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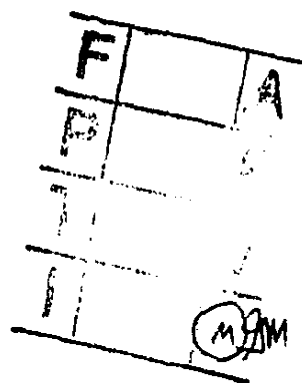
**DECLARATION  
OF  
COVENANTS, CONDITIONS, EASEMENTS, AND  
RESTRICTIONS FOR THE  
ARMITAGE PARK TOWNHOUSES**

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DEPT-01 RECORDING \$219.00  
T#0011 TRAN 9061 06/12/98 13:18:00  
#8778 + JW \*-98-497681  
COOK COUNTY RECORDER

98497681

Box 156



45 pgs

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Permanent Real Estate  
Index Numbers:  
14-31-139-004,  
14-31-139-005,  
14-31-139-006 and  
14-31-139-007

RECORDING FEE \$ 219.00  
DATE 6/11/98 COPIES 6  
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EXHIBIT "A" LEGAL DESCRIPTION

EXHIBIT "B" ARTICLES OF INCORPORATION

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DECLARATION  
OF  
COVENANTS, CONDITIONS, EASEMENTS, AND RESTRICTIONS  
FOR THE  
ARMITAGE PARK TOWNHOUSES

THIS DECLARATION is made by FIRST STATE BANK AND TRUST COMPANY OF PALOS HILLS, not personally, but as Trustee under Trust Agreement dated June 22, 1996, and known as Trust No. 1-239 ("Declarant").

WITNESSETH:

WHEREAS, Declarant is the titleholder of the real estate located in the City of Chicago, County of Cook, State of Illinois, legally described in Exhibit "A" attached hereto and made a part hereof (the "Real Estate"); and

WHEREAS, the Declarant desires to establish certain rights, easements and privileges in, over and upon the Real Estate and certain mutually beneficial covenants, conditions, restrictions and obligations with respect to the proper use, conduct and maintenance thereof, as hereinafter set forth, for the mutual benefit of all owners and occupants and intends that all owners, occupants and mortgagees of the Real Estate or portions thereof and any other persons hereafter acquiring any interest therein shall hold their respective interests subject thereto, and 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 purpose 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 other portions of the Development;

NOW, THEREFORE, the Declarant, as the legal titleholder of the Real Estate, and for the purposes hereinabove set forth, declares as follows:

1. Definitions. As used herein, unless the context otherwise requires:
  - (a) "Articles of Incorporation" means the articles of incorporation of the Association, the form of which is attached hereto and made a part hereof as Exhibit "B", as amended from time to time.
  - (b) "Association" means an Illinois not-for-profit corporation, formed (or to be formed, as the case may be) pursuant to the Articles of Incorporation, known as Armitage Park Homeowners Association.
  - (c) "Board" means the board of directors of the Association.
  - (d) "By-Laws" means the By-Laws of the Association attached hereto and made a part hereof as Exhibit "C", as amended from time to time.
  - (e) "Common Area" means all of the Development, except the self-contained dwelling structures and the individual parcels of land conveyed therewith as described in clauses (i) and (ii) of paragraph 1(o) hereof, and shall include, but not be limited to, any gatehouse, storage building,

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landscaping, lighting system, private walkways, private driveways and public and private utility lines or facilities located outside the boundaries of such individual parcels of land.

(f) "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 By-Laws, which are to be shared equally (except as otherwise expressly provided herein) by all Townhouse Owners, including, but not limited to, the cost of all water supplied to the Development, if supplied through a common water meter serving the Development, the cost of maintaining all sewer lines located within the Common Area and real estate taxes, if any, levied against the Common Area.

(g) "Declaration" means this instrument, as amended from time to time, by which the Development is submitted to the provisions hereof, as hereinafter provided.

(h) "Development" means (i) all the land, property and space comprising the Real Estate 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 Real Estate, 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.

(i) "Director" means a director of the Board.

