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DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS
FOR
AVENUE HOMES TOWNHOUSES
RIVERSIDE, COOK COUNTY, ILLINOIS

97474958

THIS DECLARATION, is made and entered into by PRAIRIE BANK AND TRUST COMPANY, a banking corporation, not individually, but as Trustee under Trust Agreement dated June 2, 1997, and known as Trust No. 97044 ("Trustee"):

DEFINITIONS

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

- (1) "Association" means the Avenue Homes Townhouses Owners' Association, an Illinois not-for-profit corporation, its successors and assigns.
- (2) "Director" means a Director on the Board.
- (3) "Board" means the Board of Directors of the Association.
- (4) "Articles of Incorporation" means the Articles of Incorporation of the Association attached hereto and made a part hereof as Exhibit C, as amended from time to time.
- (5) "Bylaws" means the Bylaws of the Association attached hereto and made a part hereof as Exhibit B, as amended from time to time.
- (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 elected by Committees of Townhouse Owners (as that term is defined in subparagraph 14 of these Definitions) and appointed by the Developer in accordance with the provisions of paragraph 4(b) of this Declaration.
- (7) "First Meeting" means the first regular annual meeting of the Townhouse Owners.

This Instrument Prepared By:

Atty. Gerhardt J. Gliege
4219 W. 95th Street
Oak Lawn, IL 60453
(708-425-5020)

General Address of Property:

7288-7290 W. Ogden Avenue
Riverside, Illinois 60546



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119.00
118.00 per copy
238.00
Reh.

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RECORDER
JESSE WHITE
BRIDGEVIEW OFFICE

07/01/97

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PENALTY K		116.00
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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 10 of these Definitions) is submitted to the provisions hereof, as hereinafter provided.

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

(10) (10) "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 Townhouse Owners.

(11) "Lot" means any one of the individual Lots numbered 1 through 7 as depicted on the Avenue Homes Townhouse Plat recorded in the Office of the Recorder of Deeds of Cook County Illinois, on Document No.

(12) "Plat" means the Avenue Homes Townhouse Plat.

(13) "Townhouse" means collectively (i) a Townhouse located in the Development, intended for use exclusively as living quarters for a single family, (ii) the individual Parcel that is conveyed to the Townhouse Owner, in connection with the sale of such Townhouse to said Townhouse Owner, and (iii) all appurtenances to such Townhouse and Lot, and or Parcel. For purposes of this Definition, a Townhouse may or may not share a party wall with an adjacent Townhouse. The Townhouse shall be of design and style as determined by the Developer.

(14) "Townhouse Owner" means the Person (as that term is defined in subparagraph 17 of these Definitions) or Persons whose estates or interest, individually or collectively, aggregate fee simple ownership of a Townhouse Lot or Parcel. Unless specifically provided otherwise herein, the Developer shall be deemed to be a Townhouse Owner with respect to any Townhouse to which the Developer or the Trustee holds title.

(15) "Building Area" means that part of each of Lots 1 through 7 of the Plat depicted by a lined area within the Lot within which lined area a Townhouse building is to be constructed.

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No part of the Townhouse building may be constructed outside of said lined area. Any patio, balcony or other type of appurtenances to a Townhouse which may extend beyond said lined area as constructed by the Developer may be allowed provided such extension is less than two (2) feet and does not include the exterior building walls.

(16) "Common Area" means all of the Development, except the individual Townhouses and the individual Lots or Parcel, conveyed therewith as described in clauses (i) and (ii) of subparagraph 13 of these Definitions, and shall include, but not be limited to, any recreational facilities, landscaping, lighting system, walkways, undedicated drives and roadways, creek, private streets, parking areas, and public utility lines or facilities located outside the boundaries of each Lot or Parcel and all areas so designated on the Plat.

(17) "Person" means a natural individual, corporation, partnership, trustee or other legal entity capable of holding title to real property.

(18) "To record" means to record in the Office of the Recorder of Deeds or Registrar of Titles of Cook County, Illinois.

(19) "Party Wall" means any wall which is built as part of the original construction of two (2) Townhouses and placed on the Lot or Parcel line between such Townhouses.

(20) "Occupant" means a person or persons in possession of a Townhouse regardless of whether such person is a Townhouse Owner.

(21) "Developer" means Castle Homes, Inc., an Illinois corporation, and any successors or assigns, to which it expressly assigns its 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 conformance with this Declaration and the Bylaws, which are to be shared by the Townhouse Owners on the basis of the Townhouse Owners share.

(23) "Townhouse Owner's Share" describes the Townhouse Owner's share of payment of the Common Expenses, which shall be based on a proportional formula determined by the purchase price paid for each unit.

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(24) "Trustee" PRAIRIE BANK AND TRUST COMPANY, a banking corporation, ~~not~~ individually, but as Trustee under Trust Agreement dated June 2, 1997 and known as Trust No. 97044, its successors and assigns.

RECITALS

- A. Trustee is the owner of the Parcel.
- B. The Trustee and Developer intend to construct 7 Townhouses upon the Parcel, one Townhouse on each of Parcel 1 through 7 as depicted on the Plat.
- 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 Townhouse Owners and Occupants and intends that all Townhouse 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 Townhouses.

DECLARATIONS

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

2. TOWNHOUSES. The legal description of each Townhouse shall consist of the Parcel number of such Townhouse as shown on the Plat.

Every deed, lease, mortgage or other instrument pertaining to a Townhouse shall legally describe a Townhouse by its identifying Parcel number, as shown on such Plat, and every such description shall be deemed good and sufficient for all purposes. No

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Townhouse Owner shall, by deed, plat, court decree or otherwise, subdivide or in any manner cause his Townhouse to be separated into any tracts, parcels or interests different from the whole Townhouse as described herein.

