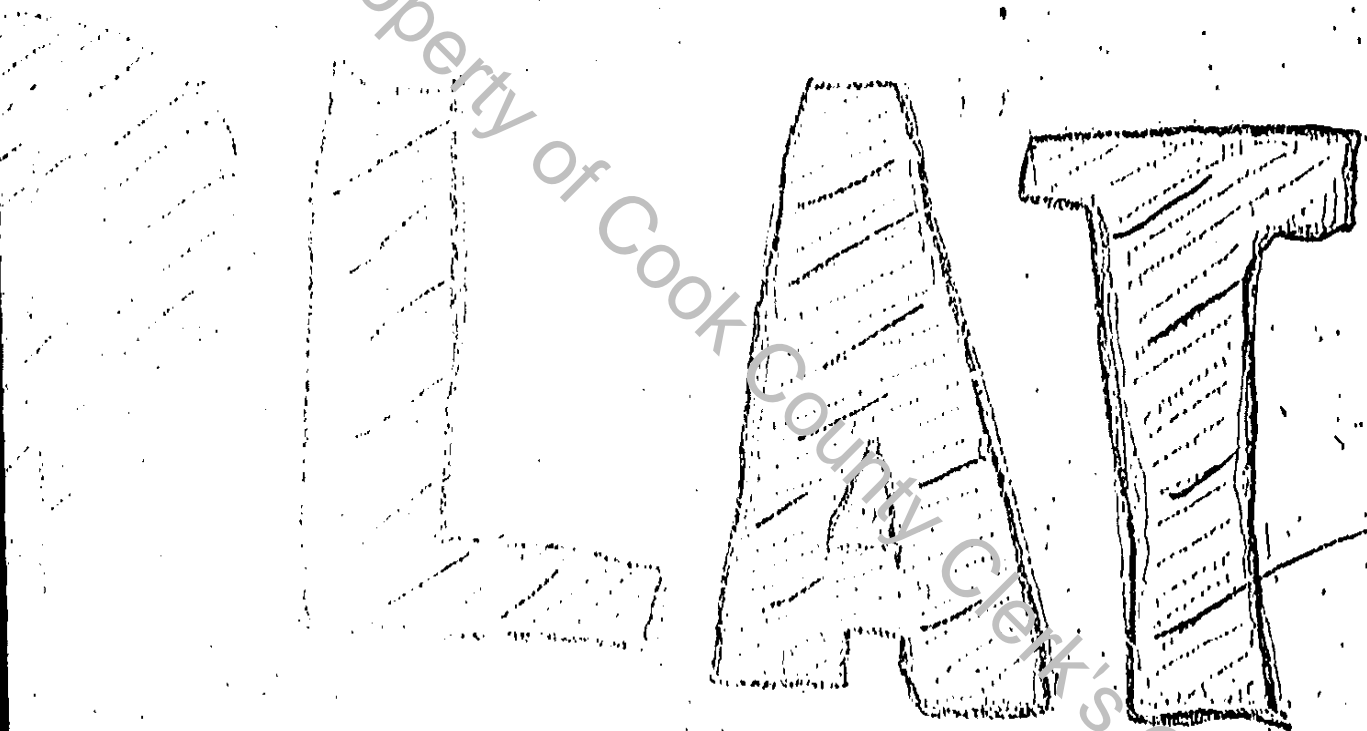


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Property of Cook County Clerk's Office



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DAVID J. COHEN & ASSOC., LTD.  
62 ORLAND SQUARE DRIVE, #32  
ORLAND PARK, IL 60462  
(708) 460-7711

THIS INSTRUMENT PREPARED BY: GENERAL ADDRESS OF PROPERTY:

(7) "First Meeting" means the first regular meeting of the Townhome Owners.

(6) "First Board" means the Directors listed in the Articles of Incorporation, which Directors are appointed by the Developer (as that term is defined in subparagraph 21 of these Definitions) and shall include the additional Directors selected by committees of Townhome Owners (as that term is defined in subparagraph 15 of these Definitions) and appointed by the Developer in accordance with the provisions of paragraph 4(b) of this Declaration.

(5) "Bylaws" means the Bylaws of the Association attached hereto and made a part hereof as Exhibit "C", as amended from time to time.

(4) "Articles of Incorporation" means the Articles of Incorporation of the Association attached hereto and made a part hereof as Exhibit "D", as amended from time to time.

(3) "Director" means a Director on the Board.

(2) "Board" means the Board of Directors of the Association.

(1) "Association" means the ROYAL RIDGE ESTATES TOWNHOME OWNERS' ASSOCIATION, an Illinois not-for-profit corporation, its successors and assigns.

The following terms shall be defined as follows for purposes of this Declaration:

DEFINITIONS

THIS DECLARATION, is made and entered into by BRIDGEVIEW BANK AND TRUST COMPANY, a national banking corporation, not individually, but as Trustee under Trust Agreement dated January 19, 1989 and known as Trust No. 11764 ("Trustee").

DECLARATION OF COVENANTS, CONDITIONS,  
RESTRICTIONS AND EASEMENTS FOR  
ROYAL RIDGE ESTATES TOWNHOMES  
ORLAND HILLS, COOK COUNTY, ILLINOIS

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RECORD WITH THIS DOCUMENT

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COOK COUNTY RECORDER  
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(8) "Declaration" means this instrument, as amended from time to time, by which the Development (as that term is defined in subparagraph 13 of these Definitions) is submitted to the provisions hereof, as hereinafter provided.

(9) "Present Parcel" means the parcel or tract of real estate described in Exhibit "A" attached hereto and made a part hereof.

(10) "Future Parcel" means the parcel or parcels of real estate described in Exhibit "B" attached hereto and made a part hereof, any part or all of which the Developer may improve with Townhomes (as that term is defined in subparagraph 14 of these Definitions) or develop in any other manner, and which the Developer may, at its sole option, submit to the provisions hereof and annex to the Parcel (as that term is defined in subparagraph 12 of these Definitions) pursuant to the provisions of paragraph 20 of this Declaration).

(11) "Additional Parcel" means any part of the future Parcel actually submitted to the provisions hereof and annexed to the Parcel pursuant to the provisions of paragraph 20 of this Declaration.

(12) "Parcel" means (i) the Present Parcel, and (ii) any Additional Parcel, from and after, but not before, such Parcel is submitted to the provisions hereof and annexed to the Parcel pursuant to the provisions of paragraph 20 of this Declaration.

(13) "Development" means (i) all the land, property and space comprising the Parcel and all improvements and structures now or hereafter erected, constructed or contained thereon or therein, (ii) all easements, rights and appurtenances now or hereafter belonging to the Parcel, and (iii) all furniture, furnishings, fixtures, facilities and equipment now or hereafter located on the Parcel which are intended for the mutual use, benefit or enjoyment of all Townhome Owners.

(14) "Townhome" means collectively (i) a townhome located in the Development, intended for use exclusively as living quarters for a single family, (ii) the individual parcel of land that is conveyed to the Townhome Owner in connection with the sale of such townhome to said Townhome Owner, and (iii) all appurtenances to such townhome and individual parcel of land. For purposes of this Definition, a Townhome may or may not share a party wall with an adjacent Townhome. Reference in the Declaration and the By-Laws to A style Townhomes shall refer to the three bedroom Townhome; references to the B style Townhomes shall refer to the two bedroom Townhomes.

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- (15) "Townhome Owner" means the Person (as that term is defined in subparagraph 17 of these Definitions) or Persons whose estates or interests, individually or collectively, aggregate fee simple ownership of a Townhome. Unless specifically provided otherwise herein, the Developer shall be deemed to be a Townhome Owner with respect to any Townhome to which the Developer or the Trustee holds title.
- (16) "Common Area" means all of the Development, except the individual townhomes and the individual parcels of land conveyed therewith as described in clauses (i) and (ii) of subparagraph 14 of these Definitions, and shall include, but not be limited to, any wetlands, landscaping, lighting system, walkways, undedicated drives and roadways, creek, detention area and detention pond, private streets and public utility lines or facilities located outside the boundaries of such individual parcels of land and all related facilities.
- (17) "Person" means a natural individual, corporation, partnership, trustee or other legal entity capable of holding title to real property.
- (18) "No Record" means to record in the office of the Recorder of Deeds of Cook County, Illinois.
- (19) "Party Wall" means any wall which is built as part of the original construction of two (2) Townhomes and placed on the dividing line between such Townhomes.
- (20) "Occupant" means a person or persons in possession of a Townhome, regardless of whether such person is a Townhome Owner.
- (21) "Developer" means GUI-MAR INCORPORATED, and any successors or assigns of either or both corporations, to which either or both expressly assign their rights as the Developer hereunder.
- (22) "Common Expenses" means all expenses of administration, operation, maintenance and repair of the Common Area, and all other expenses incurred by the Association in accordance with this Declaration and the Bylaws, which are to be shared by the Townhome Owners on the basis of the Townhome Owners share.
- (23) "Townhome Owner's Share" describes the Townhome Owners share of payment of the Common Expenses, and it shall be based on the following formula: The A Style Townhomes share shall be 1.17 of the Common Expenses and the B Style Townhomes share shall be 1.00 of the Common Expenses and this proportional relationship shall be applied toward the Estimated Annual Budget. It is the intent of this definition that the A Style Townhomes shall pay 17% more of the Estimated Annual Budget than the B Style Townhomes.

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(b) In furtherance of the foregoing, a power coupled with an interest is hereby granted to the Developer as

(a) The Developer reserves the right to record a plat of subdivision or plats of subdivision for the development or any part thereof. The Developer shall be under no obligation to record any such plat of subdivision. The Developer also reserves the right to amend any such plat of subdivision from time to time and to record such amendments.

2. PLAT OF SUBDIVISION.

1. SUBMISSION OF PRESENT PARCEL TO THIS DECLARATION. The Trustee, as the owner of the Present Parcel, declares that the Present Parcel shall be held, transferred, sold, conveyed, and occupied subject to the terms of this Declaration.

DECLARATION

c. The Trustee and Developer desire to establish certain rights, easements and privileges in, over and upon the development and certain mutually beneficial covenants, conditions, restrictions and obligations with respect to the property use, conduct and maintenance thereof, as hereinafter set forth, for the mutual benefit of all Townhome owners and occupants and intends that all Townhome owners, occupants and mortgagees of the development or portions thereof and any other persons hereinafter acquiring any interest in the development, shall hold their respective interests in the development subject thereto. All such rights, easements, privileges, covenants, conditions, restrictions and obligations are in furtherance of a plan to promote and protect the quality of residence in the development and are established for the purposes of preserving, enhancing and perfecting the value, desirability and attractiveness of the development and for the maintenance, repair, replacement and administration of the common area and certain portions of the Townhomes.

A. Trustee is the owner of the Present Parcel.  
B. The Trustee and the Developer intend to construct 8 Townhomes upon the Present Parcel and approximately 16 additional Townhomes upon all or a portion or portions of the balance of the Future Parcel.

RECITALS

(25) "Trustee" means BRIDGEVIEW BANK AND TRUST COMPANY, an Illinois banking corporation, not individually, but as Trustee under Trust Agreement dated January 19, 1989 and known as Trust No. 11764, its successors and assigns.

(24) "Amendment to the Declaration" means any amendment to this Declaration pursuant to which an Additional Parcel is submitted to the provisions of this Declaration and annexed to the Parcel pursuant to paragraph 20 of this Declaration.

