the amount of any reserves. The status of the Capital Reserve (with an itemization and explanation of all receipts and disbursements) shall be simultaneously reported to the Owners.

7.05. Revised Assessment. If the Maintenance Assessment proves inadequate for any reason (including the non-payment of any Owner's assessment) or proves to exceed funds reasonably needed, the Board may increase or decrease the assessment payable under Section 7.02(e) by giving written notice thereof (together with a revised budget and explanation for the adjustment) to each Owner not less than ten (10) days prior to the effective date of the revised assessment.

7.06. Special Assessment. The Board may levy a special assessment as hereinafter provided (i) to pay (or build up reserves to pay) expenses other than Maintenance Expenses incurred (or to be incurred) by the Association from time to time for a specific purpose including, without limitation, to make alterations, additions or improvements to the Common Area; or (ii) to cover an unanticipated deficit under the prior year's budget. Any special

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assessment shall be levied against all of the Owners, share and share alike. No special assessment shall be adopted without the affirmative vote of at least a majority of the Voting Members who cast their votes on the question. The Board shall serve notice of a special assessment on all Owners by a statement in writing giving the specific purpose and reasons therefor in reasonable detail, and the special assessment shall be payable in such manner and on such terms as shall be fixed by the Board. Any assessments collected pursuant to this Section (other than those to cover an unanticipated deficit under the prior year's budget) shall be segregated in a special account and used only for the specific purpose set forth in the notice of assessment.

7.07. Capital Reserve. The Association may, but need not segregate and maintain a special reserve account to be used solely for making capital expenditures in connection with the Common Area (the "Capital Reserve"). The Board shall determine the appropriate level, if any, of the Capital Reserve based on a periodic review of the useful life of improvements to the Common Area and periodic projections of the cost of anticipated major repairs or replacements to the Common Area. Each budget shall disclose the portion of the Maintenance Assessment that is to be added to the Capital Reserve.

7.08. Initial Capital Contribution. Upon the closing of the first sale of a Home (or Dwelling Parcel if conveyed vacant) by the Developer to a purchaser for value, the purchasing Owner shall make a capital contribution to the Association in an amount equal to two (2) months' Maintenance Assessment at the rate in effect with respect to the Home as of the closing. Said amount shall be held and used by the Association for its working capital needs.

7.10. Payment of Assessments. Assessments levied by the Association shall be collected from each Owner by the Association and shall be a lien on the Owner's Dwelling Parcel and also shall be a personal obligation of the Owner in favor of the Association, all as more fully set forth in Sections 7.12, 7.13 and 7.14.

7.11. Maintenance of Records. The Board shall keep full and correct books of account in chronological order of the receipts and expenses for which it is responsible, specifying and itemizing the maintenance and repair expenses as well as any other expenses incurred. Such records and vouchers authorizing the payments shall be available for inspection by any Owner or any representative of an Owner duly authorized in writing, at such reasonable time or times, during normal business hours, as may be requested by the Owner. The Board will cause each Owner to be notified of any expenditures of the Association with respect to which such Owner shall be entitled to take a deduction for income tax purposes and the amount of the deduction to which such owner is entitled. The Board shall also advise each Owner of the amount of any Capital Expenditures that affect the Owner's tax basis. Upon ten (10) days' notice to the Board and payment of a reasonable fee any Owner shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner.

7.12. Creation of Lien and Personal Obligation. The Developer hereby covenants, and each Owner of a Home by acceptance of a deed therefor (whether or not it shall

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be so expressed in any such deed or other conveyance) shall be and is deemed to covenant and hereby agrees to pay to the Association all Charges made with respect to the Owner on the Owner's Home. Each Charge, together with interest thereon and reasonable costs of collection, if any, as hereinafter provided, shall be a continuing lien upon the Home against which such Charge is made and also shall be the personal obligation of the Owner of the Home at the time when the Charge becomes due. Developer hereby agrees that during the Initial Development Period, any amounts which become payable from the Developer to the Association under Section 7.09 shall be a continuing lien against the Homes owned by Developer at the time that the payment becomes due. The lien or personal obligation created under this Section shall be in favor of and shall be enforceable by the Association.

7.13. Collection of Charges. The Association shall collect from each Owner all Charges payable by such Owner under this Declaration.

7.14. Non-Payment of Charges. Any Charge that is not paid to the Association when due shall be deemed delinquent. Any Charge which is delinquent for thirty (30) days or more shall bear interest at the per annum rate of eighteen percent (18%) from the due date to the date when paid; provided, however, the minimum penalty for any Charge which is delinquent for thirty (30) days or more shall not be less than \$25.00. The Association may (i) bring an action against the Owner personally obligated to pay the Charge to recover the Charge (together with interest, costs and reasonable attorney fees for any such action, which shall be added to the amount of the Charge and included in any judgment rendered in such action) and/or (ii) enforce and foreclose any lien which it has or which may exist for its benefit. In addition, the Board may add a reasonable late fee to any installment of an assessment that is not paid within thirty (30) days of its due date. No Owner may waive or otherwise escape personal liability for the Charges hereunder by nonuse of the Common Area or by abandonment or transfer of his Home.

7.15. Lien for Charges Subordinated to Mortgages. The lien for Charges, provided for in Section 7.12, shall be subordinate to the Mortgagee's mortgage on the Home if such mortgage was recorded prior to the date that any such Charge became due. Except as hereinafter provided, the lien for Charges, provided for in Section 7.12, shall not be affected by any sale or transfer of a Home. Where title to a Home is transferred pursuant to a decree of foreclosure of the Mortgagee's mortgage or by deed or assignment in lieu of foreclosure of the Mortgagee's mortgage, such transfer of title shall extinguish the lien for unpaid Charges that became due prior to the date of the transfer of title. However, the transferee of the Home shall be personally liable for his share of the Charges with respect to which a lien against his Home has been extinguished pursuant to the preceding sentence where such Charges are reallocated among all the Owners pursuant to a subsequently adopted annual or revised Maintenance Assessment or special assessment and non-payment thereof shall result in a lien against the transferee's Home, as provided in this Article.