3. ASSOCIATION

(a) The Association, an Illinois not-for-profit corporation having the name "Avenue Homes Townhouses Owners' Association", has been or shall be formed. The Association shall be the governing body for all Townhouse 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 B.— The fiscal year of the Association shall be as set forth in the Bylaws; provided, however, that such 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 Townhouse Owners in accordance with the provisions of this Declaration and the Bylaws. Each Townhouse Owner shall be, ipso facto, a member of the Association so long as he shall be a Townhouse Owner. A Townhouse Owner's membership in the Association shall terminate, ipso facto, when he ceases to be a Townhouse Owner. Upon the conveyance or transfer of a Townhouse Owner's ownership interest in his Townhouse to a new Townhouse Owner, the new Owner shall simultaneously with such conveyance, ipso facto, succeed to the former Townhouse Owner's membership in the Association. Each Townhouse Owner shall have one vote per Townhouse on all matters on which the Townhouse Owners are entitled to vote as members of the Association. Notwithstanding

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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 Townhouse Owner during such period the Townhouse Owner's Common Expense assessments, or any other monetary obligations due and owing the Association from the Townhouse Owner, remains delinquent and unpaid.

All membership rights of a Townhouse Owner with the exception of voting rights will be deemed to be assigned to a tenant or contract purchaser upon occupancy of the Townhouse in question by said tenant or contract purchaser. The Townhouse 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.

(b) 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 hereinafter provided, 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 Townhouse Owners. As long as the Trustee and/or the Developer holds title to any Townhouse, the Developer shall have the right, at its option, to appoint at least one (1) Director to the Board.

After the first 5 Townhouses located in the Development have been sold and deeds delivered therefor, the Developer shall allow a committee of Townhouse Owners of said 5 Townhouses to select and recommend to the Developer a Townhouse Owner to be appointed by the Developer as a Director on the Board. Provided that the Developer has no reasonable objection to the Townhouse Owner selected by said committee the Developer shall appoint said Townhouse Owner as a Director on the Board.

In the event any Director selected by a committee of Townhouse Owners ceases to be a Director, the Developer shall allow a committee of those Townhouse Owners who selected such Director to select a substitute Townhouse Owner for appointment by the Developer as a Director on the Board. Provided that the Developer has no reasonable objection to said substitute Townhouse Owner selected by said committee, the Developer shall appoint said Townhouse Owner as a Director on the Board.

In every election for Directors, voting shall be cumulative and every Townhouse Owner shall have the right to vote, in person or by proxy. Those Directors receiving the greatest number of

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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 (i) the date the Developer has sold and Trustee has delivered its deeds for all but the last Townhouses to be located on the Parcel (ii) 3 years after Townhouses 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 Townhouses other than the first Townhouse sold, or (iii) if the Developer has commenced construction of any Townhouse other than the first Townhouse 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 Townhouse shall be deemed to have commenced on the date a building permit, permitting such construction, is issued by the Village of Riverside, Illinois.

(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.

(d) The Directors, Board, Officers of the Association, the Trustee and the Developer shall not be liable to the Townhouse Owners for any mistake in judgment or for any other act or omission of any kind whatsoever as such Directors, Board, 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 Townhouse 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 judgments paid and amounts paid in settlement) reasonably incurred in

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(whether actually constructed or not) for the period prior to the time when the Townhouse 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.

At the time the initial sale of each Townhouse is closed, the Purchaser of the Townhouse shall pay to the Association an amount equal to two (2) times the first full monthly Common Expense assessment for such Townhouse. 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 Townhouse Owners monthly Common Expense assessments.

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

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 Townhouses. Each deed, mortgage or other instrument with respect to a Townhouse, 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.

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

11. INSURANCE.

(a) The Board shall have the authority to and shall obtain

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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 insurable 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.

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 Townhouse Owner, mortgagee of record, if any, the Association, its Officers and Directors, Board and Employees, the Developer, the Trustee, and the Managing Agent, if any, from liability in connection with the Common Area. The premiums for all said public liability insurance shall be a Common Expense.

The Board shall have authority to and may obtain such insurance, in such amounts, from such sources and in such forms as it deems desirable, insuring each Director of the Board, Officer of 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 such insurance shall be a Common Expense.

The Board shall have authority on behalf of the Association to participate in a cooperative program with other community associations in the Village of Riverside, 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.

(b) Each Townhouse Owner, shall at his own expense, obtain and maintain, throughout the period of his ownership of a Townhouse, insurance on his Townhouse 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

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insurable replacement cost of his Townhouse 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 Townhouse Owner to increase the coverage on his Townhouse up to the full insurable replacement cost thereof if the Board reasonably determines that such Townhouse is not so insured. Full insurable replacement cost shall be deemed the cost of restoring such Townhouse 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 Townhouse Owners and the Association. Each Townhouse 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 Townhouse Owner and the Association as their interests may appear and shall be used to restore such Townhouse to the same condition in which it existed prior to such damage or destruction; and the Association shall have the right to compel the Townhouse Owner to so apply such proceeds. Subject to the rights of any mortgagee under a recorded mortgage on such Townhouse, the Association shall have the right, at its election, to collect and receipt for any such insurance proceeds.

12. 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) In the event of damage to or destruction of, by fire or other casualty, any Townhouse, or any portion thereof, the Townhouse owner of any such Townhouse covenants and agrees that such Townhouse Owner shall commence repairing or rebuilding, within a reasonable time after such damage or destruction (not to exceed six months), the Townhouse 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 Townhouse Owner shall conform in all respects to the laws and ordinances regulating the construction of buildings in force at the time of such repair or rebuilding.