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(a) The Association, an Illinois not-for-profit corporation having the name "ROYAL RIDGE ESTATES TOWNHOME OWNERS' ASSOCIATION" has been or shall be formed. The Association shall be the governing body for all Townhome owners and the development, for the purposes of maintenance, repair, replacement, administration and operation of the development, as provided in this Declaration and the Bylaws. The initial Bylaws of the Association shall be the Bylaws attached to this Declaration as Exhibit "C". The fiscal year of the Association shall be as set forth in the Bylaws; provided, however, that each fiscal year may be changed from time to time as the Board deems advisable, by duly adopted resolutions of the Board. The Association shall not be deemed to be conducting a business of any kind. All activities undertaken by the Association shall be held and applied by it, for the sole benefit of the Townhome owners in accordance with the provisions of this Declaration and the Bylaws. Each Townhome Owner shall be, ipso facto, a member of the Association so long as he shall be a Townhome Owner. Upon the conveyance or transfer of a Townhome Owner's ownership interest in his Townhome to a new Townhome Owner, the new Townhome Owner shall automatically with such conveyance, ipso facto, succeed to the former Townhome Owner's membership in the Association. Each Townhome Owner shall have one vote on all matters on which the Townhome Owners are entitled to vote as members of the Association. Notwithstanding the foregoing sentence, or any other provision of this Declaration and the Bylaws, the Board shall have the right and power to suspend the voting rights of any Townhome Owner during such period the Townhome Owner's common

4. ASSOCIATION.

3. TOWNHOMES. The legal description of each Townhome (i) shall be in metes and bounds if a plat of subdivision for the development is not recorded or (ii) if a plat of subdivision for the development is recorded, shall consist of the identifying number, symbol, or designation of such Townhome as shown on such plat of subdivision for the development. If a plat of subdivision for the development is recorded, every deed, lease, mortgage or other instrument pertaining to a Townhome shall legally describe a Townhome by its identifying number, symbol, or designation as shown on such plat of subdivision and every such description shall be deemed good and sufficient for all purposes. No Townhome Owner shall, by deed, plat, court decree or otherwise, subdivide or in any manner cause his Townhome to be separated into any tracts, parcels or interests different from the whole Townhome as described herein.

attorney-in-fact, to record the plat or plats of subdivision described above. Every deed, mortgage or other instrument with respect to a Townhome, and the acceptance thereof, shall be deemed a grant to the Developer of, and an acknowledgement of and consent to, such power to record such plat or plats of subdivision, and shall be deemed to reserve to the Developer the power to amend the plat or plats of subdivision described above.

(d) The Directors, Board, Officers of the Association, the Trustees and the Developer shall not be liable to the Townhome Owners for any mistake in judgment or for any other act or omission of any kind whatsoever as such Directors, Board,

(c) The Board shall have the authority to engage the services of an agent (herein sometimes referred to as the "Managing Agent") to maintain, repair, replace, administer and operate the Development, or any part thereof, to the extent deemed advisable by the Board, upon such reasonable terms as the Board may determine, but in no event under a contract exceeding 2 years in duration. The cost of such services shall be a common expense.

In every election for Directors, voting shall be cumulative and every Townhome Owner shall have the right to vote, in person or by proxy. Those Directors receiving the greatest number of votes shall be deemed elected. Every elected Director shall hold office for a term of one year and thereafter until his successor shall be elected and qualified. The first meeting may be held, subject to the provisions of the Bylaws, on any date, at the option of the first Board, provided, however, that the first meeting shall be held no later than thirty (30) days after the earlier of (1) the date the Developer has sold and Trustee has delivered its deeds for all but the first 8 Townhomes to be located on the parcel; (2) 3 years after 16 Townhomes located in the Development have been sold and deeds delivered therefore, if the Developer shall not have commenced, within such 3 year period, construction of any Townhomes other than the first 16 Townhomes sold, or (3) if the Developer has commenced construction of any Townhomes other than the first 16 Townhomes sold, 3 years after the date of such commencement. For purposes of determining the date of commencement of construction under the preceding sentence, construction of a Townhome shall be deemed to have commenced on the date a building permit, permitting such construction, is issued by the Village of Orlando Hills.

(b) The Board shall consist of 3 Directors. Except for the Directors appointed to the first Board, Directors shall be elected at the regular annual meeting of Association members by vote of the Townhome Owners. As long as the Trustee and/or the Developer holds title to any Townhome, the Developer shall have the right, at its option, to appoint at least one (1) director to the Board.

All membership rights of a Townhome Owner with the exception of voting rights will be deemed to be assigned to a tenant or contract purchaser upon occupancy of the Townhome in question by said tenant or contract purchaser. The Townhome Owner shall not be relieved or released from any obligations under this Declaration by assignment of his membership rights to a tenant or contract purchaser.

Expense assessments, or any other monetary obligations due and owing the Association from the Townhome Owner, remains delinquent and unpaid.

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Officers, Trustee or Developer, except for an act or omission found by a court to constitute gross negligence, willful misconduct or fraud. The Association shall indemnify and hold harmless each of the Directors and Officers of the Association, the Board, the Trustee and the Developer, against all contractual and other liabilities arising out of any contract made by or other act of such Directors, Board, Officers, Trustee or Developer, on behalf of the Townhome Owners, or arising out of their status as such Directors, Board, Officers, Trustee or Developer, unless any such contract or act shall have been made fraudulently, through willful misconduct or with gross negligence. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses (including, without limitation, counsel fees, amounts of judgment) paid and amounts paid in settlement) reasonably incurred in connection with the defense of any claim, action, suit or proceeding of any kind whatsoever, whether civil, criminal, administrative, or of any other nature, in which the Trustee, Developer or any such Director or Officer may be involved by virtue of such person being or having been such Director, Officer, Trustee or Developer; provided, however, that such indemnity shall not be operative with respect to (1) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for gross negligence, willful misconduct or fraud in the performance of his duties (if any) as such Director, Trustee, or Developer, or (2) any matter settled or compromised, with respect to either clause (1) or (2) above, in the opinion of independent legal counsel, selected by or in a manner determined by the Board, there is no reasonable ground for such person being adjudged liable for gross negligence, willful misconduct or fraud in the performance of his duties (if any) as such Director, Trustee or Developer. The Association shall have the responsibility for raising and power to raise, by special assessment or otherwise, any sums required to discharge its obligations under this subparagraph 4(d) or Article VII of the Bylaws, provided, however, that the liability of each Townhome owner arising out of any contract made by or other act of said Directors, Board, Officers, Trustee or Developer, or out of the aforementioned indemnity in favor of said Directors, Board, Officers, Trustee or Developer, shall be limited to such Townhome Owner's share of the total liability at the time loss or damage is incurred by the Association or any Townhome Owner due to such liability. Every agreement made by said Directors, Board, Officers, Trustee or Developer or by the Managing Agent on behalf of the Townhome Owners or Association shall be construed as though said agreement expressly provided that said Directors, Board, Officers, Trustee or Developer, as agents for the Townhome Owners or Association without assuming any personal liability thereunder (except as Townhome Owners in the event that any of the aforesaid persons are Townhome Owners) and that each Townhome Owner's liability thereunder shall be limited to such Townhome Owner's share of the total liability at the time loss or damage is incurred by the Association or any Townhome Owner due to such liability.



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It is the Developer's current intention that the wetland, and wetland area shall be owned and maintained by the Association as common areas in perpetuity. There shall be no right of the occupants to have access to the wetland and wetland area and these common areas are hereby designated to be for the private benefit of those having an interest in the Royal Ridge Estates Townhome Development. The Association, through the Board, shall have the right to restrict public access to the common areas.

regulations adopted by the Board for the Development. provisions of this Declaration, the Bylaws and the rules and use the common area shall be subject to and governed by the contract purchasers, family members and guests. Said rights to Townhome owner but also to his agents, servants, tenants, said rights to use the common area shall extend not only to each to the easements described in paragraphs 2(b) and 7(c) hereof, enjoyment of the Townhome owned by such Townhome owner, subject access and ingress to, egress from and use, occupancy and other Townhome owners, as may be required for the purposes of shall have the right to use the common area in common with all (a) Right to use the Common Area. Each Townhome owner

7. USE OF THE COMMON AREA AND CERTAIN EASEMENTS.

perpetuity. The Association agreed to continue to own the common areas in Illinois land trust for the benefit of the Association. Developer reserves the right in its absolute and sole discretion to determine which common areas will be conveyed to the Association as well as the timing and terms of any conveyances. shall be held by the Association or by a Trustee under an 6. OWNERSHIP OF THE COMMON AREA. Title to the common area

Declaration or the By-Laws. infringer's Trustee's or Developer's rights as set forth in this parcel, as contemplated in the Declaration, or which impairs or development of the Development, the present parcel, or the future or duty to act in any way which materially impairs the provision in this Declaration, the Board shall not have the power (b) Limitation of Board's Power. Notwithstanding any

any and all such Townhome owners. resolution thereof by the Board shall be final and binding upon of the provisions of this Declaration or the Bylaws, the dispute or disagreement between any Townhome owners relating to the Development, or any question of interpretation or application (a) Board's Determination Binding. In the event of any

5. BOARD'S DETERMINATION.

(c) Blanket Easements for Utilities and Commercial Easements. The Common Area and the Individual Parcels of land described in clause (1) of subparagraph 14 of the Definitions shall be subject to a blanket easement in favor of Illinois Bell Telephone Company, Commonwealth Edison Company, Northern Illinois Gas Company and all other public utilities serving the Development, and any entity providing cable television or other commercial entertainment to the Development, and the Village of Orland Hills, granting such utilities and entities the right to install, lay, construct, operate, maintain, renew, repair or replace conduits, cables, pipes, electrical wiring, transformers and switching apparatus and other equipment including housings for such equipment, into, over, under, along, on and through said Common Area and the aforesaid individual parcels of land (not, however, underlying any individual townhome

(b) Blanket Easement in Favor of Developer and Other Parties and Other Easements. The Common Area shall be subject to a blanket easement in favor of the Trustee and the Developer, and their representatives, agents, associates, employees, contractors, subcontractors, tenants, successors and assigns, for the benefit of the Future Parcel and the Present Parcel and for purposes of (i) access and ingress to and egress from said Common Area and the Present Parcel, Future Parcel and any Additional Parcel, (ii) construction, installation, repair, replacement and restoration of utilities, streets, roads, buildings, landscaping and any other improvements on the Present Parcel, Future Parcel and any Additional Parcel, (iii) tapping into and using sewer and water lines and other utility facilities and lines on or adjacent to the Present Parcel, Future Parcel or any Additional Parcel, (iv) advertising and selling Townhomes being constructed by Developer on the Present Parcel, Future Parcel or any Additional Parcel, and (v) any other developments of said Future Parcel and any Additional Parcel. The Developer shall restore or repair any damage caused by its exercise of the foregoing blanket easement. The Association, and the Board acting on behalf of the Association, shall have the authority to lease, grant concessions or grant easements with respect to parts of the Common Area, subject to the provisions of this Declaration and the Bylaws. All revenue derived by the Association from such easements, leases or concessions or from other sources shall be held by the Association and used for the sole benefit of the Townhome Owners, pursuant to such rules, resolutions or regulations as the Board may adopt or prescribe.

Notwithstanding anything to the contrary set forth in this paragraph 7, or anywhere else in this Declaration, at the request of the President and Board of Trustees of the Village of Orland Hills, the wetland area shall be conveyed to the Village at the request of the President and Board of Trustees. The Association agrees to join in the execution of any necessary documents to effectuate the transfer(s). However, the conveyance of one or more of the aforesaid areas to the Village shall not give the public the right of access to an area not conveyed.

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9. COMMON EXPENSES. Each Townhome Owner (excluding Trustee and Developer) shall be responsible for and shall pay such Townhome Owner's Share of all Common Expenses (based upon the estimated annual budget of the Association caused to be prepared by the Board) from and after the date that such Townhome Owner becomes a Townhome Owner. Each Townhome Owner's Share (excluding Trustee and Developer) shall be determined as described in subparagraph 23 of the Definitions. Payment of the Common Expenses, including contributions for reserves that are required

8. PRIVATE STREETS. Any private streets or drives in the development shall be part of the common area and may be used for street purposes, subject to reasonable rules and regulations adopted by the Board or Association. The cost of maintenance and upkeep of such private street or streets shall be a common expense. Said streets and drives shall be burdened with the easements set forth in this Declaration as well as in any deed or deeds of conveyance, in addition to plats of subdivision.

(f) Any and all facilities of any kind presently existing or hereinafter installed upon any Townhome designed for the common use of any two or more Townhomes, shall be perpetually used in common by such Townhome Owners or occupants.

(e) No private agreement of any adjoining Townhome Owners shall modify or abrogate any of the provisions contained in this paragraph 7, which shall be binding upon the heirs, administrators, successors and assigns of the Townhome Owners; but no person shall be liable for any act or omission respecting such provisions, except such as took place while such person was a Townhome Owner.

(d) Police, fire, water, health and other authorized municipal officials, employees and vehicles of the Village of Orland Hills shall have the right of ingress and egress to the development for performance of official duties and to enforce all municipal ordinances.