7.16. Self-Help by Board. In the event of a violation or breach by an Owner of the provisions, covenants or restrictions of this Declaration, the Bylaws, or rules or regulations of the Board, whenever such violation or breach may be cured or abated by affirmative action, the

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Board, upon not less than ten (10) days' prior written notice to the Owner, shall have the right to enter upon that part of the Real Estate with respect to which the violation or breach exists to remove or rectify the violation or breach.

7.17. Other Remedies of the Board. In addition to or in conjunction with the remedies set forth above, enforcement of any of the provisions contained in this Declaration or any rules or regulations adopted hereunder may be by proceeding at law or in equity by the Association against any person or persons violating or attempting to violate any such provision either to restrain such violation, require performance, recover sums due or payable, or recover damages, and/or against the land to enforce any lien created hereunder; and failure by the Association or any Owner to enforce any provision shall in no event be deemed a waiver of the right to do so thereafter.

7.18. Costs and Expenses. All costs and expenses incurred by the Board in connection with any action, proceedings or self-help in connection with exercise of its rights and remedies under this Article, including, without limitation, court costs, attorney fees and all other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon at the maximum legal general rate permitted by Illinois law until paid, shall be charged to and assessed against the defaulting Owner, and the Association shall have a lien for the same upon his or her Home as provided in Section 7.12.

7.19. Enforcement by Owners. Enforcement of the provisions contained in this Declaration and the rules and regulations adopted hereunder may be by any proceeding at law or in equity by any aggrieved Owner against any person or persons violating or attempting to violate any such provisions, either to restrain such violation or to recover damages, and against a Home to enforce any lien created hereunder.

ARTICLE VIII

CONVEYANCE OF COMMON AREA

8.01 Conveyance of Common Areas. Prior to the conveyance of the first Dwelling Parcel, Developer will convey to the Association by quit-claim deed and the Association shall accept title to the Common Area described on Exhibit "B" attached hereto, together with such facilities and improvements as the Developer may elect to install thereon and subject to such easements as the Developer may cause to be placed thereon.

ARTICLE IX

GENERAL PROVISIONS

9.01. Developer Responsibility Prior to Association. Until such time as the Association is formed, the Developer may exercise any of the powers, rights, duties and

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functions of the Association and shall be responsible for all obligations and responsibilities of the Board hereunder.

9.02. Mortgagee Entitlement to Notices. Upon written request to the Board, any Mortgagee shall be entitled to be given a copy of any and all notices permitted or required by this Declaration to be given to the Owner whose Home is subject to such mortgage or trust deed.

9.03. References to Declaration in Conveyances. Each Owner of a Home, by acceptance of a deed therefor or conveyance thereof, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to all of the terms, conditions and obligations contained herein, including but not limited to the imposition and foreclosure of liens.

9.04. Notice Requirements. Notices provided for in this Declaration shall be in writing, and shall be addressed to the Board in care of the President of the Association, or to any Owner, as the case may be, at such person's last known address as it then appears on the records of the Association. The Association or Board may designate a different address or addresses for notices to them, respectively, by giving written notice of such change of address to all Owners. Any Owner may also designate a different address for notice to him by giving written notice of his change of address to the Board. Notices addressed as above shall be deemed delivered when mailed by United States registered or certified mail or when delivered in person with written acknowledgment of the receipt thereof, or, if addressed to an Owner, when deposited in his mailbox or at the door of his Home.

9.05. Delivery of Notices. Notices required to be given any devisee or personal representative of a deceased Owner may be delivered either personally or by mail to such party at his or its address appearing in the records of the courts wherein the estate of such deceased Owner is being administered.

9.06. Appurtenancy of Covenants. All restrictions, conditions, covenants, easements, reservations, liens and Charges, as well as the jurisdiction, rights and powers created or reserved by this Declaration, and all rights, benefits and privileges of every character hereby created, reserved or declared, and all impositions and obligations hereby imposed, shall be deemed and taken to be covenants appurtenant, running with the land, and shall at all times be binding on and inure to the benefit of any person having at any time an interest or estate in the Real Estate or any Home. The foregoing shall obtain whether or not the deed of conveyance or other instrument (such as, by way of example, Articles of Agreement for Deed) through which such person claims an interest or estate, makes reference to this Declaration, in like manner as though the provisions of the Declaration were recited and stipulated in full on each such deed of conveyance or other instrument.

9.07. Non-Enforcement of Covenants not a Waiver. No covenants, restrictions, conditions, obligations or provisions contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

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9.08. Modification of Declaration. The covenants and restrictions of this Declaration may be amended during the first fifty (50) year period or within any successive ten (10) year period by an instrument signed by those Owners entitled to cast seventy-five percent (75%) of the total votes, provided, however, that no Material Amendment to this Declaration, the By-Laws or the Association's articles of incorporation shall be effective unless approval thereof is obtained from Eligible Mortgage Holders representing at least fifty-one percent (51%) of the Homes that are subject to mortgages held by Eligible Mortgage Holders. This Declaration may also be canceled or amended by an instrument signed by sixty percent (60%) of Owners executed and recorded within ninety (90) days of the expiration of any successive ten (10) year period, such cancellation or amendment to be effective on the date of commencement of the ten (10) year period in question, provided, however, that no termination or alteration of the legal status of the Association or the Real Estate for reasons other than substantial destruction or condemnation of the property shall be effective unless approval thereof is obtained from Eligible Mortgage Holders representing at least sixty-seven percent (67%) of the Homes that are subject to mortgages held by Eligible Mortgage Holders by resolution duly adopted.