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All available insurance proceeds shall be applied to such repairing and rebuilding; the excess, if any, to be paid to the Townhouse Owner. The exterior of such Townhouse, when rebuilt, shall be substantially similar to and of architectural design in conformity with the exterior of such Townhouse 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 Townhouse 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 Townhouse Owner. In any such event, the Association shall have and is hereby given a continuing lien on the Townhouse 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 Townhouse in the hands of such Townhouse Owner, his heirs, devisees, personal representative, grantees and assigns. In the event such Townhouse Owner does not forthwith fully repay the Association, therefore as aforesaid, such lien may be foreclosed against the Townhouse 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 Townhouse.

13. MAINTENANCE, REPAIRS AND REPLACEMENTS. Except as provided in the following subparagraph, each Townhouse Owner at his own expense, shall furnish and be responsible for all maintenance, repairs and replacements within his own Townhouse, 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 Townhouse. If due to the act or neglect of a Townhouse 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 Townhouse not owned by said Townhouse Owner, or maintenance, repairs or replacements are required which would otherwise be a Common Expense, then such Townhouse Owner shall pay for such damage or such maintenance, repairs and replacements, as may be determined by the Association to the extent not covered by insurance (including the amount of any applicable deductible). The authorized representatives of the Association, Board or Managing Agent shall

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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 Declarations and 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 Townhouse Owners, pursuant to such rules, resolutions or regulations as the Board may adopt or prescribe.

(c) Blanket Easements For Utilities And Commercial Entertainment. The Common Area and the individual Lots described in clause (1) of subparagraph 13 of the Definitions shall be subject to a blanket easement in favor of Illinois Bell Telephone Company, Commonwealth Edison Company, Northern 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 Riverside, 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 Lots (not, however, underlying any individual Townhouse described in clause (1) of subparagraph 13 of the Definitions) for the purpose of providing utility and commercial entertainment services to the Development, or any parts thereof, together with reasonable rights of ingress to and egress from the Development, for such purposes. The Trustee and the Developer, and the Association, and the Board acting on behalf of the Association, may hereafter grant other or additional easements for utility and commercial entertainment purposes for the benefit of the Development and the aforesaid individual Lots (not, however, underlying any individual Townhouse described in clause (1) of subparagraph 13 of the Definitions), and each Townhouse 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 Townhouse Owner, such instruments as may be necessary or appropriate to effectuate the foregoing.

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

(e) No private agreement of any adjoining Townhouse Owners shall modify or abrogate any of the provisions contained in this paragraph 6, which shall be binding upon the heirs, administrators,

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successors and assigns of the Townhouse 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 Townhouse Owner.

(f) The Association is hereby granted a perpetual easement over all of the lots and/or Parcels in the Development for the purpose of maintenance, repairs and replacements as set forth in paragraph 14 of this Declaration.

7. PRIVATE STREETS. The private drive 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 roadways shall be a Common Expense. Said private roadways and drives shall be burdened with the easements set forth in this Declaration as well as in any deed or deeds of conveyance.

8. COMMON EXPENSES. Each Townhouse Owner (excluding Trustee and Developer) shall be responsible for and shall pay such Townhouse 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 Townhouse Owner becomes a Townhouse Owner. Each Townhouse 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 by the contract under which the Townhouse Owner purchased the Townhouse from the Developer, shall be in such amounts and at such times as determined in the manner provided in the Bylaws. If any Townhouse 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 Townhouse Owner) constitute a continuing lien on such Townhouse Owner's Townhouse; provided, however, that such lien shall be subordinate to the lien of a prior recorded mortgage against such Townhouse, except for the amount of such Townhouse 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 mortgagee under said mortgage or a purchaser at a foreclosure sale under said mortgage either takes possession of the Townhouse or accepts a conveyance thereof, or the date on which said mortgagee under said mortgage causes a receiver to be appointed for such Townhouse.

Each Townhouse proposed to be constructed in the Development

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(whether actually constructed or not) for the period prior to the time when the Townhouse 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.

At the time the initial sale of each Townhouse is closed, the Purchaser of the Townhouse shall pay to the Association an amount equal to two (2) times the first full monthly Common Expense assessment for such Townhouse. 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 Townhouse Owners monthly Common Expense assessments.

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

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 Townhouses. Each deed, mortgage or other instrument with respect to a Townhouse, 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.

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

11. INSURANCE.

(a) The Board shall have the authority to and shall obtain

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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 insurable 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.

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 Townhouse Owner, mortgagee of record, if any, the Association, its Officers and Directors, Board and Employees, the Developer, the Trustee, and the Managing Agent, if any, from liability in connection with the Common Area. The premiums for all said public liability insurance shall be a Common Expense.

The Board shall have authority to and may obtain such insurance, in such amounts, from such sources and in such forms as it deems desirable, insuring each Director of the Board, Officer of 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 such insurance shall be a Common Expense.

The Board shall have authority on behalf of the Association to participate in a cooperative program with other community associations in the Village of Riverside, 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.

(b) Each Townhouse Owner, shall at his own expense, obtain and maintain, throughout the period of his ownership of a Townhouse, insurance on his Townhouse 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

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insurable replacement cost of his Townhouse 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 Townhouse Owner to increase the coverage on his Townhouse up to the full insurable replacement cost thereof if the Board reasonably determines that such Townhouse is not so insured. Full insurable replacement cost shall be deemed the cost of restoring such Townhouse 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 Townhouse Owners and the Association. Each Townhouse 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 Townhouse Owner and the Association as their interests may appear and shall be used to restore such Townhouse to the same condition in which it existed prior to such damage or destruction; and the Association shall have the right to compel the Townhouse Owner to so apply such proceeds. Subject to the rights of any mortgagee under a recorded mortgage on such Townhouse, the Association shall have the right, at its election, to collect and receipt for any such insurance proceeds.