(c) described in clause (1) of subparagraph 14 of the Definitions for the purpose of providing utility and commercial entertainment services to the development, any additional parcel or the future parcel, or any parts thereof, together with reasonable rights of ingress to and egress from the development, additional parcel and future parcel for such purposes. The Trustee and the Developer, and the Association, may hereafter grant other or additional easements for utility and commercial entertainment purposes for the benefit of the development or any part or all of any additional parcel or the future parcel and the aforesaid individual parcels of land (not, however, underlying any individual townhome described in clause (1) of subparagraph 14 of the Definitions), and each Townhome Owner hereby grants the Trustee and the Developer, the Association, and the Board acting on behalf of the Association, an irrevocable power of attorney to execute, acknowledge and record in the name of such Townhome Owner, such instruments as may be necessary or appropriate to effectuate the foregoing.

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A power coupled with an interest is hereby granted to the Trustee and the Developer and their successors and assigns, and their agents, and each of them individually, as attorney-in-fact, to amend this Declaration (and record any such amendments) as may be required in order to induce any authorized governmental authority, to make, buy, sell or insure mortgages on Townhomes. Each deed, mortgage or other instrument with respect to a

Development other than his Townhome. made or created, any mortgage or other lien on or affecting the have the right or authority to make or create, or cause to be made or created, by the Townhome Owner shall not include lenders including individuals, The Townhome Owner shall not have the right or authority to make or create, or cause to be made or created, by his Townhome Owner, mortgage bankers or other bona fide lenders including individuals, mortgage associations, insurance companies, interests for his Townhome with banks, insurance companies, (including, without limitation, purchase money mortgages) trust deeds (equivalent to mortgages) or other equivalent security subject to the provisions hereof, to make separate mortgages. 10. MORTGAGES. Each Townhome Owner shall have the right,

At the time the initial sale of each Townhome is closed, the purchaser of the Townhome shall pay to the Association an amount equal to two (2) times the first full monthly common expense assessment for such Townhome. This sum shall be used to initially fund the reserve for contingencies and replacements described in Article V, Section 1 of the Bylaws. This payment shall not be refundable and shall not be applied as a credit against the Townhome Owners monthly common expense assessments.

Each Townhome proposed to be constructed in the Development (whether actually constructed or not) for the period prior to the time when the Townhome is first sold and conveyed by the Trustee and/or the Developer to a bona fide purchaser or is otherwise occupied for residential purposes shall be exempt from the assessments, charges and liens created herein.

by the contract under which the Townhome Owner purchased the Townhome from the Developer, shall be in such amounts and at such times as determined in the manner provided in the Bylaws. If any Townhome Owner (excluding Trustee and Developer) shall fail or refuse to make any such payment when due, the amount thereof, together with interest thereon at the highest lawful rate permitted under the laws of the State of Illinois, and costs of collection thereof, including reasonable attorneys' fees, shall (in addition to being the personal obligation of such Townhome Owner) constitute a continuing lien on such Townhome Owner's Townhome; provided, however, that such lien shall be subordinate to the lien of a prior recorded mortgage against such Townhome, except for the amount of such Townhome Owner's share of the common expenses, together with interest thereon and costs of collection including reasonable attorneys' fees, as hereinabove provided, which becomes due and payable from and after the date on which the mortgage under said mortgage or a purchaser at a foreclosure sale under said mortgage either takes possession of the Townhome or accepts a conveyance thereof, or the date on which said mortgage under said mortgage causes a receiver to be appointed for such Townhome.

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PROCESSES

The Board shall have authority on behalf of the Association to participate in a cooperative program with other community associations in the Village of Orland Hills to obtain liability insurance on behalf of the Association. The Board must be satisfied with all the provisions of such a proposed participation agreement before it enrolls the Association in it.

The Board shall have authority to and may obtain such insurance, in such amounts, from sources and in such forms as it deems desirable, insuring each Director of the Board, Officer of the Association, and each member of any committee appointed pursuant to the Bylaws of the Association from liability arising from the fact that said person is or was a Director or Officer of the Association, or a member of such committee. The premiums for said insurance shall be a common expense.

The Board shall have authority to, and shall obtain comprehensive public liability insurance, in such amounts as it deems desirable, and shall have authority to obtain workmen's compensation insurance and other liability insurance as it deems desirable, insuring each Townhome Owner, mortgage of record, it, any, the Association, its Officers and Directors, Board and Employees, the Developer, the Trustee and the Managing Agent, it, any, from liability in connection with the Common Area. The premiums for all said public liability insurance shall be a common expense.

12. INSURANCE. (a) The Board shall have the authority to and shall obtain insurance for the Common Area, against loss, damage or destruction by fire, vandalism, malicious mischief and such other hazards as are covered under standard extended coverage insurance provisions, for the full insurable replacement cost of the Common Area, and against such other hazards and for such amounts as the Board may deem advisable. Full insurance replacement cost shall be deemed the cost of restoring the Common Area to substantially the same condition in which it existed prior to said damage or destruction. Such insurance coverage for the Common Area shall be written in the name of, and the proceeds thereof shall be payable to, the Association. The premiums for such insurance coverage on the Common Area shall be a common expense.

11. SEPARATE REAL ESTATE TAXES. Subject to the following sentence, real estate taxes shall be separately taxed to each Townhome owner for his Townhome. In the event that such taxes for any year are not separately taxed to each Townhome owner for his Townhome, then each Townhome owner shall pay an equitable share thereof as reasonably determined by the Developer.

Townhome, and the acceptance thereof, shall be deemed a grant of such power to each of said attorneys-in-fact and an acknowledgment of and consent to such power, and shall be deemed to reserve to each of said attorneys-in-fact the power to amend this Declaration, as described above.

(b) In the event of damage to or destruction of, by fire or other casualty, any Townhome or any portion thereof, the Townhome Owner of any such Townhome covenants and agrees that such Townhome Owner shall commence repairing or rebuilding, within a reasonable time after such damage or destruction (not to exceed six months), the Townhome in a substantial and workmanlike manner, using materials comparable to or better than those used in the original structure, and that all construction performed by or caused to be performed by such Townhome Owner shall conform in all respects to the laws and ordinances regulating the construction of buildings in force at the time of such repairing or rebuilding. All available insurance proceeds shall be applied to such repairing and rebuilding; the excess, if any, to be paid to the Townhome Owner. The exterior of such Townhome, when rebuilt, shall be substantially similar to and of architectural

13. DAMAGE OR DESTRUCTION. (a) In the event the common Area shall suffer damage or destruction from any cause, the proceeds of any policy insuring against such loss or damage and payable by reason thereof shall be applied to cause such damage or destruction to be reconstructed, repaired or restored unless the Board decides that such proceeds not be so applied.

(b) Each Townhome Owner shall, at his own expense, obtain and maintain, throughout the period of his ownership of a Townhome, insurance on his Townhome as well as his additions and improvements thereto, against loss, damage or destruction by fire, vandalism, malicious mischief and such other hazards as are covered under standard extended coverage insurance provisions, for the full insurable replacement cost of his Townhome and against such other hazards as the Board may provide by resolution, such insurance coverage to be in form, substance, amount and with an insurance carrier satisfactory to the Board. The Board reserves the right, but shall be under no obligation, to require any Townhome Owner to increase the coverage on his Townhome up to the full insurable replacement cost thereof if the Board reasonably determines that such Townhome is not so insured. Full insurable replacement cost shall be deemed the cost of restoring such Townhome or any part thereof to substantially the same condition in which it existed prior to said damage or destruction. Such insurance coverage shall name the Association as an additional insured thereunder as the Association's interest may appear. Each such policy of insurance shall contain, if possible, a waiver of subrogation rights by the insurer against the other Townhome Owners and the Association. Each Townhome Owner shall submit to the Association a certificate of insurance naming the Association as an additional insured thereunder, subject to the following sentence, the proceeds of such insurance shall be payable to the Townhome Owner and the Association as their interests may appear and shall be used to restore such Townhome to the same condition in which it existed prior to such damage or destruction; and the Association shall have the right to compel the Townhome Owner to so apply such proceeds. Subject to the rights of any mortgagee under a recorded mortgage on such Townhome, the Association shall have the right, at its election, to collect and receipt for any such insurance proceeds.

In addition to maintenance, repair and replacement of the common areas, (to include but not be limited to the underground sprinkler system located in the common areas) the Association shall be responsible for and shall have the sole right to provide normal and customary exterior maintenance of each Townhome, to

14. MAINTENANCE, REPAIRS AND REPLACEMENTS. Except as provided in the following subparagraph, each Townhome Owner at his own expense, shall furnish and be responsible for all maintenance, repairs and replacements within his own Townhome, and for the maintenance, repairs and replacements of all parts of windows and sliding glass doors and the air-conditioning compressor with its ancillary equipment located on a Townhome. If due to the act or neglect of a Townhome Owner, or of his agent, servant, tenant, contract purchaser, family member, guest, invitee, licensee or household pet, damage shall be caused to the common area or to a Townhome not owned by said Townhome Owner, or maintenance, repairs, or replacements are required which would otherwise be a common expense, then such Townhome Owner shall pay for such damage or such maintenance, repairs and replacements, as may be determined by the Association or the applicable deductible). The authorized representatives of the Association, Board or Managing Agent shall be entitled to reasonable access to any of the Townhomes as may be required in connection with maintenance, repairs and replacements of the common area, or any equipment, facilities or fixtures affecting or serving any Townhome or the common area.

design in conformity with the exterior of such Townhome prior to the damage or destruction. All rebuilding performed in accordance with the provisions of this paragraph shall be subject to the approval of the Association. In the event that any Townhome Owner shall fail to perform the necessary repair or rebuilding in accordance with the provisions hereof, then the Association may but shall not be required to cause such repair or rebuilding to be furnished, provided and installed in accordance with the provisions hereof and the total cost thereof shall be the personal obligation of the Townhome Owner. In any such event, the Association shall have and is hereby given a continuing lien on the Townhome to which any such repair or rebuilding is furnished by the Association in the aggregate amount of (i) the cost thereof, (ii) interest at the maximum rate permitted by the laws of Illinois from the date of the Association's payment of such costs, and (iii) reasonable attorneys' fees and any court or other costs incurred by the Association in connection therewith, which lien shall bind such Townhome in the hands of such Townhome Owner, his heirs, devisees, personal representative, grantees and assigns. In the event such Townhome Owner does not forthwith fully repay the Association therefore as aforesaid, such lien may be foreclosed against the Townhome by the Association, in the same manner as hereinabove provided in connection with unpaid assessments. The Association's lien described in this paragraph shall be subordinate to the lien of any mortgage now or hereafter placed upon the Townhome.

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The cost of the foregoing items of landscaping, maintenance, repairs and replacements which the Association is required to furnish shall be a common expense, except as provided in the following sentence. Any exterior maintenance which the Association is not required to furnish and which is furnished at

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1. Replacement of trees, grass and shrubs.
2. Repair and maintenance of patios, decks or other Townhome Owner installed improvements.
3. Repair and maintenance of sewer and water lines.
4. Removal of snow from walks.
5. Repair and maintenance of outside electrical fixtures.