Developer 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 Association, the Veteran's Administration, or any other governmental agency or any other public, quasi-public, or private entity which performs (or may in the future perform) functions similar to those currently performed by such entities, (i) to induce any of such agencies or entities to make, purchase, sell, insure, or guarantee mortgages covering Homes or (ii) to correct clerical or typographical errors in this Declaration or any Exhibit hereto or any supplement or amendment thereto. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to the Developer to vote in favor of, make, or consent to a Special Amendment on behalf of each Owner as proxy or attorney-in-fact, as the case may be. Each deed, mortgage, trust deed, other evidence of obligation, or other instrument affecting a Home, and the acceptance thereof shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of the power of the Developer to vote in favor of, make, execute and record Special Amendments. The right of the Developer to act pursuant to rights reserved or granted under this Section 9.08 shall terminate at such time as the Developer no longer holds or controls title to any Home.

9.9. Invalidity of Covenant. The invalidity of any covenant, restriction, condition, limitation or any other provision of this Declaration, or of any part of the same, shall not impair or affect in any manner the validity or enforceability of the rest of this Declaration.

9.10. Unlawful Covenants. If any of the options, privileges or covenants or rights created by this Declaration would otherwise be unlawful or void for violation of (a) the rule against perpetuities or some analogous statutory provisions, (b) the rule restricting restraints on alienation, or (c) any other statutory or common law rules imposing time limits, then such

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provision shall continue only until twenty-one (21) years after the death of the survivor of the now living lawful descendants of the incumbent Governor of the State of Illinois, and the incumbent President of the United States.

9.11. Mortgagees. The following provisions are intended for the benefit of each Mortgagee and to the extent if at all, that any other provisions of this Declaration conflict with the following provisions, the provisions of this Section 9.11 shall control:

- (a) Upon request in writing to the Association identifying the name and address of the Mortgagee or the insurer or guarantor of a recorded mortgage or trust deed on a Home ("Insurer or Guarantor"), the Association shall furnish each Mortgagee, Insurer or Guarantor a written notice of the default of any Owner's obligations under this Declaration which is not cured within thirty (30) days. Any Mortgagee of a Home who comes into possession of the said Home pursuant to the remedies provided in the mortgage, foreclosure of the mortgage, or deed (or assignment) in lieu of foreclosure shall, to the extent permitted by law, take such property free of any claims for unpaid assessments or charges in favor of the Association against the mortgaged Home which become due prior to (i) the date of the transfer of title or (ii) the date on which the holder comes into possession of the Home, whichever occurs first.
- (b) Upon request in writing, each Mortgagee, Insurer or Guarantor shall have the right:
- (i) to examine current copies of this Declaration, the By-Laws, rules and regulations and the books and records of the Association during normal business hours;
 - (ii) to receive, without charge and within a reasonable time after such request, an audited financial statement prepared by the Association at the end of each of its respective fiscal years;
 - (iii) to receive written notices of all meetings of the Association and to designate a representative to attend all such meetings;
 - (iv) to receive written notice of any decision by the Association or Owners to make a Material Amendment to the Declaration, By-Laws or the articles of incorporation of the Association;

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(v) to receive written notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

(vi) to receive written notice of any proposed action which would require the consent of a specified percentage of Mortgagees; and

(vii) to receive written notice of any condemnation or casualty loss that affects either a material portion of the Real Estate or the Home on which it holds, insurers or guarantees the mortgage.

(c) No provision of this Declaration, the By-Laws or the articles of incorporation of the Association or any similar instrument pertaining to the Real Estate or the Homes therein shall be deemed to give an Owner or any other party priority over the rights of the Mortgagees pursuant to their mortgages in the case of distribution to Owners of insurance proceeds or condemnation awards for losses to or a taking of the Homes, and/or the Common Area, or any portion thereof or interest therein. In such event, the Mortgagees, Insurers or Guarantors of the Homes affected shall be entitled, upon specific written request, to timely written notice of any such loss.

(d) Upon specific written request to the Association, each Mortgagee, Insurer or Guarantor of a Home shall be furnished notice in writing by the Association of any damage to or destruction or taking of the Common Area if such damage or destruction or taking exceeds Fifty Thousand Dollars (\$50,000.00).

(e) If the Common Area or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the Mortgagee with respect to the distribution to such Home of the proceeds of any award or settlement.

9.12. Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating an appropriate plan for the ownership, operation and maintenance of the Common Area and for the maintenance and renewal of Home Exteriors.

9.13. Responsibility of Trust Beneficiaries. In the event title to any Home is conveyed to a land title-holding trust, under the terms of which all powers of management, operation and control of the Home remain vested in the trust beneficiary or beneficiaries, then the Home under such trust and the beneficiaries thereunder from time to time shall be responsible for

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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 Home. No claim shall be made against any such title-holding 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 Home and the beneficiaries of such trust notwithstanding any transfers of the beneficial interest of any such trust or any transfers of title of such Home.

9.14. Interpretation of Declaration. In the event of any dispute or disagreements between any Owners relating to Home Exteriors or any question of interpretation or application of the provisions of this Declaration, the determination thereof by the Board shall be binding and final as to each of said Owners.

9.15. Compliance with Ordinances. The Developer and each Owner shall be deemed to covenant and agree to abide by all applicable codes, regulations and ordinances of the City of Chicago.