12. 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) In the event of damage to or destruction of, by fire or other casualty, any Townhouse, or any portion thereof, the Townhouse owner of any such Townhouse covenants and agrees that such Townhouse Owner shall commence repairing or rebuilding, within a reasonable time after such damage or destruction (not to exceed six months), the Townhouse 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 Townhouse Owner shall conform in all respects to the laws and ordinances regulating the construction of buildings in force at the time of such repair or rebuilding.

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All available insurance proceeds shall be applied to such repairing and rebuilding; the excess, if any, to be paid to the Townhouse Owner. The exterior of such Townhouse, when rebuilt, shall be substantially similar to and of architectural design in conformity with the exterior of such Townhouse 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 Townhouse 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 Townhouse Owner. In any such event, the Association shall have and is hereby given a continuing lien on the Townhouse 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 Townhouse in the hands of such Townhouse Owner, his heirs, devisees, personal representative, grantees and assigns. In the event such Townhouse Owner does not forthwith fully repay the Association, therefore as aforesaid, such lien may be foreclosed against the Townhouse 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 Townhouse.

13. MAINTENANCE, REPAIRS AND REPLACEMENTS. Except as provided in the following subparagraph, each Townhouse Owner at his own expense, shall furnish and be responsible for all maintenance, repairs and replacements within his own Townhouse, 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 Townhouse. If due to the act or neglect of a Townhouse 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 Townhouse not owned by said Townhouse Owner, or maintenance, repairs or replacements are required which would otherwise be a Common Expense, then such Townhouse Owner shall pay for such damage or such maintenance, repairs and replacements, as may be determined by the Association to the extent not covered by insurance (including the amount of any applicable deductible). The authorized representatives of the Association, Board or Managing Agent shall

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be entitled to reasonable access to any of the Townhouses 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 Townhouse or the Common Area.

In addition to maintenance, repair and replacement of the Common Areas, (to include but not be limited to any 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 Townhouse and Lot, to the Townhouse Owner, including, but not limited to:

1. Care of trees, grass and shrubs.
2. Repair of shingles and flashing on roofs.
3. Replacement of roofs.
4. Painting, repair and tuckpointing of exterior walls.
5. Painting and cosmetic repair of frontdoors 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 Riverside.
9. Removal of snow from streets, driveways and parking areas.
10. Maintenance of sump pump drain lines further than two (2) feet from any Townhouse.
11. Repair and maintenance of front and rear stoops.
12. Repair, maintenance and replacement of streets, walks and driveways, including patching and sealcoating of streets and driveways.
13. Repair maintenance and replacement of that portion of any underground sprinkler system that may fall within the Townhouse.

The Association may at its discretion provide maintenance

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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 (i) 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, Officer, Trustee, or Developer, or (ii) any matter settled or compromised, unless, with respect to either clause (i) or (ii) 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, Officer, 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 Townhouse Owner arising out of any contract made by or other act of said Directors, Board, Officers, Trustee or Developer, or out of the aforesaid indemnity in favor of said Directors, Board, Officers, Trustee or Developer, shall be limited to such Townhouse Owner's share of the total liability at the time loss or damage is incurred by the Association or any Townhouse 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 Townhouse Owners or Association shall be construed as though said agreement expressly provided that said Directors, Board, Officers, Trustee or Developer or the Managing Agent, as the case may be, are acting only as agents for the Townhouse Owners or Association without assuming any personal liability thereunder (except as Townhouse Owners in the event that any of the aforesaid persons are Townhouse Owners) and that each Townhouse Owner's liability thereunder shall be limited to such Townhouse Owner's share of the total liability at the time loss or damage is incurred by the Association or any Townhouse Owner due to such liability.

4. BOARD'S DETERMINATION.

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

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Townhouse Owners.

(b) Limitation of Board's Power. Notwithstanding any provision in this Declaration, the Board shall not have the power or duty to act in any way which materially impairs the development of the Development or the Parcel, as contemplated in the Declaration, or which impairs or infringes Trustee's or Developer's rights set forth in this Declaration or the Bylaws.

5. OWNERSHIP OF THE COMMON AREA. Title to the Common Area shall be held by the Association or by a Trustee under and 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.

6. USE OF THE COMMON AREA AND CERTAIN EASEMENTS.

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

(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 Parcel and for purposes of (i) access and ingress to and egress from said Common Area and the Parcel, (ii) construction, installation, repair, replacement and restoration of utilities, streets, roads, buildings, landscaping and any other improvements on the Parcel, (iii) tapping into and using sewer and water lines and other utility facilities and lines on or adjacent to the Parcel, and (iv) advertising and selling Townhouse being constructed by Developer on the 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,

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for the following items for the Townhouses with or without additional charge to the Townhouse Owners:

1. Replacement of trees, grass and shrubs.
2. Repair and maintenance of patios, decks or other Townhouse 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 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 the request of any Townhouse Owner, or which has been made necessary by reason of the willful or negligent act or omission of any Townhouse Owner or of his agent, servant, tenant, contract purchaser, family member, guest invitee, licensee or household pet, the expense of which is not reimbursed by the proceeds of any insurance (including the amount of any applicable deductible), shall be assessed only against that Townhouse upon which such maintenance is done and shall be added to and become a part of the annual assessment or charge to which such Townhouse is subject and shall be a lien on that Townhouse and the personal obligation of the Townhouse Owner thereof and shall become due and payable in all respects and to the same extent as provided herein for the payment of Association assessments by Townhouse Owners.