The Association may at its discretion provide maintenance for the following items for the Townhomes with or without additional charge to the Townhome Owners:

1. Care of trees, grass and shrubs.
2. Repair of shingles and flashings on roofs.
3. Replacement of roofs.
4. Painting, repair and tuckpointing of exterior walls.
5. Painting and cosmetic repair of front doors and garage doors.
6. Painting, repair and replacement of gutters and downspouts.
7. Repair and replacement of chimneys and exterior fireplace parts.
8. Removal of refuse and garbage in the event same is not provided for by the Village of Orland Hills.
9. Removal of snow from driveways and parking areas.
10. Maintenance of sump pump drain lines further than two (2) feet from any Townhome.
11. Repair and maintenance of front and rear stoops.
12. Repair, maintenance and replacement of walks and driveways, including patching and sealing of driveways.
13. Repair maintenance and replacement of that portion of the underground sprinkler system that fall within the Townhome.

the Townhome Owner, including but not limited to:



15. ALTERATIONS, ADDITIONS OR IMPROVEMENTS. NO ALTERATION OF ANY PORTION OF THE COMMON AREA OR ANY TOWNHOME, OR ANY ADDITIONS OR IMPROVEMENTS THEREON SHALL BE MADE BY ANY TOWNHOME OWNER WITHOUT THE PRIOR WRITTEN APPROVAL OF A MAJORITY OF THE DIRECTORS ON THE BOARD, EXCEPT FOR INTERIOR IMPROVEMENTS NOT VISIBLE OUTSIDE THE TOWNHOME AND NOT AFFECTING THE STRUCTURAL INTEGRITY OF THE TOWNHOME OR THE BUILDING OF WHICH THE TOWNHOME

OWNER. LANDSCAPING WORK SHALL NOT REQUIRE PRIOR NOTICE. ANY DAY, AFTER GIVING REASONABLE WRITTEN NOTICE TO THE TOWNHOME RIGHT TO ENTER UPON ANY TOWNHOME DURING ANY REASONABLE HOURS ON THROUGH ITS DULY AUTHORIZED AGENTS OR EMPLOYEES, SHALL HAVE THE REQUIRED OR AUTHORIZED BY THIS PARAGRAPH 14, THE ASSOCIATION FOR THE PURPOSES OF PERFORMING THE EXTERIOR MAINTENANCE TOWNHOME OWNER TO PAY THE COST THEREOF IN ADVANCE. REQUIRED BY THIS DECLARATION, THE ASSOCIATION MAY REQUIRE SUCH TOWNHOME AT THE REQUEST OF A TOWNHOME OWNER OTHER THAN AS IF THE ASSOCIATION FURNISHES MAINTENANCE WITH RESPECT TO A

THE COMMON AREAS. THE VILLAGE OF ORLAND HILLS TO PERFORM MAINTENANCE AND REPAIR ON PARAGRAPH SHALL PROHIBIT THE BOARD FROM CONTRACTING DIRECTLY WITH PROVISIONS IN THIS DECLARATION. NOTHING SET FORTH IN THIS LEVY ASSESSMENTS FOR THE PAYMENT THEREOF UNDER THE APPLICABLE AGAINST A TOWNHOME) AND THE DEVELOPER OR THE ASSOCIATION SHALL SUBORDINATE, HOWEVER, TO THE LIEN OF ANY PRIOR RECORDED MORTGAGE THE TOWNHOMES AND THE COMMON AREA UNTIL PAID (SUBJECT AND TO ASSESSMENTS FOR COMMON EXPENSES, BECOME A CONTINUING LIEN ON THEREON AND COSTS OF COLLECTION AS HEREIN PROVIDED WITH RESPECT (BE) FOR ALL COSTS SO INCURRED AND SUCH COSTS SHALL, WITH INTEREST REIMBURSED BY THE DEVELOPER OR THE ASSOCIATION (AS THE CASE MAY VILLAGE IN CONNECTION HERewith, AND SHALL UPON DEMAND BE DIRECTLY OR THROUGH INDIVIDUAL CONTRACTORS ENGAGED BY SAID UPON THE COMMON AREA AND CAUSE SUCH DEFAULT TO BE CURED, EITHER THE CASE MAY BE) SPECIFYING THE NATURE OF SUCH DEFAULT, TO ENTER 30 DAYS WRITTEN NOTICE TO THE DEVELOPER OR THE ASSOCIATION (AS ORLAND HILLS SHALL HAVE THE RIGHT (BUT NOT THE OBLIGATION) AFTER AND WELFARE OF THE TOWNHOME OWNERS AND OCCUPANTS, THE VILLAGE OF COMMON AREA AND SUCH DEFAULT ADVERSELY AFFECTS THE HEALTH, SAFETY MAY BE) DEFAULTS IN ITS OBLIGATION TO MAINTAIN AND REPAIR THE IN THE EVENT THE DEVELOPER OR THE ASSOCIATION (AS THE CASE

FOR THE PAYMENT OF ASSOCIATION ASSESSMENTS BY TOWNHOME OWNERS. PAYABLE IN ALL RESPECTS AND TO THE SAME EXTENT AS PROVIDED HEREIN OBLIGATION OF THE TOWNHOME OWNER THEREOF AND SHALL BECOME DUE AND SUBJECT AND SHALL BE A LIEN ON THAT TOWNHOME AND THE PERSONAL PART OF THE ANNUAL ASSESSMENT OR CHARGE TO WHICH SUCH TOWNHOME IS WHICH SUCH MAINTENANCE IS DONE AND SHALL BE ADDED TO AND BECOME A DEDUCTIBLE), SHALL BE ASSESSED ONLY AGAINST THAT TOWNHOME UPON ANY INSURANCE (INCLUDING THE AMOUNT OF ANY APPLICABLE PART, THE EXPENSE OF WHICH IS NOT REIMBURSED BY THE PROCEEDS OF PURCHASER, FAMILY MEMBER, GUEST, INVITEE, LICENSEE OR HOUSEHOLD OF ANY TOWNHOME OWNER OR OF HIS AGENT, SERVANT, TENANT, CONTRACT NECESSARY BY REASON OF THE WILLFUL OR NEGLIGENT ACT OR OMISSION THE REQUEST OF ANY TOWNHOME OWNER, OR WHICH HAS BEEN MADE

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18. USE AND OCCUPANCY RESTRICTIONS. No part of the Development shall be used for other than housing and the related purposes for which the Development was designed. Each Townhome shall be used only as a residence for a single family. The foregoing restrictions as to residence shall not, however, be construed in such manner as to prohibit a Townhome Owner from maintaining his personal professional library, keeping his

17. ENCROACHMENTS. If any portions of the Common Area shall encroach upon any Townhome, or if any Townhome shall encroach upon any portions of the Common Area and mutual easements in favor of the owners of the Common Area and the respective Townhome Owners involved, to the extent of such encroachments, so long as the same shall exist.

16. DECORATING AND MAINTENANCE OF TOWNHOMES. Each Townhome Owner at his own expense shall furnish and be responsible for all decorating within his own Townhome, as may be required from time to time, including but not limited to painting, wallpapering, washing, cleaning, paneling, floor covering, draperies, window shades, curtains, lighting and other furnishings and decorating. Each Townhome Owner shall be entitled to the exclusive use of his Townhome subject to the provisions hereof and each Townhome Owner shall maintain the interior surfaces of his Townhome in good condition at his sole expense. Each Townhome Owner shall have the right to decorate such interior surfaces from time to time as he may see fit, at his sole expense. Redecorating of Townhomes to the extent such redecorating of Townhomes is made necessary by damage to Townhomes caused by maintenance, repairs or replacements performed by the Association, shall be furnished by the Association as part of the Common Expense.

In the event that such alterations, additions or improvements to the Common Area or any Townhome are commenced without written approval of a majority of the Directors of the Board, the Association reserves the right to restore the Common Area or Townhome involved to its original condition and to include the costs incurred in the Townhome Owner's annual assessment. However, in the event the Board fails to approve or disapprove any such alterations, additions or improvements within 45 days after the plans and specifications have been submitted to it, approval will not be required and this paragraph 15 will be deemed to have been fully complied with.

As a part, The Townhome Owner shall promptly report the value of any such interior improvements to the applicable insurance carrier and the Board and shall give the Board 15 days prior written notice before the commencement of any work thereon. The Board may authorize alterations, additions and improvements to any portion of the Common Area, as provided in the Bylaws and charge the cost thereof as a Common Expense. Any Townhome Owner making alterations, additions or improvements to his Townhome shall be responsible for any damage to any other Townhomes, the Common Area, the Development, or any part thereof, resulting from such alterations, additions or improvements.

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Except for private passenger motor vehicles, motorcycles and mopeds, no camper, boat, boat trailer, truck, house trailer, trailer, van or recreational vehicle or any similar items shall be stored in or upon any Townhome (unless they are parked or stored in the garage) or the Common Area without the written consent of the Board. Passenger motor vehicles, in non-operative condition shall be parked only in garages.

No facilities, including poles and wires, for the transmission of electricity, telephone messages and the like shall be placed or maintained above the surface of the ground on any individual parcel of land constituting part of a Townhome, and no external or outside antennas of any kind shall be permitted or maintained (except for any such facilities built by the Developer as part of the original construction of the Development). The preceding sentence shall not preclude the installation of above ground transformers, pedestals, water panels or other appurtenances which may be required as normal to the installation of underground gas, telephone, electricity, water, cable television and communications equipment transmission systems installed by public utility companies, the Village of Orland Hills or its licensed franchisees in easements reserved for such purposes nor shall it prohibit standards or poles or street or other outdoor lighting.

No Townhome shall be split, divided or subdivided for the purpose of sale, resale, gift, transfer or otherwise.

No unlawful, noxious or offensive activities shall be conducted in or upon, or suffered to be conducted in or upon any Townhome or the Development; nor shall anything be done therein or thereon which shall constitute a nuisance or which shall in the judgment of the Board cause unreasonable noise, inconvenience or disturbance to others.

The common Area shall be used only by the Townhome Owners and their tenants, contract purchasers, agents, servants, family members, guests and invitees for access and ingress incidental to the residential use of the Townhome; provided, however, that any recreational facilities, parking area or other special area designated for a specific use and purpose and constituting part of the common Area shall be used only for such specific use and for such other purposes as are approved by the Board in accordance with the provisions of this Declaration and the Bylaws. Such uses and purposes as well as the maintenance and operation of the Common Area shall not be obstructed, damaged or unreasonably interfered with by any Townhome Owner.

The common Area shall be used only by the Townhome Owners and their tenants, contract purchasers, agents, servants, family members, guests and invitees for access and ingress incidental to the residential use of the Townhome; provided, however, that any recreational facilities, parking area or other special area designated for a specific use and purpose and constituting part of the common Area shall be used only for such specific use and for such other purposes as are approved by the Board in accordance with the provisions of this Declaration and the Bylaws. Such uses and purposes as well as the maintenance and operation of the Common Area shall not be obstructed, damaged or unreasonably interfered with by any Townhome Owner.

personal business or professional telephone calls or correspondence within his Townhome. The uses set forth in the preceding sentence are expressly declared customarily incident to the principal residential use of a Townhome and not in violation of the restrictions on use contained herein.

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No Townhome owner shall display, hang or store any clothing, sheets, blankets, laundry or other articles outside his Townhome or which may be visible from the outside of his Townhome (other than draperies, curtains or shades of a customary nature and appearance which do not violate the rules and regulations of the Board) or paint or decorate or adorn the outside of his Townhome or install outside his Townhome any canopy or awning, or other equipment, fixtures or items of any kind, without the prior written consent of the Board.

No sign or other advertising device of any nature shall be placed upon any Townhome without the consent of the Board except as provided otherwise herein. Notwithstanding the foregoing, except for the address stone installed by the Developer, there shall be no other address sign or plate installed on the Townhome by the Townhome owner unless written consent of the Board is first obtained. The Developer, however, reserves the right to erect such advertising signs, posters and displays as it may deem necessary anywhere in or on the development, until all the Townhomes proposed to be constructed by Developer are constructed and sold and deeds delivered therefor.

No birds, animals or insects shall be raised, bred or kept in any Townhome or the common area, except for dogs, cats, small birds, fish, and other household pets of a Townhome owner, commonly kept as household pets, provided (1) such pets are not kept or bred for commercial purposes, (2) such pets shall be kept in strict accordance with the administrative rules and regulations relating to household pets from time to time adopted or approved by the Board (which rules and regulations may limit the type and number of household pets which may be kept in a Townhome), and (3) such pets shall not, in the judgment of the Board, constitute a nuisance to others.

No water pipes, sewer pipes or drainage pipes shall be installed or maintained in or on any Townhome above the surface of the ground, except hoses and movable pipes used for irrigation purposes and sump pump discharges.

No lumber, metals, bulk materials, refuse or trash shall be kept, stored or allowed to accumulate on any individual parcel of land constituting part of a Townhome, except building materials during the course of construction of any approved structure. Trash, garbage and other waste shall be kept only in sanitary containers, and shall be disposed of in a clean and sanitary manner as prescribed from time to time in rules and regulations of the Board. Such containers may be placed in the open, on the day that a pick-up is to be made in such a place as to provide access to persons making such pick-up. At all other times such containers shall be stored in such a manner so that they cannot be seen from adjacent and surrounding property. The Board, in its discretion, may adopt and promulgate reasonable rules and regulations relating to the size, shape, color and type of containers permitted and the manner of storage of the same in the development.