(j) "First Board" means the Directors appointed by the Declarant in accordance with Section 3.1 of the By-Laws and shall include the additional Directors selected by committees of Townhouse Owners and appointed by the Declarant in accordance with the provisions of Section 3.1 of the By-Laws.

(k) "First Meeting" means the first regular annual meeting of the Townhouse Owners.

(l) "Party Wall" means any wall which is built as part of the original construction of two self-contained dwelling structures and placed on the dividing line between such structures.

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

(n) "Plat of Survey" means the plat of survey dated April 21, 1998, prepared by McTigue & Spiewak, Inc., attached hereto and made a part hereof as Exhibit "D", as such plat of survey may be amended from time to time pursuant to the provisions hereof.

(o) "Townhouse" means collectively (i) a self-contained dwelling structure located in the Development, intended for use and occupancy exclusively as a residence for not more than five (5) individuals, provided that no more than two (2) adults (i.e. 21 or older) unrelated by marriage or blood may use and occupy a Townhouse as a residence, (ii) the individual parcel of land, as shown on the Plat of Survey, that is conveyed to the Townhouse Owner in connection with the sale of such self-contained dwelling structure to said Townhouse Owner, (including, but not limited to, the patio for such dwelling comprising a part of such parcel), and (iii) all appurtenances to such self-contained dwelling structure and individual parcel of land, including, but not limited to, any interest in the Common Area appurtenant, pertaining or corresponding to such self-contained dwelling structure and individual parcel of land.

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(p) "Townhouse Owner" means the Person or Persons whose estates or interests, individually or collectively, aggregate fee simple ownership of a Townhouse. Unless specifically provided otherwise herein, the Declarant shall be deemed to be a Townhouse Owner with respect to any Townhouse to which the Declarant holds title.

(q) "Townhouse Owner's Share" means 100% divided by the total number (i.e.12) of Townhouses in the Development.

Where the context so indicates, the masculine shall include the feminine and neuter, and the singular shall include the plural.

2. Submission of Present Parcel to this Declaration. The Declarant, as the owner of the Real Estate declares that the Real Estate shall be held, transferred, sold, conveyed, used and occupied subject to the terms of this Declaration.

3. Legal Description of Townhouses.

(a) Except as hereinafter specified, the legal description of each Townhouse shall be in metes and bounds as set forth in the Plat of Survey.

(b) The Declarant reserves the right to amend the Plat of Survey from time to time, except that no such amendment shall (i) change the dimensions or legal description of any Townhouse theretofore conveyed by Declarant, (ii) change the number of Townhouses as shown on the original Plat of Survey, or (iii) materially change the layout or location of any building shown on the Plat of Survey.

(c) The Declarant reserves the right to record a plat of subdivision or plats of subdivision for the Development or any part thereof, conforming to the Plat of Survey. The Declarant shall be under no obligation to record any such plat of subdivision. The Declarant also reserves the right to amend any such plat of subdivision from time to time and to record such amendment, provided that any such amendment conforms to the Plat of Survey.

(d) In furtherance of the provisions of paragraphs 3(b) and 3(c), a power coupled with an interest is hereby granted to the Declarant as attorney-in-fact, to record each amended Plat of Survey, the plat or plats of subdivision and amendments thereto as described above. Every deed, mortgage or other instrument with respect to a Townhouse, and the acceptance thereof, shall be deemed a grant to the Declarant of, and an acknowledgment of and consent to, such power to record each amended Plat of Survey, such plat or plats of subdivision, and shall be deemed to reserve to the Declarant the power to amend the Plat of Survey, and the plat or plats of subdivision described above, in accordance with the terms hereof.

(e) If a plat of subdivision for the Development is recorded, the legal description of each Townhouse shall consist of the identifying number or symbol of such Townhouse as shown on such plat of subdivision for the Development. If a plat of subdivision for the Development is recorded, every deed, mortgage or other instrument pertaining to a Townhouse shall legally describe a Townhouse by its identifying number or symbol as shown on such plat of subdivision and every such description shall be deemed good and sufficient for all purposes.

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(f) No Townhouse Owner shall, by deed, plat, court decree or otherwise, subdivide or in any manner cause the Townhouse of such Townhouse Owner to be separated into any tracts, parcels or interests different from the whole of such Townhouse as described herein.