In the event the Developer or the Association (as the case may be) defaults in its obligation to maintain and repair the Common Area and such default adversely affects the health, safety and welfare of the Townhouse Owners and Occupants, the Village of Riverside shall have the right (but not the obligation) after 30 days written notice to the Developer or the Association (as the case may be) specifying the nature of such default to enter upon the Common Area and cause such default to be cured, either directly or through individual contractors engaged by said Village in connection therewith, and shall upon demand be reimbursed by the Developer or the Association (as the case may be) for all costs so incurred and such costs shall, with interest thereon and costs of collection as herein provided with respect to assessments for

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Common Expenses, become a continuing lien on the Townhouses and the Common Area until paid (subject and subordinate, however, to the lien of any prior recorded mortgage against a Townhouse) and the Developer or the Association shall levy assessments for the payment thereof under the applicable provisions in this Declaration. Nothing set forth in this paragraph shall prohibit the Board from contracting directly with the Village of Riverside to perform maintenance and repair on the Common Areas.

If the Association furnishes maintenance with respect to a Townhouse at the request of a Townhouse Owner other than as required by this Declaration, the Association may require such Townhouse Owner to pay the cost thereof in advance.

For the purposes of performing the exterior maintenance required or authorized by this paragraph 14, the Association through its duly authorized agents or employees, shall have the right to enter upon any Townhouse during any reasonable hours on any day, after giving reasonable written notice to the Townhouse Owner. Landscaping work shall not require prior notice.

14. ALTERATIONS, ADDITIONS OR IMPROVEMENTS. NO ALTERATION of any portion of the Townhouse Parcel or Lot, OR any ADDITIONS OR IMPROVEMENTS thereto shall be made by any Townhouse Owner WITHOUT THE PRIOR WRITTEN APPROVAL OF A MAJORITY OF THE DIRECTORS on the Board, except for interior improvements not visible outside the Townhouse and not affecting the structural integrity of the Townhouse or the building of which the Townhouse is a part. The Townhouse 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 Townhouse Owner making alterations, additions or improvements to his Townhouse shall be responsible for any damage to any other Townhouses, the Common Area, the Development or any part thereof, resulting from such alterations, additions or improvements.

In the event that such alterations, additions or improvements to the Townhouse Parcel or Lot are commenced without written approval of a majority of the Directors of the Board, the Association reserves the right to restore the Townhouse Parcel or Lot to its original condition and to include the costs incurred in the Townhouse Owner's

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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 14 will be deemed to have been fully complied with.

15. DECORATING AND MAINTENANCE OF TOWNHOUSE. Each Townhouse Owner at his own expense shall furnish and be responsible for all decorating within his own Townhouse, as may be required from time to time, including, but not limited to painting, wall-papering, washing, cleaning, panelling, floor covering, draperies, window shades, curtains, lighting and other furnishings and decorating. Each Townhouse Owner shall be entitled to the exclusive use of his Townhouse subject to the provisions hereof and each Townhouse Owner shall maintain the interior surfaces of his Townhouse in good condition at his sole expense. Each Townhouse 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 Townhouses to the extent such redecorating of Townhouses is made necessary by damage to Townhouses caused by maintenance, repairs, or replacements performed by the Association, shall be furnished by the Association as part of the Common Expense.

16. ENCROACHMENTS. If any Townhouse shall encroach upon another Townhouse, there shall be deemed to be a mutual easement in favor of the owners of the respective Townhouse Owners involved, to the extent of such encroachments, so long as the same shall exist.

17. 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 Townhouse 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 Townhouse Owner from maintaining his personal professional library, keeping his personal business or professional records or accounts, or handling his personal business or professional telephone calls or correspondence within his Townhouse. The uses set forth in the preceding sentence are expressly declared customarily incident to the principal residential use of a Townhouse and not in violation of the restrictions on use contained herein.

The Common Area shall be used only by the Townhouse Owners and their tenants, contract purchasers, agents, servants, family members, guests and invitees for access and ingress to and egress

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from their respective Townhouses and for purposes incidental to the residential use of the Townhouse; provided, however, that any recreational facilities, parking area or other special area designed 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 uses and 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 Townhouse Owner.

No unlawful, noxious or offensive activities shall be conducted in or upon, or suffered to be conducted in or upon any Townhouse 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.

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

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 Lot constituting part of a Townhouse, 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, meter 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 Riverside or its licensed franchisees in easements reserved for such purposes nor shall it prohibit standards or poles or street or other outdoor lighting.

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 Townhouse Parcel or Lot (unless they are 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.

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No lumber, metals, bulk materials, refuse or trash shall be kept, stored, or allowed to accumulate on any lot or Parcel constituting part of a Townhouse, 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.

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

No birds, animals or insects shall be raised, bred or kept in any Townhouse or the Common Area, except for dogs, cats, small birds, fish and other household pets of a Townhouse Owner, commonly kept as household pets, provided (i) such pets are not kept or bred for commercial purpose, (ii) 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 Townhouse), and (iii) such pets shall not, IN THE JUDGMENT OF THE BOARD, constitute a nuisance to others.

No sign or other advertising device of any nature shall be placed upon any Townhouse without the consent of the Board except as provided otherwise herein. Notwithstanding the foregoing, except for the address tone or address plat installed by the Developer, there shall be no other address sign or plate installed on the Townhouse by the Townhouse 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 Townhouses proposed to be constructed by Developer are constructed and sold and deeds delivered therefor.

No Townhouse Owner shall display, hang or store any clothing

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sheets, blankets, laundry or other articles outside his Townhouse or which may be visible from the outside of his Townhouse (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 Townhouse or install outside his Townhouse any canopy or awning, or other equipment, fixtures or items of any kind, without the prior written consent of the Board.

No machinery or power driven vehicles shall be placed or operated upon any Townhouse, 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 Townhouse Parcel or Lot or any portion of the Common Area; nor shall any Person obstruct, alter or in any way modify any drainage swales, 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 Townhouse Lot or Parcel 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 Townhouse Owners.

Each Townhouse Owner shall maintain his Townhouse 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 Townhouse or on his Lot which may increase the cost or cause the cancellation of insurance on other Townhouses or on the Common Area.