9.16. Enforcement of Declaration. This Declaration and the various covenants and restrictions therein contained may be enforced by the Developer, the Association, by any Owner, and by any other person specifically authorized herein to enforce them or for whose benefit they are created. Enforcement of this Declaration and the various covenants and restrictions therein contained may be sought by any proceeding at law or in equity against any person or persons violating or attempting to violate any covenant or restriction, either to restrain violation, to compel affirmative action or to recover damages, and against the land to enforce any lien created by this Declaration. All expenses incurred by any party so enforcing this Declaration, including court costs and attorney fees, shall be borne by the party against whom the enforcement proceedings are maintained.

9.17. Recordation of Declaration. This Declaration shall be recorded with the Recorder of Deeds of Cook County, Illinois, and all contracts and deeds of conveyance relating to the Real Estate or any part thereof shall be subject to the provisions of this Declaration.

9.18. Assignment. All rights that are hereby reserved to the Developer are mortgageable, pledgeable, assignable or transferable. Upon any exercise of rights by the holder of said mortgage, pledge, assignment or transfer, any successor assignee by foreclosure or otherwise shall from time to time hold or be entitled to exercise the rights of Developer hereunder as fully as if named as such party herein.

SIGNATURES ON FOLLOWING PAGE

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IN WITNESS WHEREOF, the said Developer has caused its name to be signed to these presents by its Manager this 18th day of February, 2006.

DEVELOPER

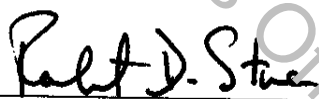
2865 NORTH PAULINA, LLC
an Illinois limited liability company

By 
James D. Letchinger, its Manager

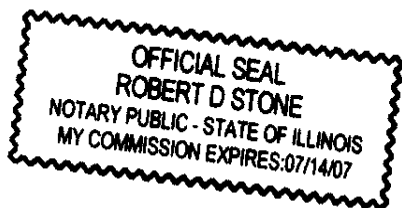
STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, ROBERT D. STONE, a Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY, that James D. Letchinger, the Manager of 2865 North Paulina, LLC, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said limited liability company, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 18th day of February, 2006.



Notary Public



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MORTGAGEE CONSENT

New Century Bank, holder of a note secured by a mortgage on the property dated March 1, 2005, hereby consents to the execution and recording of the above and foregoing Declaration, and hereby submits said mortgage recorded on March 16, 2005, as Document Number 0507533008, to the provisions of the above and foregoing Declaration.

IN WITNESS WHEREOF, New Century Bank has caused this instrument to be signed by its duly authorized officers on its behalf; all done at Chicago, Illinois, on this 27 day of February, 2006

NEW CENTURY BANK

By: Judith J. Isuma
Its: Vice President

ATTEST:

Paul Mill
Its: VICE PRESIDENT

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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Julia Hubeny, a Notary Public in and for said County and State, do hereby certify that JUDITH JOHNSON and JOSEPH GRILL, the VP & VP of New Century Bank, personally known to me to be the same persons whose name are subscribed to the foregoing instrument as such, appeared before me this day in person and acknowledged that they signed, sealed and delivered said instrument as their free and voluntary act, and as the free and voluntary act of said bank, for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this 27th day of February, 2006.

Julia Hubeny
Notary Public



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EXHIBIT A

DWELLING PARCELS

DWELLING PARCEL 1:

LOT 1 IN THE ESTATES OF COLUMBIA PLACE SUBDIVISION, BEING A SUBDIVISION OF PART OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 30, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

DWELLING PARCEL 2

LOT 2 IN THE ESTATES OF COLUMBIA PLACE SUBDIVISION, BEING A SUBDIVISION OF PART OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 30, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

DWELLING PARCEL 3

LOT 3 IN THE ESTATES OF COLUMBIA PLACE SUBDIVISION, BEING A SUBDIVISION OF PART OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 30, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

DWELLING PARCEL 4

LOT 4 IN THE ESTATES OF COLUMBIA PLACE SUBDIVISION, BEING A SUBDIVISION OF PART OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 30, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

DWELLING PARCEL 5:

LOT 5 IN THE ESTATES OF COLUMBIA PLACE SUBDIVISION, BEING A SUBDIVISION OF PART OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 30, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

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DWELLING PARCEL 6:

LOT 6 IN THE ESTATES OF COLUMBIA PLACE SUBDIVISION, BEING A SUBDIVISION OF PART OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 30, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

DWELLING PARCEL 7:

LOT 7 IN THE ESTATES OF COLUMBIA PLACE SUBDIVISION, BEING A SUBDIVISION OF PART OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 30, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

DWELLING PARCEL 8:

LOT 8 IN THE ESTATES OF COLUMBIA PLACE SUBDIVISION, BEING A SUBDIVISION OF PART OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 30, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

DWELLING PARCEL 9:

LOT 9 IN THE ESTATES OF COLUMBIA PLACE SUBDIVISION, BEING A SUBDIVISION OF PART OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 30, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

DWELLING PARCEL 10:

LOT 10 IN THE ESTATES OF COLUMBIA PLACE SUBDIVISION, BEING A SUBDIVISION OF PART OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 30, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

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DWELLING PARCEL 11:

LOT 11 IN THE ESTATES OF COLUMBIA PLACE SUBDIVISION, BEING A
SUBDIVISION OF PART OF THE SOUTHEAST QUARTER OF THE NORTHEAST
QUARTER OF SECTION 30, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD
PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Property of Cook County Clerk's Office

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EXHIBIT B

LEGAL DESCRIPTION OF COMMON AREA

OUTLOT 1 AND OUTLOT 2 IN THE ESTATES OF COLUMBIA PLACE SUBDIVISION,
BEING A SUBDIVISION OF PART OF THE SOUTHEAST QUARTER OF THE
NORTHEAST QUARTER OF SECTION 30, TOWNSHIP 40 NORTH, RANGE 14, EAST OF
THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Property of Cook County Clerk's Office

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EXHIBIT C

BY-LAWS OF

ESTATES OF COLUMBIA PLACE OWNERS' ASSOCIATION

ARTICLE I

Purposes and Powers

The Association shall be responsible for the maintenance, repair and replacement of the Common Area, 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. The terms used in these By-Laws shall have same definitions as set forth in the Declaration of Ownership and of Easements, Restrictions, Covenants, and By-Laws for the Estates of Columbia Place Owners' Association to the extent such terms are defined therein.