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No machinery or power driven vehicles shall be placed or operated upon any Townhome, except such machinery as is usual in the maintenance of a private residence and private passenger automobiles, motorcycles and mopeds.

No person shall obstruct, alter or in any manner modify the established drainage pattern from, on or over any Townhome or any portion of the Common Area; nor shall any person obstruct, alter or in any way modify any drainage scales, devices and/or facilities now installed or to be installed by the Developer or the Association. The Developer reserves the right for itself and the Association to enter upon any Townhome and the Common Area to correct, as it may deem necessary, any drainage condition. Sump pump and sump pump drain lines must be kept operational by Townhome owners.

Each Townhome owner shall maintain his Townhome in good condition and in good order and repair, at his own expense, and shall not do or allow anything to be done in his Townhome or the Common Area which may increase the cost or cause the cancellation of insurance on other Townhomes or on the Common Area.

Articles of personal property belonging to any Townhome owner, such as baby carriages, bicycles, wagons, toys, furniture, clothing and other articles shall not be stored or kept on or in any portion of the Common Area, except as specifically designated by the Board.

No Townhome owner shall overload the electrical wiring in his Townhome or operate any machines, appliances, accessories or equipment in such manner as to cause, in the judgment of the Board, an unreasonable disturbance to others.

No storm doors or other energy saving devices upon doors or windows shall be installed in or on any Townhome without the prior written consent of the Board.

The Association reserves the right to enter upon any Townhome to correct or eliminate nuisances or violations of any or all of the foregoing, and to correct any failure of the Townhome owner to properly maintain those areas and items not the responsibility of the Association. The cost of such work shall be assessed by the Association against the individual Townhome owner and such assessments shall be due and payable in the month assessed. In the event payment of such special assessment is not made, such special assessments shall become a lien on the property, the personal obligation of the Townhome owner and subject to all covenants for assessments contained in this Declaration and the Bylaws.

19. REMEDIES. In the event of any default by any Townhome owner under the provisions of this Declaration, the Bylaws or the rules and regulations of the Board or Association, the Association and its successors and assigns or the board and its agents, shall have the right to levy a fine against the defaulting Townhome owner in an amount reasonably determined by

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The proceeds of any judicial sale of a Townhome, pursuant to the preceding subparagraph, shall first be paid to discharge court costs, court reporter charges, reasonable attorneys' fees and all other expenses of the proceeding and sale, and all such items shall be taxed against the defaulting Townhome owner in any final judgment. Any balance of such proceeds remaining after satisfaction of said costs, charges, fees and expenses and any unpaid assessments hereunder, and liens shall be paid to the Townhome owner. Upon the confirmation of such sale, the purchaser shall thereupon be entitled to a deed to the Townhome and to immediate possession of the Townhome sold, and may apply to the court for a writ of assistance for the purpose of acquiring such possession, and it shall be a condition of any such sale, and the judgment shall so provide, that the purchaser shall take the Townhome sold subject to this Declaration, the Bylaws and the rules and regulations of the Board or Association. All expenses of the Association in connection with any such actions or proceedings, including court costs and attorneys' fees and other fees and expenses and all damages, liquidated or otherwise, together with interest thereon at the rate of 18% per year, or such greater percentage as may be permitted under the laws of the State of Illinois, until paid, shall be charged to and assessed against such defaulting Townhome owner, and shall be added to and deemed part of his share of the common expenses, upon the Townhome of such defaulting Townhome owner and upon all of his additions and improvements thereto, and upon all of his personal property located in his Townhome or elsewhere on the Development, provided, however, that such lien shall be subordinate to the lien of a prior recorded mortgage on the Townhome of such Townhome owner, except for the amount of the proportionate share of said common expenses which becomes due and payable from and after the date on which the mortgage or a purchaser at a foreclosure sale under such mortgage either takes possession of the Townhome or accepts a conveyance of any interest therein or the date on which the mortgage causes a receiver to be appointed for the Townhome.

the Board and in addition shall have all of the rights and remedies which may be provided for in this Declaration, the Bylaws, Article IX of the Illinois code of Civil Procedure, or the aforesaid rules and regulations, or which may be available at law or in equity, and may prosecute any action or other proceeding against such defaulting Townhome owner and/or others (f) for enforcement of foreclosure of any lien and the appointment of a receiver for the Townhome, without notice and without regard to the value of such Townhome or ownership interest or the solvency of such Townhome owner, or (ii) for damages, injunction or specific performance, or (iii) for judgment for payment of money and collection thereof, or (iv) for the right to take possession of the Townhome, rent the Townhome and apply the rents received to payment of unpaid assessments and interest accrued thereon, or to sell the Townhome at a judicial sale, or (v) for any combination of the above remedies, or for any other relief now or hereafter permitted.

Each Townhome Owner and his successors and assigns, by acceptance of a deed to his Townhome, and each mortgagee of a Townhome by acceptance of a mortgage, acknowledge, consent and agree for themselves and their successors and assigns as follows, with respect to each Amendment to the Declaration recorded pursuant to this paragraph 20:

Subject to the foregoing restrictions, the Trustee and the Developer, for themselves and their respective successors and assigns, hereby reserve the right, from time to time, to annex and add to the Parcel and the Development and thereby to amend the plan of ownership created by this Declaration, without notice thereof to or the consent of any Townhome Owner or mortgagee of any Townhome, all or any portion of the Future Parcel, No rights or interests of any kind whatsoever in all or any part of the Future Parcel shall attach to any Townhome except as to that portion described in a recorded "Amendment to the Declaration" annexing and adding such portion of the Future Parcel to the Parcel and the Development and submitting such portion of the Future Parcel to this Declaration.

20. RESERVATION OF RIGHT TO ANNEX ADDITIONAL PROPERTY. The Developer, as the beneficial owner of the Future Parcel, intends hereafter, but shall not be obligated, to develop and improve the Future Parcel, or a portion thereof, with Townhomes. The Developer intends, but shall not be required, to submit to the provisions of this Declaration and amend and add to the Parcel a part or all of the Future Parcel as any one or more such Townhomes are completed on part or all of the Future Parcel, or thereafter, as hereinafter provided in this paragraph 20.

In the event of any such default by any Townhome Owner, the Association, the Board and the Managing Agent, it so authorized by the Board, shall have the authority to correct such default and to do whatever may be necessary for such purpose, and all expenses in connection therewith shall be charged to and assessed against such defaulting Townhome Owner, and shall be added to and deemed part of his respective share of the Common Expenses, and the Association shall have a lien for all of the same upon the defaulting Townhome Owner's Townhome and upon all of his additions and improvements thereto, and upon all of his personal property located in his Townhome or elsewhere on the Development, provided, however, that such lien shall be subordinate to the lien of a prior recorded mortgage on the Townhome of such Townhome Owner, except for the amount of the proportionate share of said Common Expenses which becomes due and payable from and after the date on which the mortgage under said mortgage or a purchaser at a foreclosure sale either takes possession of the Townhome or accepts a conveyance of any interest therein or the date on which the mortgage causes a receiver to be appointed for the Townhome. Any and all such rights and remedies may be exercised at any time and from time to time, cumulatively, or otherwise, by the Association or the Board. The provisions of this paragraph 19 applicable to the priority of liens held by mortgages shall not be amended or modified without the express and prior written consent of all mortgagees of record.

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21. CHANGE, MODIFICATION OR RESCISSION. In addition to amendment of this Declaration as heretofore and hereinafter provided, subject to the following subparagraph, and unless otherwise provided herein, this Declaration may be changed, modified or rescinded by an instrument in writing, setting forth such change, modification or rescission, signed and acknowledged by the President or a Vice President of the Association, and approved by the Townhome Owners having 2/3 or more of the total votes, said approval to be evidenced by certification of an officer of the Association attached and incorporated into the

(g) The Trustee and the Developer and their successors and assigns have the right to amend this Declaration in the manner provided in this paragraph 20, and each Townhome Owner agrees to execute and deliver any documents necessary or desirable to effect any such amendment to the Declaration.

(f) For purposes of this Declaration, the Trustee and the Developer adding additional property to the present parcel, pursuant to Amendments to the Declaration, shall be deemed to be made by agreement of all Townhome Owners and all those who claim under them, including any mortgages.

(e) The recording of any such Amendment to the Declaration shall not alter the amount of the lien for Common Expenses assessed against a Townhome prior to such recording.

(d) Upon the recording of such Amendment to the Declaration, the common Area shall be deemed to include any additional Common Area annexed to the development pursuant to such Amendment to the Declaration.

(c) Upon the recording of such Amendment to the Declaration, each Townhome Owner's Share corresponding to each Townhome shall be consistent with the formula set forth in the Definitions, paragraph 23. Such Townhome Owner's Share shall correspond to the style of the respective Townhome as set forth in the Definitions, paragraph 23.

(b) The Additional Parcel described in each such Amendment to the Declaration shall be governed in all respects by the provisions of this Declaration as modified by such Amendment to the Declaration.

(a) An Amendment to the Declaration may contain such modifications of and additions to the provisions of this Declaration as the Trustee and Developer deem reasonably necessary to comport with the character of the construction upon the Additional Parcel described in such Amendment to the Declaration; provided, however, that any such modifications or additions shall be applicable only to the Additional Parcel described in such Amendment to the Declaration. Any such Amendment to the Declaration shall contain such reasonable terms and provisions as the Trustee and Developer deem necessary to annex and add the Additional Parcel to the parcel under terms equitable to all Townhome Owners.



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22. SPECIAL AMENDMENT. Notwithstanding any other provision of this Declaration and Bylaws, the Trustee and Developer reserve and shall have the right at any time and from time to time to record a Special Amendment to this Declaration and the Bylaws to conform this Declaration and any Amendment to the Declaration with the requirements of Illinois statutory and case law or any Village of Orland Hills ordinance regulating any aspect of the Development or the requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing & 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, (ii) to induce any such agencies or entities to make, purchase, sell, insure or guarantee first mortgages covering Townhomes, or (iii) to correct clerical, scrivener or typographical errors in this Declaration, any Amendment to the Declaration, the Bylaws, any plat or plans, or any exhibit hereto or amendment thereto. In furtherance of the foregoing, each Townhome Owner and each holder of a mortgage, trust deed, or lien affecting any Unit and each person having any other interest in the Development hereby grants to the Trustee and the Developer an irrevocable power of attorney coupled with an interest on behalf of each Townhome Owner and each such holder or person to make, sign and record on behalf of each Townhome Owner and each such holder or person any amendment described in this paragraph. Each deed, mortgage, trust deed, other evidence of obligation or other instrument affecting a Townhome or the Development and the acceptance of any such instrument shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of the aforescribed power of attorney to the Trustee and the Developer, to make, sign and record on behalf of

Any change, modification or rescission of this Declaration, whether accomplished under the provisions of this paragraph 21 or another paragraph of this Declaration, shall be effective upon recording of the instrument which accomplishes such change, modification or rescission.

Neither this Declaration nor the Bylaws may be changed, modified or rescinded so as to eliminate, impair, limit or abridge any rights of the Trustee and/or the Developer or any of the mortgagees of record of Townhomes under this Declaration or the Bylaws without the prior written consent of the Trustee and Developer or all such mortgagees of record as the case may be. No change, modification or rescission pursuant to this paragraph 21 which has a material impact upon the duties and responsibilities of the Village of Orland Hills shall be valid without submission of such change, modification or rescission to the Village for its approval. Such approval shall not be unreasonably withheld by the Village. All rights inuring to the Trustee and the Developer under this Declaration and the Bylaws shall also inure to their successors and assigns.

Amendment.



26. **PERPETUITIES.** If any of the options, privileges, covenants or rights created by this Declaration shall be unlawful, void or voidable for violation of the rules against perpetuities, then such provision shall continue only until 21 years after the death of the survivor of the descendants of George Bush, the President of the United States on the date hereof, and James Thompson, the Governor of Illinois on the date hereof, who are living on the date hereof.