Articles of personal property belonging to any Townhouse 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 Townhouse Owner shall overload the electrical wiring in his Townhouse 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 Townhouse without the prior written consent of the Board.

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The Association reserves the right to enter upon any Townhouse to correct or eliminate nuisances or violations of any or all of the foregoing, and to correct any failure of the Townhouse 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 Townhouse 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 Townhouse Owner and subject to all covenants for assessments contained in this Declaration and the Bylaws.

18. REMEDIES. In the event of any default by any Townhouse 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 Townhouse Owner in an amount reasonably determined by 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 Townhouse Owner and/or others (i) for enforcement or foreclosure of any lien and the appointment of a receiver for the Townhouse, without notice and without regard to the value of such Townhouse or ownership interest or the solvency of such Townhouse 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 Townhouse rent the Townhouse and apply the rents received to payment of unpaid assessments and interest accrued thereon, or to sell the Townhouse at a judicial sale, or (v) for any combination of the above remedies, or for any other relief now or hereafter permitted.

The proceeds of any judicial sale of a Townhouse, 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 Townhouse 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 Townhouse Owner. Upon the

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confirmation of such sale, the purchaser shall thereupon be entitled to a deed to the Townhouse and to immediate possession of the Townhouse 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 Townhouse 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 Townhouse Owner, and shall be added to and deemed part of his share of the Common Expenses, and the Association shall have a lien for all of the same, as well as for nonpayment of his share of the Common Expenses, upon the Townhouse of such defaulting Townhouse Owner and upon all of his additions and improvements thereto, and upon all of his personal property located in his Townhouse or elsewhere on the Development, provided, however, that such lien shall be subordinate to the lien of a prior recorded mortgage on the Townhouse of such Townhouse 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 mortgagee or a purchaser at a foreclosure sale under such mortgage either takes possession of the Townhouse or accepts a conveyance of any interest therein or the date on which the mortgagee causes a receiver to be appointed for the Townhouse.

In the event of any such default by any Townhouse Owner, the Association, the Board and the Managing Agent, if 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 Townhouse 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 Townhouse Owner's Townhouse and upon all of his additions and improvements thereto, and upon all of his personal property located in his Townhouse or elsewhere on the Development, provided, however, that such lien shall be subordinate to the lien of a prior recorded mortgage on the Townhouse of such Townhouse 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 mortgagee under said mortgage or a purchaser at a foreclosure sale either takes possession of the Townhouse or accepts a conveyance.

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of any interest therein or the date on which the mortgagee causes a receiver to be appointed for the Townhouse. 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 mortgagees shall not be amended or modified without the express and prior written consent of all mortgagees of record.

19. 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 Townhouse Owners having $\frac{2}{3}$ or more of the total votes, said approval to be evidenced by Certification of an officer of the Association attached and incorporated into the Amendment.

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 Townhouses 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 20 which has a material impact upon the duties and responsibilities of the Village of Riverside shall be valid without submission of such change, modification or rescission to the Village of Riverside 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.

Any change, modification or rescission of this Declaration, whether accomplished under the provisions of this paragraph 20 or another paragraph of this Declaration, shall be effective upon recording of the instrument which accomplishes such change, modification or rescission.

20. 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 (1) conform this Declaration and any amendment to the Declaration with the requirements of Illinois statutory and case law or any Village of Riverside Ordinance regulating any aspect of the Development or the requirements of the Federal National Mortgage

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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 imilar 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 Townhouses, or (iii) to correct clerical, scrivener's or typographical errors in this Declaration, any Amendment to the Declaration, the Bylaws, any Plat or Plats, or any exhibit hereto or amendment thereto. In furtherance of the foregoing, each Townhouse 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 Townhouse Owner and each such holder or person to make, sign and record on behalf of each Townhouse 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 Townhouse 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 each of the Townhouse Owners, holders and persons described in the paragraph any amendment described in this paragraph. The power of attorney described in this paragraph shall terminate ten (10) years from the date of recording of this Declaration.

21. NOTICES. Notices provided for in this Declaration or the Bylaws shall be in writing. Such notices shall be addressed to the Association or Board as follows:

(a) if the President of the Board is not a Townhouse owner; then

(b) if the President of the Board is a Townhouse owner; then

President of the Board
Avenue Homes Townhouse Owners' Association

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or at such other address as hereinafter provided. Such notices shall be addressed to any Townhouse Owner, as the case may be, at his Townhouse or at such other address as hereinafter provided by such Townhouse Owner in writing. Such notices shall be addressed to any mortgagee of a Townhouse, as the case may be, at the address provided to the Association by such mortgagee for the purpose, or at such other address as hereinafter provided. The Association or Board may designate a different address or addresses for notices to them, respectively, by giving written notice of such change of address to all Townhouse Owners. Any Townhouse Owner or mortgagee of a Townhouse may designate a different address for notices to them by giving written notice to the Association. Notices required to be delivered to any devisee or recipient of a Townhouse from, or personal representative of, a deceased Townhouse Owner shall be addressed to such party at the address appearing for said party in the records of the court where the estate of such deceased Townhouse Owner is being administered. Notices addressed as above provided shall be deemed delivered when mailed by United States first class mail, or when delivered in person, or if addressed to a Townhouse Owner, when deposited in his mailbox at such address as he may have designated pursuant hereto or, if he has not so designated, in the mailbox for his Townhouse.

Upon written request to the Board, the holder of any recorded mortgage encumbering any Townhouse shall be given a copy of all notices permitted or required by this Declaration to be given to the Townhouse Owner of the Townhouse which is subject to such mortgage.