ARTICLE II

Offices

2.01. Registered Office. The Association shall have and continuously maintain in this State a Registered Office and a Registered Agent whose office shall be identical with such Registered Office. The Association may have other offices within or without the State of Illinois as the Board of Directors may from time to time determine.

2.02. Principal Office. After the Turnover Date, the principal office of the Association shall be maintained upon the Real Estate.

ARTICLE III

Membership

3.01. Voting Rights. There shall be one person (and only one person) with respect to each Dwelling Parcel who shall be entitled to vote at any meeting of the Owners. Such person shall be known and hereinafter referred to as a "Voting Member". Each vote of a Voting Member entitled to vote shall be of equal weight. Such Voting Member may be the Owner or one of the group comprising all the Owners of a Dwelling Parcel, or may be some person designated by such Owner or Owners to act as proxy on his or their behalf and who need not be an Owner. Such designation shall be made in writing to the Board and shall be revocable at any time by actual

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notice to the Board of the death or judicially declared incompetence of any designator, or by written notice to the Board by the Owner or Owners. Any or all of such Owners may be present at any meeting of the Voting Members and (those constituting a group, when acting unanimously) may vote or take any other action as a Voting Member either in person or by proxy. Developer shall be the Voting Member with respect to any and all Dwelling Parcels owned by the Developer.

3.02. Meetings.

- (a) Quorum Procedure. Meetings of the Voting Members shall be held at the principal office of the Association or at such other place in Chicago, Illinois as may be designated in any notice of a meeting. The presence at any meeting, in person or by proxy, of the Voting Members for at least six (6) Dwelling Parcels shall constitute a quorum. Unless otherwise expressly provided herein or in the Declaration, any action may be taken at any meeting of the Members at which a quorum is present upon the affirmative vote of the Voting Members having a majority of the total votes present at such meeting, or consent to any action of the Association without a meeting.
- (b) Initial and Annual Meeting. The initial meeting of the Voting Members shall be held upon at least ten (10) days' prior written notice given by the Developer. Such written notice must be given not later than ten (10) days prior to the Turnover Date. Thereafter, there shall be an annual meeting of the Voting Members on the first Tuesday of October following such initial meeting, and on the first Tuesday of October of each succeeding year thereafter, at 7:30 p.m., or at such other reasonable time or date (not more than thirty (30) days before or after such date) as may be designated by written notice of the Board delivered to the Voting Members not less than ten (10) days prior to the date fixed for said meeting.
- (c) Special Meetings. Special meetings of the Voting Members may be called at any time for the purpose of considering matters which, by the terms of this 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 a majority of the Board or by one-fifth (1/5th) of the Voting Members and delivered not less than ten (10) 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.

3.03. Notice of Meetings. Notices of meetings required to be given herein may be delivered either personally or by mail to the persons entitled to vote thereat, addressed to each such person at the address given by him to the Board for purpose of service of such notice, or to the Home of the Owner with respect to which such voting right appertains, if no address has been given to the Board.

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ARTICLE IV

Board of Directors

4.01 Election of Board Members.

- (a) At their initial meeting, the Voting Members shall elect a full three-member Board. In all elections for members of the Board, each Voting Member shall be entitled to cast the number of votes equal to the number of Board members to be elected. Cumulative voting will not be permitted. The three (3) candidates receiving the highest number of votes shall be deemed to be elected. Members of the Board elected at the initial meeting shall serve until the first annual meeting. At the first annual meeting three (3) Board members shall be elected. 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 two (2) years and the one person receiving the next highest number of votes shall be elected to the Board for a term of one (1) year. Upon the expiration of the terms of office of the Board members elected at the first annual meeting, and thereafter, successors shall be elected for a term of one (1) year each. The Voting Members for at least two-thirds (2/3rds) of the number of Homes may from time to time increase such number of persons on the Board or may increase or decrease the term of office of Board members at any annual or special meeting. Members of the Board shall receive no compensation for their services, unless expressly allowed by the Board at the direction of the Voting Members for at least two-thirds (2/3rds) of the number of Homes. Vacancies in the Board, including vacancies due to any increase in the number of persons on the Board, shall be filled by the Voting Members present at the next annual meeting or at a special meeting of the Voting Members called for such purpose. Except as otherwise provided in this Declaration, the Association shall be managed by the Board and the Board shall act by a majority vote of those present at its meetings when a quorum exists. Meetings of the Board may be called, held and conducted in accordance with such resolutions as the Board may adopt. A majority of the total number of members of the Board shall constitute a quorum.
- (b) The Board shall elect from among its members a President who shall preside over both its meetings and those of the Voting Members, and who shall be chief executive officer of the Association; a Secretary who shall keep the minutes of all meetings of the Board and of the Voting Members and who shall, in general, perform all the duties incident to the office of Secretary; a Treasurer to keep the financial records and books of account and who shall, in general, perform all the duties incident to the office of Treasurer; and such additional officers as the Board shall see fit to elect.