25. **SEVERABILITY.** Developer intends and believes that each provision in this Declaration and the Bylaws is in accordance with all applicable local, state and federal laws and judicial decisions. However, if any provision or provisions, or it any portion of any provision or provisions, in this Declaration or the Bylaws is found by a court of law to be in violation of any local, state or federal ordinance, statute, law, administrative or judicial decision, or public policy, and if such court should declare such portion, provision or provisions of this Declaration or the Bylaws to be illegal, invalid, unlawful, void or unenforceable as written, then it is Developer's intent that such portion, provision or provisions shall be given force to the fullest possible extent that they are legal, valid and enforceable; that the remainder of this Declaration and the Bylaws shall be construed as if such illegal, invalid, unlawful, void or unenforceable portion, provision or provisions were not contained therein; and that the rights, obligations and interests arising under the remainder of this Declaration and the Bylaws shall continue in full force and effect.

24. **RIGHTS RESERVED TO DEVELOPER DURING SALE OF TOWNHOMES.** During the period of construction and sale by the Developer of any Townhome in the development or any Townhome located or to be located on any portion of the future parcel, the Developer and the Developer's agents, employees, contractors and subcontractors, and their respective agents, employees, successors and assigns, shall be entitled to place and maintain on the development and the future parcel all models, sales offices, construction offices, advertising signs and banners, lighting and other sales devices in connection therewith at such location and in such forms as shall be determined by the Developer and its agents and the Developer and its agents and prospective purchasers and lessees of any Townhome from the Developer are hereby granted the right of ingress, egress and transfer, parking in and through the development and future parcel for such Townhome construction, sale or leasing purposes. The Developer or its agents further reserves the right to use unsold Townhomes for temporary storage, sales office and related purposes, models and as work space for construction purposes. The easements of ingress and egress thru the development described in this Declaration shall be covenants running with the land and shall not terminate when the Developer has completed the sale and construction of Townhomes, but shall inure to the benefit of the grantee by deed of conveyance from the trustee and/or the Developer.

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(b) Lease. The Board may impose, by its Rules and Regulations, reasonable restrictions in the leasing of units. Such restrictions shall include, but are not limited to, the

(a) Sale or Lease. The Association shall have no right of first refusal on any sale, devise, bequest, gift, transfer, enforcement sale, or inheritance of any Townhome.

30. SALE, LEASING, OR OTHER ALIENATION.

29. LAND TRUSTEE AS TOWNHOME OWNER. In the event title to any Townhome is conveyed to a land title holding trust, under the terms of which all powers of management, operation and control of the Townhome remains vested in the trust beneficiaries, then the beneficiaries thereunder shall be considered Townhome Owners for all purposes hereunder and they shall be responsible for payment of all obligations, liens, or indebtedness and for the performance of all agreements, covenants and undertakings chargeable or created under this Declaration against such Townhomes. 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 any such lien or obligation shall continue to be a charge or lien upon the Townhome and the beneficiaries of such trust, notwithstanding any transfer of title to such Townhome. By directing said trustee to take title to said Townhome, said beneficiaries agree to be bound by the provisions of this paragraph 29.

28. SUCCESSORS AND ASSIGNS OF TRUSTEE AND DEVELOPER. Every right, power or agreement granted to or reserved by the Trustee and/or Developer in this Declaration, the Bylaws or in the rules and regulations of the Board or Association shall inure to the benefit of and may be exercised by the Trustee and Developer's respective successors and assigns to whom either expressly assigns their respective rights hereunder.

27. RIGHTS AND OBLIGATIONS. Each grantee of the Trustee and/or the Developer, by the acceptance of a deed of conveyance, and each purchaser under any contract for such deed of conveyance, accepts said deed or contract subject to all restrictions, conditions, covenants, reservations, easements, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration. All covenants, conditions, restrictions, easements, rights, benefits and obligations hereby granted, created, reserved or declared and all impositions and obligations imposed hereby shall be deemed and taken to the apartment to and covenants running with the Townhome, and shall bind any person having at any time any interest or estate in the Townhome, and shall inure to the benefit of and bind any grantee or purchaser in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance or contract for conveyance.

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(b) If any party wall is damaged or destroyed through the act or acts of any adjoining Townhome Owner, or his agents, servants, guests or members of his family, whether such act is willful, negligent or accidental, such Townhome Owner shall forthwith proceed to rebuild or repair the same to as good a condition as formerly without cost to the other adjoining Townhome Owner.

(a) Every wall which is built as a part of the original construction within the development and placed on the dividing line between separate Townhomes shall constitute and be considered a Party Wall, and as to such wall each of the Townhome Owners immediately adjacent shall have the obligations and be entitled to the rights and privileges of this Declaration and to the extent not inconsistent herewith, the general rules of law regarding party walls.

31. PARTY WALLS. Each Townhome Owner shall be subject to the following limitations and restrictions with respect to Party Walls constructed within the development, as follows:

(d) Notwithstanding anything contained in this Declaration and Bylaws, the provisions of this paragraph 30 and any rules or regulations adopted pursuant hereto by the Board shall not at any time apply to any Townhomes owned by the Trustee or the Developer.

(c) The Townhome Owner making a lease shall not be relieved thereby from any of his obligations hereunder. Each Townhome Owner making a lease unconditionally guarantees to the Association and to the other Townhome Owners that his respective lessees and sublessees will faithfully abide by the provisions of this Declaration and the Rules and Regulations of the Association. In the event that any Lessee or sublessee fails to do so, the responsible Townhome Owner shall promptly indemnify the Association and the other Townhome Owners for all losses caused thereby and shall take appropriate action in the matter to correct such failure including termination of tenancy and judicial proceedings. If any Townhome Owner fails to take such action, the Association may do so, in its own behalf and/or in the Townhome Owner's name. The Board may adopt such rules and regulations applicable to the leasing of Units as it deems advisable or necessary.

- 1. Prior information as to the proposed tenant;
- 11. Restrictions as to the number of occupants;
- 111. Restrictions as to the duration of leases;
- 1v. Regulations regarding the inclusion in all leases of such reasonable provisions so as to insure enforcement of the Declaration, Bylaws and Rules and Regulations.

Following:

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This declaration is executed by BRIDGEVIEW BANK, as trustee as aforesaid, in the exercise of the power and authority conferred upon and vested in it as such trustee, hereby warrants that it possesses full power and authority to execute this instrument. It is expressly understood and agreed by every person, firm or corporation hereafter claiming any interest under this declaration that BRIDGEVIEW BANK, as trustee aforesaid, and not personally, has joined in the execution of this declaration for the sole purpose of subjecting the title to the trust estate under said Trust Numbered 11764, to the terms of this Declaration, and that any and all obligations, duties and covenants and agreements of every nature herein set forth by BRIDGEVIEW BANK, said trustee aforesaid, to be kept or performed, are intended to be kept, performed and discharged by the beneficiaries under said Trust Numbered 11764, or its successors and not by BRIDGEVIEW BANK, personally; and further, that no duties shall rest upon BRIDGEVIEW BANK, either personally or as trustee, to sequester trust assets, rentals, avails, or proceeds of any kind, or otherwise to see to the fulfillment or discharge of any obligation expressly or implied, arising under the terms of this Declaration, except where said trustee is acting pursuant to direction as provided by the terms of said Trust Number 11764, and after the trustee has first been supplied with funds for that purpose. In the event of a conflict between the terms of this paragraph and the remainder of the Declaration or any question of apparent liability or obligation resting upon said

(f) No private agreement of any adjoining Townhome Owners shall modify or abrogate any of the provisions contained in this paragraph 31, which shall be binding upon the heirs, administrators, successors and assigns of the Townhome Owners; but no person shall be liable for any act or omission respecting such provisions, except such as look place while such person was a Townhome Owner.

(e) In the event of a disagreement between adjoining Townhome Owners with respect to the repair, reconstruction or maintenance of a Party Wall or with respect to sharing the cost of repairing, rebuilding, or maintaining the same, then upon the written request of either of said Townhome Owners to the Board, the matter shall be submitted to it for arbitration under such rules as it may from time to time adopt.

(d) Any Townhome Owner who proposes to modify, rebuild, repair or make additions to his own Townhome in any manner which requires the extension, alteration or modification or any Party Wall, shall first obtain the written consent of the adjacent Townhome Owner, in addition to meeting the other requirements of this Declaration.

(c) Any Party Wall damaged or destroyed by some act or event other than that produced by one of the adjacent Townhome Owners, his agents, servants, guests or family, shall be rebuilt or repaired by both adjoining Townhome Owners to the same good condition as formerly, at their joint and equal expenses and as promptly as reasonably possible.

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Property of Cook County Clerk's Office

Trust Officer

1-17-74

Legal and delivered to BRIDGEVIEW BANK AND TRUST COMPANY...  
and the same is hereby acknowledged by the undersigned...  
of the State of Illinois, County of Cook, City of Chicago, Illinois

TITLE:

ATTEST:

Secretary  
*David J. Atypka*

TITLE:

Vice President

BY:

*Michael R. Conrad*

11764

BRIDGEVIEW BANK, as Trustee  
as aforesaid, and not  
personally; under Trust No.

IN WITNESS WHEREOF, BRIDGEVIEW BANK, a banking corporation,  
as Trustee as aforesaid and not personally has caused its  
corporate seal to be affixed herunto, and has caused its name to  
be signed hereto by its duly authorized officers this 28th day  
of February, 1990.

Trustee, the exculpatory provisions hereof shall be controlling.

ILLINOIS

Property of Cook County Clerk's Office

"OFFICIAL SEAL"  
LIDIA MARINCA  
NOTARY PUBLIC, STATE " ILLINOIS  
MY COMMISSION EXPIRES 4.30.94

NOTARY PUBLIC  
*Lidia Marinca*  
SUBSCRIBED AND SWORN TO  
BEFORE ME THIS 28th DAY  
OF February, 1991

BY: *[Signature]*  
ATTEST: *[Signature]*

BRIDGEVIEW BANK & TRUST COMPANY

Bridgeview Bank, the Mortgagee pursuant to the terms, provisions and conditions of a certain Mortgage recorded in the Office of the Recorder of Deeds of Cook County, Illinois, does hereby consent to the attached Declaration of Covenants, Conditions, Restrictions and Easements for Royal Ridge Estates Townhomes, Orland Hills, Cook County, Illinois.

CONSENT OF MORTGAGEE



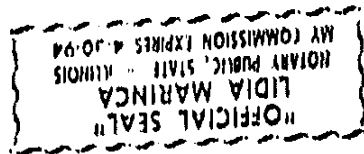
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THIS INSTRUMENT PREPARED BY:  
DAVID T. COHEN & ASSOC., LTD.,  
62 ORLAND SQUARE DRIVE, SUITE 32  
ORLAND PARK, IL 60462  
(708) 460-7711

1986-116

Property of Cook County



NOTARY PUBLIC

*Lidia Marinca*

GIVEN under my hand and Notarial Seal this 28th day of February, 1991.

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that  
Marle A. Arnold, as Vice President  
of BRIDGEVIEW BANK, and David J. Altepeter, as  
Secretary, who are personally  
known to me to be the same persons whose names are subscribed to  
the foregoing instrument as such Vice President  
and Secretary, respectively, appeared before me this  
day in person and acknowledged that they signed and delivered the  
said instrument as their own free and voluntary act and as the  
free and voluntary act of said Bank, as Trustee as aforesaid for  
the uses and purposes therein set forth; and the said  
Vice President and Secretary  
then and there acknowledged that  
as custodian of the corporate  
seal of said Bank, and affix the corporate seal of said Bank to  
said instrument as his own free and voluntary act as the  
free and voluntary act of said Bank as Trustee as aforesaid, for  
the uses and purposes therein set forth.

STATE OF ILLINOIS )  
COUNTY OF COOK )  
SS

Page 155

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PARCEL 2: Lot 6 of Royal Ridge Estates, being a subdivision of part of the West Half of the Northwest Quarter of Section 27, Township 36 North, Range 12 East of the Third Principal Meridian in Cook County, Illinois, described as follows: Commencing at the Northwest corner of said Lot 1; thence North 89 degrees 41' 30" East along the North line of said Lot 1 a distance of 38.13 feet to a point, said point to be known as the point of beginning. From said point of beginning; thence continuing North 89 degrees 41' 30" East a distance of 25.00 feet to a point; thence South 00 degrees 30' 30" East a distance of 109.50 feet to a point; thence South 89 degrees 41' 30" West along the South line of said Lot 1 a distance of 25.00 feet to a point; thence North 00 degrees 30' 30" West a distance of 109.50 feet to the point of beginning.