22. RIGHTS RESERVED TO DEVELOPER DURING SALE OF TOWNHOUSES. During the period of construction and sale by the Developer of any Townhouse in the Development or any Townhouse located or to be located on any portion of the 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 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 Townhouse from the Developer are hereby granted the right of ingress, egress and transient parking in and through the Development for such Townhouse construction, sale or leasing purposes. The Developer or its agents further reserves the right to use unsold Townhouses for temporary storage, sales office and related purposes, models and as work space for construction purposes. The easements of ingress and egress through the Development described in this Declaration shall be covenants

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running with the land and shall not terminate when the Developer has completed the sale and construction of Townhouses, but shall inure to the benefit of the grantees by deed of conveyance from the Trustee and/or the Developer.

23. 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 if 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. PERPETUITIES. If any of the options, privileges, covenants or rights created by this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provision shall continue only until 21 years after the death of the survivor of the descendants of William Clinton, the President of the United States on the date hereof, and Jim Edgar, the Governor of Illinois on the date hereof, who are living on the date hereof.

25. 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 privileges of every character hereby granted, created, reserved or declared and all impositions and obligations imposed hereby shall be deemed and taken to be appurtenant to and covenants running with the Townhouse, and shall bind any Person having at any time any interest or estate in the Townhouse, 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.

26. SUCCESSORS AND ASSIGNS OF TRUSTEE AND DEVELOPER. Every right, power or easement granted to or reserved by the Trustee and/or

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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. LAND TRUSTEE AS TOWNHOUSE OWNER. In the event title to any Townhouse is conveyed to a land title holding trust, under the terms of which all powers of management, operation and control of the Townhouse remains vested in the trust beneficiaries, then the beneficiaries thereunder shall be considered Townhouse 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 Townhouses. 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 Townhouse and the Beneficiaries of such trust, notwithstanding any transfers of the beneficial interest of any such trust or any transfer of title to such Townhouse. By directing said trustee to take title to said Townhouse, said beneficiaries agree to be bound by the provisions of this paragraph 28.

28. SALE, LEASING, OR OTHER ALIENATION.

(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 Townhouse.

(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 following:

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

(c) The Townhouse Owner making a lease shall not be relieved thereby from any of his obligations hereunder. Each Townhouse Owner making a lease unconditionally guarantees to the Association and to the other Townhouse Owners that his respective lessees and

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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 Townhouse Owner shall promptly indemnify the association and the other Townhouse 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 Townhouse Owner fails to take such action, the Association may do so, in its own behalf and/or in the Townhouse Owner's name. The Board may adopt such rules and regulations applicable to the leasing of Units as it deems advisable or necessary.

(d) Notwithstanding anything contained in this Declaration and Bylaws, the provisions of this paragraph 29 and any rules or regulations adopted pursuant hereto by the Board shall not at any time apply to any Townhouses owned by the Trustee or the Developer.

29. PARTY WALLS Each Townhouse Owner shall be subject to the following limitations and restrictions with respect to Party Walls constructed with the Development as follows:

(a) Every wall which is built as a part of the original construction within the Development and placed on the dividing line between separate Townhouses shall constitute and be considered a Party Wall, and as to such Wall each of the Townhouse 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.

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

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

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

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(e) In the event of a disagreement between adjoining Townhouse 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 Townhouse Owners to the Board, the matter shall be submitted to it for arbitration under such rules as it may from time to time adopt.

(f) No private agreement of any adjoining Townhouse 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 Townhouse 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 Townhouse Owner.

This Declaration is executed by PRAIRIE BANK AND TRUST CO., as Trustee as aforesaid, in the exercise of the power and authority conferred upon and vested in it as such Trustee (and PRAIRIE BANK AND TRUST CO., 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 PRAIRIE BANK AND TRUST CO., as Trustee aforesaid, and not personally, has joined in the execution of this Declaration for the sole purpose of subjecting the titleholding interest in the trust estate under said Trust Numbered 97044, to the terms of this Declaration; and that any and all obligations, duties and covenants and agreements of every nature herein set forth by PRAIRIE BANK AND TRUST CO., said Trustee aforesaid, to be kept or performed, are intended to be kept, performed and discharged by the beneficiaries under said Trust Numbered 97044, or its successor and not by PRAIRIE BANK AND TRUST CO., personally; and further, that no duties shall rest upon PRAIRIE BANK AND TRUST CO., 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 express 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 Numbered 97044, 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 Trustee, the exculpatory provisions hereof shall be controlling.

IN WITNESS WHEREOF, PRAIRIE BANK AND TRUST CO., a banking corporation, as Trustee as aforesaid and not personally has caused its corporate seal to be affixed hereunto, and has caused its name to be signed hereto by its duly authorized officers, this

27th day of *June*, 1997.

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PRAIRIE BANK AND TRUST COMPANY
as Trustee as aforesaid, and not
personally under Trust No. 97044

EXCULPATORY CLAUSE

By: _____

[Handwritten Signature]

Title: _____

ASSISTANT TRUST OFFICER

Attest: _____

[Handwritten Signature]

Title: _____

ASSISTANT TRUST OFFICER

PRAIRIE BANK AND TRUST COMPANY

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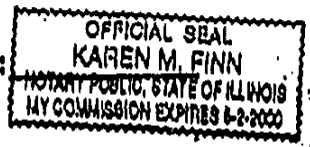
STATE OF ILLINOIS)
COUNTY OF COOK) SS.

The undersigned, a Notary Public in and for Cook County, in the state aforesaid, do hereby certify that MARZ BUSICWISKI as Asst. Trust Officer of PRAIRIE BANK AND TRUST COMPANY, and WADE U. BREXA, as Asst. Trust Officer, thereof, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such Asst. Trust Officer and Asst. Trust Officer, 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, for the uses and purposes therein set forth; and the said Asst. Trust Officer did also then and there acknowledge that he, as custodian of the corporate seal of said Bank, did affix the Corporate Seal of said Bank to said instrument as his own free and voluntary act and as the free and voluntary act of said Bank, as Trustee for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 27th day of June, 1997.