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- (c) Any Board member elected by the Voting Members may be removed from office by affirmative vote of the Voting Members for at least two-thirds (2/3rds) of the number of Homes at any special meeting called for that purpose. A successor to fill the unexpired term of a Board member removed may be elected by the Voting Members at the same meeting or any subsequent meeting called for that purpose.

4.02. Execution of Instruments. All agreements, contracts, deeds, leases, vouchers for payment of expenditures and other instruments shall be signed by such officer or officers, agent or agents of the Association and in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board, such documents shall be signed by the Treasurer and countersigned by the President.

4.03. Board Member and Officer Liability. Board members and officers of the Association shall not be personally liable to the Owners for any mistake of judgment or any acts or omissions of any nature which such Board members or officers take or fail to take as Board members and/or officers, except with respect to acts or omissions found by a court to constitute criminal conduct, gross negligence or fraud. The Association shall indemnify and hold harmless the Developer and each Board member and Association officer, along with their respective heirs, executors or administrators, against all contractual and other liability to others, arising out of contracts made by or other acts taken by them on behalf of the Owners or the Association, or arising out of their status as Board members or officers, unless in each case such contract or act shall have been entered into or taken criminally, fraudulently or with gross negligence. The foregoing indemnification shall include indemnification against all costs and expenses (including, without limitation, counsel fees, judgments paid and settlements paid) actually and reasonably incurred in connection with defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or other; provided, however, that such indemnity shall not be operative with respect to (i) any matter as to which such person shall have been adjudged in such action, suit or proceeding to be liable for criminal conduct, gross negligence or fraud in the performance of his or her duties as such Board member or officer, or (ii) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Board, there is not reasonable ground for such person being adjudged liable for criminal conduct, gross negligence or fraud in the performance of his or her duties as such Board member or officer. It is intended that the foregoing indemnification shall be coextensive with the broadest indemnification permitted under the Illinois General Not-For-Profit Corporation Act of 1986, as from time to time amended.

Agreements made by the Association or the Developer on behalf of the Owners may provide the officers of the Association, members of the Board, or the Developer, as the case may be, are acting only as agents for the Owners and shall have no personal liability thereunder (except as Owners) and that each Owner's liability shall be limited to such proportion of the total liability as the number of Dwelling Parcels owned by such Owner bears to the aggregate number of Dwelling Parcels.

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4.04. Dissolution. To the extent permissible under applicable law, in the event of the dissolution of the Association, the Common Area shall be conveyed to the Owners as tenants in common.

4.05. Developer Control of Association. Notwithstanding anything contained herein to the contrary, the first and all subsequent Boards shall (until the Turnover Date) consist solely of three (3) persons from time to time designated by the Developer, which persons may, but need not be Owners. Developer's rights under this Section to designate the members of the Board shall terminate on the Turnover Date. From and after the Turnover Date, the Board shall be constituted and elected as provided in Section 4.01. Prior to the Turnover Date all of the voting rights at each meeting of the Owners shall be vested exclusively in the Developer and the Owners shall not have any voting rights.

4.06. Compensation. Members of the Board shall receive no compensation for their services, unless expressly allowed by the Board at the direction of the Voting Members having two-thirds (2/3) of the total votes. However, any director may be reimbursed for reasonable expenses incurred in the performance of his duties.

4.07. Meeting of Board. The initial meeting of the Board shall be held immediately following the initial meeting of the Members and at the same place. At such meeting the Board shall elect its officers to serve until the first annual meeting of the Board, which shall be held immediately following the first annual meeting of the Voting Members and at the same place. All subsequent annual meetings of the Board shall be held without other notice than the By-Laws immediately after, and at the same place as, the annual meeting of Voting Members. Special meetings of the Board shall be held upon call by the President or by a majority of the Board on not less than forty-eight (48) hours' notice in writing to each member, delivered personally or by mail or telegram. Any member 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 those present at its meetings when a quorum is present.

ARTICLE V

Powers of the Board

5.01. General Powers of the Board. Without limiting the general powers that may be provided by law, the Declaration or these By-Laws, the Board shall have the following general powers and duties:

- (a) To elect the officers of the Association as hereinabove provided;
- (b) to administer the affairs of the Association;

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- (c) to engage the services of a manager or managing agent;
- (d) to formulate policies for the Administration, management and operation of the Real Estate, to the extent set forth in the Declaration;
- (e) to provide for the designation, hiring and removal of employees and other personnel, including accountants and legal counsel, and to engage or contract for the services of others, and to make purchases for the maintenance, repair, and replacement of Home Exteriors and the Common Area and other areas for which the Association may be responsible and to delegate any such powers to the manager or managing agent (and any such employees or other personnel as may be the employees of the managing agent); and
- (f) to 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 these By-Laws.

5.02. Rules and Regulations; Management.

- (a) Adoption of Rules and Regulations. The Board, without approval from any of the Voting Members except as hereinafter set forth, may adopt such reasonable rules and regulations as it may deem advisable for the maintenance, repair and replacement of the Common Area and areas attested by easements, and for the health, comfort, safety and general welfare of the Owners. Written notice of such rules and regulations shall be given to all Owners. If within thirty (30) days from the date of written notice to the Owners of the adoption of any such rule and regulation, the Voting Members for at least one fourth (1/4) of the Owners shall file with the Board a written objection thereto, then such rule and regulation shall be deemed rescinded until approved by the Voting Members for at least three fifths (3/5) of the Owners.
- (b) Nothing hereinabove contained shall be construed to give the Board authority to conduct an active business for profit on behalf of all of the Owners or any of them.

ARTICLE VI

ASSESSMENTS, RESERVE FUND, REMEDIES FOR NON-PAYMENT OF ASSESSMENTS

6.01. Purpose of Assessments. The assessments levied shall be exclusively for the purpose of defraying Maintenance Expenses and accumulating reserves to defray any extraordinary Maintenance Expenses.