PARCEL 1: Lot 1 of Royal Ridge Estates, being a subdivision of part of the West Half of the Northwest Quarter of Section 27, Township 36 North, Range 12 East of the Third Principal Meridian in Cook County, Illinois, described as follows: Commencing at the Northwest corner of said Lot 1; thence North 89 degrees 41' 30" East along the North line of said Lot 1 a distance of 38.00 feet to a point, said point to be known as the point of beginning. From said point of beginning; thence continuing North 89 degrees 41' 30" East a distance of 25.00 feet to a point; thence South 00 degrees 30' 30" East a distance of 109.50 feet to a point; thence South 89 degrees 41' 30" West along the South line of said Lot 1 a distance of 25.00 feet to a point; thence North 00 degrees 30' 30" West a distance of 109.50 feet to the point of beginning.

LEGAL DESCRIPTION OF PRESENT PARCEL

EXHIBIT "A"

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Property of Cook County Clerk's Office

Lots 2, 3, 4, 5, 7, 8, 9, 10, 11 and 12 of Royal Ridge Estates, being a subdivision of part of the West Half of the Northwest Quarter of Section 27, Township 36 North, Range 12 East of the Third Principal Meridian in Cook County, Illinois, described as follows: commencing at the Northwest corner of said Lot 1; thence North 89 degrees 41' 30" East along the North line of said Lot 1 a distance of 38.13 feet to a point, said point to be known as the point of beginning. From said point of beginning; thence continuing North 89 degrees 41' 30" East a distance of 25.00 feet to a point; thence South 00 degrees 30' 30" East a distance of 109.50 feet to a point; thence South 89 degrees 41' 30" West along the South line of said Lot 1 a distance of 25.00 feet to a point; thence North 00 degrees 30' 30" West a distance of 109.50 feet to the point of beginning.

LEGAL DESCRIPTION OF FUTURE PARCEL

EXHIBIT "B"

EXHIBIT "C"

BYLAWS OF ROYAL RIDGE ESTATES  
TOWNHOME OWNERS' ASSOCIATION

ARTICLE I

NAME OF ASSOCIATION AND DEFINITION OF TERMS

Section 1. NAME. The name of the Association is ROYAL RIDGE ESTATES TOWNHOME OWNERS' ASSOCIATION.

Section 2. DEFINITIONS. Any term used in these Bylaws that is defined in the Declaration of Covenants, Conditions, Restrictions, and Easements for ROYAL RIDGE ESTATES ("Declaration"), recorded as Document No. \_\_\_\_\_, to which a copy of these Bylaws is attached as Exhibit "C" thereto, shall have the same definition herein that is set forth in said Declaration. The term "member" as used in these Bylaws means Townhome Owner except where the context requires otherwise.

ARTICLE II

MEMBERS

Section 1. ELIGIBILITY. The members of the Association shall consist of all the Townhome Owners in the Development.

Section 2. SUCCESSION. The membership of each Townhome Owner in the Association shall terminate when said Townhome Owner ceases to be a Townhome Owner and upon the sale, transfer or other disposition of such Townhome Owner's Townhome, said Townhome Owner's membership in the Association shall be transferred ipso facto to the new Townhome Owner.

Section 3. ANNUAL MEETINGS. The First Meeting shall be held on a date to be determined as provided in the Declaration. Thereafter there shall be an annual meeting of Townhome Owners on the date one year after the First Meeting, and on the same date of each succeeding year thereafter at 7:30 p.m., or at such other reasonable time or date as may be designated by the Board. Each such meeting of Townhome Owners shall be held at such place in Cook County, Illinois, and at such time and date as shall be specified in the written notice of such meeting which shall be sent to all Townhome Owners at least 10 days prior to the date of such meeting.

Section 4. SPECIAL MEETINGS. A special meeting of the Townhome Owners may be called at any time by the President of the Association, by a majority of the directors of the Board or upon written request of at least 25% of all Townhome Owners. Said special meeting shall be called by sending written notice thereof

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to all Townhome Owners not less than 10 days prior to the date of said meeting, stating the date, time and place of said special meeting and the matters to be considered.

Section 5. DELIVERY OF NOTICE OF MEETINGS. Notice of a meeting may be delivered either personally or by mail to a Townhome Owner at the address given to the Board by said Townhome Owner for such purpose, or to the Townhome Owner's Townhome, if no other address for such purpose has been given to the Board.

Section 6. VOTING. Each Townhome Owner shall have one (1) vote. If any Townhome Owner consists of more than one (1) person, the voting rights of such Townhome Owner shall not be divided but shall be exercised as if the Townhome Owner consisted of only one (1) person, in accordance with the proxy or other designation made by the persons constituting such Townhome Owner. The Developer may exercise all voting rights with respect to the Townhomes owned by Trustee or Developer from time to time.

Notwithstanding the foregoing, or any other provision of the Bylaws, the Board shall have the right and power to suspend the voting rights of any Townhome Owner during such period the Townhome Owner's Common Expense assessments, or any other monetary obligations due and owing the Association from the Townhome Owner, remains delinquent and unpaid.

Section 8. PROXIES. At all meetings of Townhome Owners, each Townhome Owner may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association. Every proxy shall be revocable and shall automatically cease upon conveyance by the Townhome Owner of his Townhome.

## ARTICLE III

### BOARD OF DIRECTORS

Section 1. NUMBER, ELECTION AND TERM OF OFFICE. The Board shall consist of 5 Directors, except for the First Board, which shall consist initially of 3 Directors and which shall be increased, as provided in the Declaration, to 4 and then to 5 Directors. Except for the Directors appointed to the First Board, Directors shall be elected at the regular annual meeting of Association members by vote of the Townhome Owners. As long as the Developer holds title to any Townhome, the Developer shall have the right, at its option, to appoint at least one (1) Director to the Board.

In every election for Directors, voting shall be cumulative and every Townhome Owner shall have the right to vote, in person or by proxy. Those Directors receiving the greatest number of votes shall be deemed elected. Every elected Director shall hold office for a term of one (1) year and thereafter until his successor shall be elected and qualified.

A majority of the total number of Directors on the Board

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from time to time shall constitute a quorum. Except for Directors appointed by the Developer, each Director shall be a Townhome Owner, the spouse of a Townhome Owner (or, if a Townhome Owner is a trustee of a trust, a Director may be a beneficiary of such trust or the spouse of such beneficiary) or one (1) of the persons whose estates or interests aggregate fee simple ownership of a Townhome. If a Director shall cease to meet the requirements set forth in the preceding sentence during his term, or in the event of the death, resignation or refusal or inability to act of any Director, he shall thereupon cease to be a Director and his place on the Board shall be deemed vacant. Any vacancy occurring on the Board may be filled by a majority vote of the remaining Directors thereof, except that any vacant position on the Board, which was last filled (i) by a Director appointed by the Developer, or (ii) by a Director selected by a committee of Townhome Owners, may be filled only by a substitute Director selected by such committee. Any Director elected or appointed to fill a vacancy shall hold office for a term equal to the unexpired term of the Director whom he succeeds. Any Director may be removed from office, with or without cause, by a vote of 2/3rds of all Townhome Owners, and in any such case such Director's place on the Board shall be filled as hereinabove provided.

Section 2. MEETINGS. A regular annual meeting of the Board shall be held within 10 days following the regular annual meeting of Townhome Owners. Regular meetings of the Board other than the aforesaid regular annual meeting shall be with such frequency and at such place and hour as may be fixed from time to time by resolution of the Board. Special meetings of the Board shall be held upon a call by the President of the Association or by a majority of the Board on not less than 48 hours notice in writing to each Director, delivered personally, by mail or by telephone. Any Director may waive notice of a meeting, or consent to the holding of a meeting without notice, or consent to any action of the Board without meeting. A Director's attendance at a meeting shall constitute his waiver of notice of said meeting. The Directors shall have the right to take action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 3. COMPENSATION. Directors shall receive no compensation for their services unless expressly provided for in a resolution duly adopted by the Townhome Owners; provided, however, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 4. POWERS AND DUTIES. The Board shall have the following powers and duties:

- (a) to elect and remove the officers of the Association as hereinafter provided;
- (b) to administer the affairs of the Association and the

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## Development;

- (c) to engage the services of a Managing Agent to maintain, repair, replace, administer and operate the Development or any part thereof upon such terms and for such compensation and with such authority as the Board may approve;
- (d) to formulate policies for the administration, management and operation of the Development;
- (e) to adopt rules and regulations, with written notice thereof to all Townhome Owners, governing the administration, management, operation and use of the Development and the Common Area and also governing the personal conduct of the Townhome Owners and their guests and invitees and to amend such rules and regulations from time to time;
- (f) to provide for the maintenance, repair and replacement of the Common Area and portions of the Townhomes as provided in the Declaration, payment therefor, and to approve payment vouchers or to delegate such approval to the officers of the Association or the Managing Agent;
- (g) to provide for the maintenance, repair and replacement of the Common Area and portions of the Townhomes as provided in the Declaration, payment therefor, and to approve payment vouchers or to delegate such approval to the officers of the Association or the Managing Agent;
- (h) to declare the office of a Director to be vacant in the event such Director shall be absent from 3 consecutive regular meetings of the Board;
- (i) to provide for the designation, hiring and removal of employees and other personnel, including accountants and attorneys, and to contract for any services deemed necessary or desirable by the Board, and to make purchases for the maintenance, repair, replacement, administration, management and operation of the Development and the Common Area and to delegate any such powers to the Managing Agent (and to any employees or other personnel of the Managing Agent);
- (j) to appoint committees of the Board as the Board deems appropriate and to delegate to such committees the Board's authority to carry out certain duties of the Board;
- (k) to determine from time to time the fiscal year of the Association as the Board deems advisable;
- (l) to estimate the amount of the annual budget, and to

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- provide the manner of assessing and collecting from the Townhome Owners (excluding the Trustee and the Developer) their respective shares of the Common Expenses;
- (m) to grant licenses, concessions or easements over portions of the Common Area;
  - (n) to cause to be kept a complete record of all of its acts and corporate affairs and to present a statement thereof to the members at each regular annual meeting of the members or at any special meeting when such statement is requested in writing by 25% of the members;
  - (o) to the extent the Board deems necessary or appropriate, to cause any officers or employees having fiscal responsibilities to be bonded;
  - (p) unless otherwise provided herein or in the Declaration, to comply with the instructions of a majority of the Townhome Owners as expressed in a resolution duly adopted at any annual or special meeting of the Townhome Owners;
  - (q) to suspend the voting rights of any Townhome Owner during such period the Townhome Owner's Common Expense Assessment, or any other monetary obligations due and owing the Association from the Townhome Owner, remains delinquent and unpaid; and
  - (r) to exercise all other powers and duties of the Townhome Owners as a group, and all powers and duties of the Board set forth in the Declaration, and to give effect to the provisions of the Declaration.

Section 5. LIMITATION OF BOARD'S POWER. Notwithstanding any provision in this Article or elsewhere in these bylaws, the Board shall not have the power or duty to act in any way which materially impairs the development of the Development or the Future Parcel, as contemplated in the Declaration, or which impairs or infringes Trustee and/or Developer's rights set forth in the Declaration, and the Deeds and Plats of Subdivision of record.

Section 1. DESIGNATION. At each regular annual meeting, the Directors present at said meeting shall elect the following officers of the Association by a majority vote:

- (a) a President, who (i) shall be a Director (ii) shall preside over the meetings of the Board and of the Townhome Owners (iii) shall be the chief executive officer of the Association (iv) shall see that orders and resolutions of the Board are carried out, and (v) shall sign all leases, mortgages, deeds, contracts and other written instruments on behalf of the Association, other than checks issued in the normal course of the

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Association's affairs;

- (b) a Vice-President who shall be a Director, shall act in the place and stead of the President in the event of the President's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board;
- (c) a Secretary, who (i) shall record the notes and keep the minutes of all meetings of the Board and of the Townhome Owners (ii) shall keep the corporate seal of the Association (if the Association has a corporate seal) and affix it on all appropriate papers (iii) shall serve notice of meetings of the Board and of the members (iv) shall keep appropriate current records showing the members of the Association together with their addresses, and (v) shall, in general, perform all the duties incident to the office of Secretary;
- (d) a Treasurer, who (i) shall be responsible for financial records and books of account and the manner in which such records and books are kept and reported (ii) shall disburse such funds as directed by resolution of the Board (iii) shall sign all checks and promissory notes of the Association (iv) may, but shall not be required to, cause an annual audit of the Association's books to be made by a public accountant at the completion of each fiscal year, and (v) shall prepare annual budget and a statement of income and expenditures to be presented to that membership at its regular annual meeting, and deliver a copy of each to the members; and
- (e) such additional officers as the Board shall see fit to elect.