Karen M. Finn
Notary Public

My Commission Expires:



This Instrument Prepared By:

ATTORNEY GERHARDT J. GLIEGE
4219 W. 95th Street
Oak Lawn, Illinois 60453
(708) 425 5020

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EXHIBIT A

LEGAL DESCRIPTION OF PARCEL

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EXHIBIT B

BYLAWS OF AVENUE HOMES TOWNHOUSE OWNERS' ASSOCIATION

ARTICLE I

Name of Association and Definition of Terms

Section 1. NAME: The name of the Association is AVENUE HOMES TOWNHOUSE OWNERS' ASSOCIATION.

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

ARTICLE II

Members

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

Section 2. SUCCESSION. The membership of each Townhouse Owner in the Association shall terminate when said Townhouse Owner ceases to be a Townhouse Owner, and upon the sale, transfer or other disposition of such Townhouse Owner's Townhouse, said Townhouse Owner's membership in the Association shall be transferred ipso facto to the new Townhouse 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 Townhouse Owners on the second Tuesday of _____ following such First Meeting, and on the second Tuesday of _____ 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 Townhouse 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.

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of such meeting which shall be sent to all Townhouse Owners at least 10 days prior to the date of such meeting.

Section 4. SPECIAL MEETINGS. A special meeting of the Townhouse 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 Townhouse Owners. Said special meeting shall be called by sending written notice thereof to all Townhouse 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 Townhouse Owner at the address given to the Board, by said Townhouse Owner for such purpose, or to the Townhouse Owner's Townhouse, if no other address for such purpose has been given to the Board.

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

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

Section 7. PROXIES. At all meetings of Townhouse Owners, each Townhouse 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 Townhouse Owner of his Townhouse.

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 Townhouse Owners. As long as the Developer holds title to any Townhouse, 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 Townhouse 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 from time to time shall constitute a quorum. Except for Directors appointed by the Developer, each Director shall be a Townhouse Owner, the spouse of a Townhouse Owner (or, if a Townhouse 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 Townhouse. 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, may be filled only by a person appointed by the Developer, or (ii) by a Director selected by a committee of Townhouse 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 2/3 of all Townhouse 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 Townhouse Owners. Regular meetings of the Board other than the aforesaid regular 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

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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 Townhouse 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 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 Townhouse Owners, governing the administration, management, operation and use of the Development and the Common Area and also governing the personal conduct of the Townhouse Owners and their guests and invitees and to amend such rules and regulations from time to time;
- (f) to establish penalties and fines for the violation of the provisions of the Declaration, these Bylaws or the aforesaid rules and regulations;
- (g) to provide for the maintenance, repair and replacement of the Common Area and portions of the Townhouses 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;

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- (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 provide the manner of assessing and collection from the Townhouse 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 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 Townhouse Owners as expressed in a resolution duly adopted at any annual or special meeting of the Townhouse Owners;
- (q) to suspend the voting rights of any Townhouse Owner during such period the Townhouse Owner's Common Expense Assessment, or any other monetary obligations due and owing the Association from the Townhouse Owner, remains delinquent and unpaid; and

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- (r) to exercise all other powers and duties of the Townhouse 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, 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.

ARTICLE IV

Officers

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 meeting of the Board and of the Townhouse 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 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 Townhouse 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

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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 the 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 Townhouse Owners; provided, 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,

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fuel, power, water service and water usage charges, utilities, maintenance of security to the extent deemed appropriate by the Board, exterior maintenance of the Townhouses as specified in the Declaration and all other Common Expenses. The annual budget shall also take into account the estimated not 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 than that for which they are established and maintained. To the extent that the assessments and other cash income collected from the Townhouse 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 Townhouse Owner shall pay such Townhouse Owner's Share of the monthly assessment for the Common Expenses in accordance with the provisions of the Declaration. The Townhouse 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 Townhouse Owner who fails to pay the monthly assessment on his Townhouse when due. Copies of said estimated annual budget and any amendments or changes thereto shall be furnished by the Board to each Townhouse 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 Townhouse 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 Townhouse Owner (except the Trustee and Developer) shall be relieved of his obligation to pay his assessment by abandoning or not using his Townhouse 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 Townhouse Owner shall be proportionate to the number of months and days in such period covered by such budget.

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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 Townhouse 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 Townhouse Owner, and thereupon a supplemental assessment shall be made to each Townhouse 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 Ten Thousand Dollars (\$10,000.) (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 Townhouse Owners.

Section 7. LIEN. It shall be the duty of every Townhouse 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 Townhouse 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 Townhouse 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 Townhouse Owner in the Development, and upon the personal property of such Townhouse Owner located in his Townhouse 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 Townhouse Owner, except for the 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 Townhouse or accepts a conveyance of any interest therein or the date on which said mortgagee causes a receiver to be appointed for the Townhouse.

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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 Townhouse Owner personally obligated to pay the same or to maintain a suit to foreclose any such lien against the Townhouse, 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 Townhouse Owner shall fail or refuse to pay when due his proportionate share of the Common Expenses and such Townhouse Owner withholds possession of his Townhouse 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 Townhouse. 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 of 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 Townhouse Owner or mortgagee of record, and upon payment of a reasonable fee, the Board shall furnish to said Townhouse 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 Townhouse 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 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 Townhouse. When less than all the Townhouse Owners are responsible for the existence of any such lien, the Townhouse Owners responsible therefor shall be jointly and severally liable

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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 Townhouse 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 Townhouse 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 or 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

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or a member of any committee appointed pursuant to these Bylaws, against expense (including 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 by 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 standard 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,

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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.

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 VII

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 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 21 of the Declaration 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.

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