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6.02. Maintenance Assessment. Each year on or before December 1 the Board shall adopt and furnish each Owner with a budget for the ensuing calendar year. Such budget shall show the following with reasonable explanations and itemizations:

- (a) The estimated Maintenance Expenses;
- (b) The estimated amount, if any, required to maintain adequate reserves for extraordinary Maintenance Expenses, including without limitation amounts, if any, required to maintain the Capital Reserve;
- (c) The estimated net excess funds, if any, from the current year's assessments;
- (d) The amount of the Maintenance Assessment payable with respect to the ensuing year by the Owners, which amount is defined as the amount determined in (a) above plus the amount determined in (b) above minus the amount determined in (c) above;
- (e) That portion of the Maintenance Assessment which shall be payable each month by the Owner of each Dwelling Parcel which is subject to assessment hereunder, which shall be equal to one-twelfth (1/12) of the Maintenance Assessment divided by eleven (11) (the number of Dwelling Parcels on the Real Estate), the intent being that each Owner shall pay an equal Maintenance Assessment.

6.03. Payment of Maintenance Assessment. On or before the first day of January of the ensuing calendar year, and on or before the first day of each and every month until the effective date of the next annual or revised Maintenance Assessment, each Owner of a Dwelling Parcel shall pay to the Association, or as the Board may direct, that portion of the Maintenance Assessment which is payable by an Owner of a Dwelling Parcel under Section 6.02(e).

6.04. Report of Expenditures. On or before April first of each calendar year the Board shall supply to all Owners an itemized accounting of the Maintenance Expenses actually incurred and paid with respect to the preceding calendar year together with a tabulation of the amounts collected by way of Maintenance Assessments. Such accounting shall set forth overages or shortages as well as the amount of any reserves. The status of the Capital Reserve (with an itemization and explanation of all receipts and disbursements) shall be simultaneously reported to the Owners.

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6.05. Revised Assessment. If the Maintenance Assessment proves inadequate for any reason (including the non-payment of any Owner's assessment) or proves to exceed funds reasonably needed, the Board may increase or decrease the assessment payable under Section 6.02(e) by giving written notice thereof (together with a revised budget and explanation for the adjustment) to each Owner not less than ten (10) days prior to the effective date of the revised assessment.

6.06. Special Assessment. The Board may levy a special assessment as hereinafter provided (i) to pay (or build up reserves to pay) expenses other than Maintenance Expenses incurred (or to be incurred) by the Association from time to time for a specific purpose including, without limitation, to make alterations, additions or improvements to the Common Area; or (ii) to cover an unanticipated deficit under the prior year's budget. Any special assessment shall be levied against all of the Owners, share and share alike. No special assessment shall be adopted without the affirmative vote of at least a majority of the Voting Members who cast their votes on the question. The Board shall serve notice of a special assessment on all Owners by a statement in writing giving the specific purpose and reasons therefor in reasonable detail, and the special assessment shall be payable in such manner and on such terms as shall be fixed by the Board. Any assessments collected pursuant to this Section (other than those to cover an unanticipated deficit under the prior year's budget) shall be segregated in a special account and used only for the specific purpose set forth in the notice of assessment.

6.07. Capital Reserve. The Association may, but need not segregate and maintain a special reserve account to be used solely for making capital expenditures in connection with the Common Area (the "Capital Reserve"). The Board shall determine the appropriate level, if any, of the Capital Reserve based on a periodic review of the useful life of improvements to the Common Area and periodic projections of the cost of anticipated major repairs or replacements to the Common Area. Each budget shall disclose the portion of the Maintenance Assessment that is to be added to the Capital Reserve.

6.08. Initial Capital Contribution. Upon the closing of the first sale of a Home (or Dwelling Parcel if conveyed vacant) by the Developer to a purchaser for value, the purchasing Owner shall make a capital contribution to the Association in an amount equal to two (2) months' Maintenance Assessment at the rate in effect with respect to the Home as of the closing. Said amount shall be held and used by the Association for its working capital needs.

6.09. Payment of Assessments. Assessments levied by the Association shall be collected from each Owner by the Association and shall be a lien on the Owner's Dwelling Parcel and also shall be a personal obligation of the Owner in favor of the Association, all as more fully set forth in Sections 6.12, 6.13 and 6.14.

6.11. Maintenance of Records. The Board shall keep full and correct books of account in chronological order of the receipts and expenses for which it is responsible, specifying and itemizing the maintenance and repair expenses as well as any other expenses incurred. Such records and vouchers authorizing the payments shall be available for inspection by any Owner or

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any representative of an Owner duly authorized in writing, at such reasonable time or times, during normal business hours, as may be requested by the Owner. The Board will cause each Owner to be notified of any expenditures of the Association with respect to which such Owner shall be entitled to take a deduction for income tax purposes and the amount of the deduction to which such owner is entitled. The Board shall also advise each Owner of the amount of any Capital Expenditures that affect the Owner's tax basis. Upon ten (10) days' notice to the Board and payment of a reasonable fee any Owner shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner.

6.12. Creation of Lien and Personal Obligation. The Developer hereby covenants, and each Owner of a Home by acceptance of a deed therefor (whether or not it shall be so expressed in any such deed or other conveyance) shall be and is deemed to covenant and hereby agrees to pay to the Association all Charges made with respect to the Owner on the Owner's Home. Each Charge, together with interest thereon and reasonable costs of collection, if any, as hereinafter provided, shall be a continuing lien upon the Home against which such Charge is made and also shall be the personal obligation of the Owner of the Home at the time when the Charge becomes due. Developer hereby agrees that during the Initial Development Period, any amounts which become payable from the Developer to the Association under Section 6.09 shall be a continuing lien against the Homes owned by Developer at the time that the payment becomes due. The lien or personal obligation created under this Section shall be in favor of and shall be enforceable by the Association.