Section 2. POWERS. The respective officers shall have the general powers usually vested in such officers; provided that the Board may delegate any specific powers to any other officer or impose such limitations or restrictions upon the powers of any officer as the Board may see fit.

Section 3. TERM OF OFFICE. Each officer shall hold office for a term of one year and thereafter until his successor shall have been elected and qualified.

Section 4. VACANCIES. A vacancy in any office shall be filled by the Board by a majority vote of the Directors at a regular or special meeting of said Board. Any officer elected to fill a vacancy shall hold office for a term equal to the unexpired term of the officer he succeeds. Any officer may be removed with or without cause at any time by the Board at a regular or special meeting thereof.

Section 5. COMPENSATION. The officers shall receive no compensation for their services, unless expressly provided for in a resolution duly adopted by the Townhome Owners; provided,

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however, any officer may be reimbursed for his actual expenses incurred in the performance of his duties.

## ARTICLE V

### ASSESSMENTS

Section 1. ANNUAL BUDGET. The Board shall cause to be prepared an estimated annual budget for each fiscal year of the Association. Such budget shall take into account the estimated Common Expenses and cash requirements for the year, including management, salaries, wages, payroll taxes, real estate taxes on the Common Area, legal and accounting fees, supplies, materials, equipment, parts, services, maintenance, repairs, replacements, landscaping, snow removal, garbage and refuse removal, insurance, fuel, power, water service and water usage charges, utilities, maintenance of security to the extent deemed appropriate by the Board, exterior maintenance of the Townhomes as specified in the Declaration and all other Common Expenses. The annual budget shall also take into account the estimated net available cash income for such fiscal year. The annual budget shall provide for a reserve for contingencies for the year and a reserve for replacements, in reasonable amounts as determined by the Board. The Board shall each year secure professional advice regarding the adequacy of the reserve funds for contingencies and replacements. The contingency and replacement accounts shall not be used for any other purpose other than that for which they are established and maintained. To the extent that the assessments and other cash income collected from the Townhome Owners during the preceding year shall be more or less than the expenditures for such preceding year, the surplus or deficit, as the case may be, shall also be taken into account.

Section 2. ASSESSMENTS. The estimated annual budget for each fiscal year and any amendments or changes thereto shall be approved by the Board. On or before the first day of the first month and of each succeeding month of the year covered by the annual budget, each Townhome Owner shall pay such Townhome Owner's share of the monthly assessment for the Common Expenses in accordance with the provisions of the Declaration. The Townhome Owner's Share shall be determined as set forth in the Declaration. Pursuant to rules and regulations duly adopted by the Board, the Board may assess a late charge against any Townhome Owner who fails to pay the monthly assessment on his Townhome when due. Copies of said estimated annual budget and any amendments or changes thereto shall be furnished by the Board to each Townhome Owner not less than 30 days before the first monthly assessment, based upon said annual budget or amended or changed annual budget, is due. In the event that the Board shall not approve an estimated annual budget or shall fail to determine new monthly assessments for any year, or shall be delayed in doing so, each Townhome Owner shall continue to pay each month the amount of his prior respective monthly assessment to the Managing Agent or as may be otherwise directed by the Board. No Townhome Owner (except the Trustee and the Developer) shall be

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relieved of his obligation to pay his assessment by abandoning or not using his Townhome or the Common Area.

Section 3. PARTIAL YEAR OR MONTH. For the first fiscal year, the annual budget shall be as approved by the First Board. If such first fiscal year, or any succeeding fiscal year, shall be less than a full year, then the monthly assessments for each Townhome Owner shall be proportionate to the number of months and days in such period covered by such budget.

Section 4. ANNUAL REPORT. Within 90 days after the end of each fiscal year covered by an annual budget, or as soon thereafter as shall be practicable, the Board shall cause to be furnished to each Townhome Owner a statement for such year so ended, showing the receipts and expenditures and such other information as the Board may deem desirable.

Section 5. SUPPLEMENTAL BUDGET. In the event that during the course of any year it shall appear to the Board that the monthly assessments, determined in accordance with the estimated annual budget for such year, are insufficient or inadequate to cover the estimated Common Expenses for the remainder of such year, then the Board shall prepare and approve a supplemental budget covering the estimated deficiency for the remainder of such year, copies of which supplemental budget shall be furnished to each Townhome Owner, and thereupon a supplemental assessment shall be made to each Townhome Owner for his proportionate share of such supplemental budget.

Section 6. CAPITAL EXPENDITURES AND LONG TERM CONTRACTS. Except for capital expenditures and contracts specifically authorized by the Declaration and these Bylaws, the Board shall not approve any capital expenditure in excess of Five Thousand Dollars (\$5,000.00) (unless required for emergency repair, protection or operation of the Common Area) nor enter into any contract for more than 3 years, without the prior approval of 2/3 of the Townhome Owners.

Section 7. LIEN. It shall be the duty of every Townhome Owner (excluding Trustee and Developer) to pay his proportionate share of the Common Expenses, as assessed in the manner herein and in the Declaration provided.

If any Townhome Owner shall fail or refuse to make any such payment of the Common Expenses when due, the amount thereof (plus any late charge assessed against such Townhome Owner), together with interest thereon after said Common Expenses become due and payable, at the maximum rate permitted by the laws of the State of Illinois, and costs of collection, including reasonable attorneys' fees, shall constitute a lien on the interest of such Townhome Owner in the Development, and upon the personal property of such Townhome Owner located in his Townhome or elsewhere in the Development, provided, however, that such lien shall be subordinate to the lien of a prior recorded mortgage held by a mortgagee on the interest of such Townhome Owner, except for the

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amount of the proportionate share of Common Expenses which becomes due and payable from and after the date on which such mortgagee or a purchaser at a foreclosure sale either takes possession of the Townhome or accepts a conveyance of any interest therein or the date on which said mortgagee causes a receiver to be appointed for the Townhome.

The Association, or its successors and assigns, or the Board or its agents, shall have the right to bring an action at law against the Townhome Owner personally obligated to pay the same or to maintain a suit to foreclose any such lien against the Townhome, and there shall be added to the amount due the costs of said suit and other fees and expenses, together with interest at the highest legal rate and reasonable attorneys' fees. Furthermore, if any Townhome Owner shall fail or refuse to pay when due his proportionate share of the Common Expenses and such Townhome Owner withholds possession of his Townhome, after demand by the Board or the Association in writing setting forth the amount claimed, the Board or the Association shall have the right to immediate possession of such Townhome. The Board or the Association shall have the authority to exercise and enforce any and all rights and remedies in the manner prescribed by Article IX of the Illinois Code of Civil Procedure, the Declaration or these Bylaws or as are otherwise available at law or in equity, for the collection of all unpaid assessments.

Section 8. RECORDS AND STATEMENT OF ACCOUNT. The Board shall cause to be kept detailed and accurate records in chronological order of the receipts and expenditures of the Association, specifying and itemizing the Common Expenses incurred. Payment vouchers may be approved in such manner as the Board may determine.

Upon receipt of 10 days written notice to it or to the Association from a Townhome Owner or mortgagee of record, and upon payment of a reasonable fee, the Board shall furnish to said Townhome Owner or mortgagee, as the case may be, a statement of the account setting forth the amount of any unpaid assessments or other charges due and owing from said Townhome Owner. If a Board or Managing Agent certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and these Bylaws shall be available for inspection by any member at the principal office of the Association, where copies shall be available for purchase at a reasonable cost.

Section 9. DISCHARGE OF LIENS. The Board may cause the Association to discharge any mechanic's lien or other encumbrance which, in the opinion of the Board, may constitute a lien against the Development or the Common Area, rather than a lien against only a particular Townhome. When less than all the Townhome Owners are responsible for the existence of any such lien, the Townhome Owners responsible therefor shall be jointly and

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severally liable for the amount necessary to discharge the same and for all costs and expenses, including attorneys' fees, incurred by reason of such lien.

Section 10. HOLDING OF FUNDS. All funds collected hereunder shall be held and expended for the purposes designated herein, and (except for such special assessments as may be levied hereunder against less than all the Townhome Owners and for such adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held for the sole benefit, use and account of all Townhome Owners equally.

## ARTICLE VI

### CONTRACTUAL POWERS

No contract or other transaction between the Association and one or more of its Directors or between the Association and any corporation, firm or association in which one or more of the Directors of the Association are directors, or are financially interested, is void or voidable because such Director or Directors are present at the meeting of the Board, or the meeting of a committee thereof, which authorizes or approves the contract or transaction, or because his or their votes are counted, if the circumstances specified in either of the following subparagraphs exist:

- (a) the fact of the common directorship or financial interest is disclosed or known to the Board or committee and noted in the minutes, and the Board or committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such Director or Directors; or
- (b) the contract or transaction is just and reasonable as to the Association at the time it is authorized or approved.

Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of a committee thereof which authorizes, approves or ratifies a contract or transaction.

## ARTICLE VII

### INDEMNIFICATION

Section 1. GENERAL. The Association shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association), by reason of the fact that he is or was a Director, an officer of the Association or a member of any committee appointed pursuant to these Bylaws, against expenses (including

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attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by or imposed on him in connection with such action, suit or proceeding provided said person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

The Association shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a Director, an officer of the Association or a member of any committee appointed pursuant to these Bylaws, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit provided said person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, except that no indemnification shall be made in respect to any claim, issue or matter as to which such person shall have been adjudged to be liable for gross negligence, willful misconduct or fraud in the performance of his duty to the Association.

Section 2. SUCCESS ON MERITS. To the extent that a Director, an Officer of the Association or a member of any committee appointed pursuant to these Bylaws has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 of this Article VII, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 3. DETERMINATION OF RIGHT TO INDEMNIFY. Any indemnification under Sections 1 and 2 of this Article VII shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the Director or the officer or the member of such committee is proper in the circumstances because he has met the applicable standards of conduct set forth in such Sections 1 and 2. Such determination shall be made (i) by the Board by a majority vote of a quorum consisting of those Directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or even if obtainable, if a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion, or (iii) by a majority of the members of the Association.

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Section 4. ADVANCE PAYMENT. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the Board in the specific case upon receipt of an undertaking by or on behalf of the Director, the officer or the member of such committee to be indemnified to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this Article VII.

Section 5. NON-EXCLUSIVITY. The indemnification provided by this Article VII shall not be deemed exclusive of any other rights to which a person seeking indemnification may be entitled under any statute, agreement, vote of members of the Association or disinterested Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, officer or member of such committee, and shall inure to the benefit of the heirs, executors and administrators of any such person.

## ARTICLE VIII

### AMENDMENTS

These Bylaws may be amended or modified at any time, or from time to time in the same manner as provided in paragraph 21 of the Declaration; provided that (i) any provisions relating to the rights of the Trustee and Developer shall not be amended without the written consent of the Trustee and Developer, and (ii) no provision of these Bylaws may be amended or modified so as to conflict with the provisions of the Declaration. These Bylaws may also be amended by the Trustee and/or Developer for the purposes and by the procedure set forth in paragraph 22 of the Declaration. No amendment to these Bylaws shall become effective until recorded with the Cook County Recorder of Deeds.

## ARTICLE IX

### CONFLICT BETWEEN DECLARATION AND BYLAWS

In the event of any conflict between any provision of these Bylaws and a provision of the Declaration, the provision of the Declaration shall control.

## ARTICLE X

### CORPORATE SEAL

The Association may have a seal in circular form having within its circumference the words: ROYAL RIDGE ESTATES TOWNHOME OWNERS' ASSOCIATION.

## ARTICLE XI

### FISCAL YEAR

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Unless the Board adopts a resolution to the contrary, the fiscal year of the Association shall begin on the 1st day of January and end of the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being all the Directors of ROYAL RIDGE ESTATES OWNERS' ASSOCIATION, have hereunto set our hands this \_\_\_\_\_ day of \_\_\_\_\_, 1990.

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