6.13. Collection of Charges. The Association shall collect from each Owner all Charges payable by such Owner under this Declaration.

6.14. Non-Payment of Charges. Any Charge that is not paid to the Association when due shall be deemed delinquent. Any Charge which is delinquent for thirty (30) days or more shall bear interest at the per annum rate of eighteen percent (18%) from the due date to the date when paid; provided, however, the minimum penalty for any Charge which is delinquent for thirty (30) days or more shall not be less than \$25.00. The Association may (i) bring an action against the Owner personally obligated to pay the Charge to recover the Charge (together with interest, costs and reasonable attorney fees for any such action, which shall be added to the amount of the Charge and included in any judgment rendered in such action) and/or (j) enforce and foreclose any lien which it has or which may exist for its benefit. In addition, the Board may add a reasonable late fee to any installment of an assessment that is not paid within thirty (30) days of its due date. No Owner may waive or otherwise escape personal liability for the Charges hereunder by nonuse of the Common Area or by abandonment or transfer of his Home.

6.15. Lien for Charges Subordinated to Mortgages. The lien for Charges, provided for in Section 6.12, shall be subordinate to the Mortgagee's mortgage on the Home if such mortgage was recorded prior to the date that any such Charge became due. Except as hereinafter provided, the lien for Charges, provided for in Section 6.12, shall not be affected by any sale or transfer of a Home. Where title to a Home is transferred pursuant to a decree of foreclosure of the Mortgagee's mortgage or by deed or assignment in lieu of foreclosure of the Mortgagee's mortgage, such transfer of title shall extinguish the lien for unpaid Charges that

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became due prior to the date of the transfer of title. However, the transferee of the Home shall be personally liable for his share of the Charges with respect to which a lien against his Home has been extinguished pursuant to the preceding sentence where such Charges are reallocated among all the Owners pursuant to a subsequently adopted annual or revised Maintenance Assessment or special assessment and non-payment thereof shall result in a lien against the transferee's Home, as provided in this Article.

6.16. Self-Help by Board. In the event of a violation or breach by an Owner of the provisions, covenants or restrictions of this Declaration, the Bylaws, or rules or regulations of the Board, whenever such violation or breach may be cured or abated by affirmative action, the Board, upon not less than ten (10) days' prior written notice to the Owner, shall have the right to enter upon that part of the Real Estate with respect to which the violation or breach exists to remove or rectify the violation or breach.

6.17. Other Remedies of the Board. In addition to or in conjunction with the remedies set forth above, enforcement of any of the provisions contained in this Declaration or any rules or regulations adopted hereunder may be by proceeding at law or in equity by the Association against any person or persons violating or attempting to violate any such provision either to restrain such violation, require performance, recover sums due or payable, or recover damages, and/or against the land to enforce any lien created hereunder; and failure by the Association or any Owner to enforce any provision shall in no event be deemed a waiver of the right to do so thereafter.

6.18. Costs and Expenses. All costs and expenses incurred by the Board in connection with any action, proceedings or self-help in connection with exercise of its rights and remedies under this Article, including, without limitation, court costs, attorney fees and all other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon at the maximum legal general rate permitted by Illinois law until paid, shall be charged to and assessed against the defaulting Owner, and the Association shall have a lien for the same upon his or her Home as provided in Section 6.12.

6.19. Enforcement by Owners. Enforcement of the provisions contained in this Declaration and the rules and regulations adopted hereunder may be by any proceeding at law or in equity by any aggrieved Owner against any person or persons violating or attempting to violate any such provisions, either to restrain such violation or to recover damages, and against a Home to enforce any lien created hereunder.

ARTICLE VII

Covenants and Restrictions as to Use and Occupancy

All Owners shall maintain, occupy and use their Homes and the Common Area only in accordance with the terms of the Declaration all other declarations affecting the Real Estate and any additional rules and regulations adopted by the Board or by the Voting Members.

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The Board shall have full authority to enforce all such rules and regulations by taking all action as may be necessary.

ARTICLE VIII

Committees

8.01. Board Committees. The Board, by resolution adopted by majority of the directors in office, may designate one (1) or more committees, each of which shall constitute one (1) or more directors; said 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 the delegation thereof of authority shall not operate to relieve the Board, or any individual director, of any responsibility imposed upon it or him by law.

8.02. 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 whenever in their judgment the best interests of the Association shall be served by such removal.

8.03. Term. Each member of the committee shall continue as such until the next annual meeting of the Board and until his successor is appointed and shall have qualified, unless the committee shall be sooner terminated, or unless such member shall cease to qualify as a member thereof.

8.04. Chairman. One (1) member of each committee shall be appointed chairman by the Board.

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

8.06. 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.

8.07. Rules. Each committee may adopt rules for its own government not inconsistent with these By-Laws or with rules adopted by the Board.

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ARTICLE IX

Interim Procedure

Until such time as the Association is formed, the Developer may exercise any of the powers, rights, duties and functions of the Association and shall be responsible for all obligations and responsibilities of the Board hereunder and under the Declaration.

ARTICLE X

Amendment or Modification of By-Laws

These By-Laws may be amended or modified from time to time by actions or approval in accordance with Section 9.09 of the Declaration of The Estates of Columbia Place Owners' Association. Such amendments or modifications shall be recorded in the Office of the Recorder of Deeds of Cook County, Illinois.

Property of Cook County Clerk's Office