4. Association and By-Laws. There shall be formed pursuant to the Articles of Incorporation, the Association, which Association shall be the governing body for all Townhouse Owners and the Development, as provided in this Declaration. The management and operation of the Association shall be in the manner specified in the By-Laws and in various other paragraphs of this Declaration.

5. Ownership of the Common Area. Fee title to the Common Area shall be held by the Association and as soon after the recording of this Declaration as the Association has been incorporated, Declarant shall convey to the Association by trustee's quit claim deed title to the Common Area resulting therefrom. All and whatever interest each of the Townhouse Owners has in the Common Area corresponding to each of the respective Townhouses, as herein elsewhere described, shall be deemed conveyed together with that Townhouse, even though the legal description in the instrument conveying said Townhouse refers only to the fee title to that Townhouse and not specifically to the interest in the Common Area corresponding to said Townhouse.

6. Use of the Common Area and Certain Easements.

(a) 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, ingress to, egress from, use, occupancy and enjoyment of the Townhouse owned by such Townhouse Owner, subject to the easements described in paragraphs 6(b) and 6(c) hereof. Said rights to use the Common Area shall extend not only to each Townhouse Owner but also to his agents, servants, family members, invitees and guests. Said rights to use the Common Area shall be subject to and governed by the provisions of this Declaration, the By-Laws and the rules and regulations adopted by the Association or the Board for the Development. In addition, the Association, and the Board acting on behalf of the Association, shall have the authority to lease, grant concessions or grant easements with respect to parts of the Common Area, subject to the provisions of this Declaration and the By-Laws. All revenues 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.

(b) The Common Area shall be subject to a blanket easement in favor of the Declarant, and its representatives, agents, associates, employees, contractors, subcontractors, tenants, successors and assigns, for the benefit of the Real Estate and for purposes of (i) access and ingress to and egress from the Real Estate, (ii) construction, installation, repair, replacement and restoration of utilities, streets, roads, buildings, landscaping and any other improvements on the Real Estate, and (iii) tapping into and using sewer and water lines and other utility facilities and lines on or adjacent to the Real Estate. The Declarant shall restore or repair any damage caused by its exercise of the foregoing blanket easement.

(c) The Common Area and the individual parcels of land described in clause (ii) of paragraph 1(o) shall be subject to a blanket easement in favor of the Association, Illinois Bell Telephone Company, Commonwealth Edison Company, The Peoples Gas Light and Coke Company, and all other public

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utilities serving the Development, granting the Association and such utilities the right to install, lay, construct, renew, operate and maintain, repair and replace conduits, cables, pipes, sewer and water lines, electrical wiring, transformers and switching apparatus and other equipment including housings for such equipment, into, over, under, along, and through the Common Area and the aforesaid individual parcels of land (not, however, through any individual self-contained dwelling structure described in clause (i) of paragraph 1(o) other than an exterior wall whose interior surface will be unaffected thereby) for the purpose of providing utility and other services contemplated herein to the Real Estate, or any parts thereof, together with reasonable rights of ingress to and egress from the Real Estate for such purposes. The Association and the Board, acting on behalf of the Association, may hereafter grant other or additional easements for utility purposes for the benefit of the Real Estate, over, under, along and on any portion of the Common Area and individual parcels of land, not, however, through any self-contained dwelling structure described in clause (i) of paragraph 1(o), except as aforesaid, and each Townhouse Owner hereby grants 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.

7. Party Walls. To the extent not inconsistent with the provisions of this Section 7, the general rules of law regarding party walls and of liability for property damage due to negligent or willful acts or omissions shall apply to all Party Walls. The cost of reasonable repair and maintenance of a Party Wall shall be shared by the Townhouse Owners who make use of the Party Wall in proportion to such use. If a Party Wall is destroyed or damaged by fire or other casualty, then any Townhouse Owner who has used the Party Wall may restore it and if such Townhouse Owner does so restore it without contribution from the other Townhouse Owner (herein, the "other Townhouse Owner") and the other Townhouse Owner thereafter makes use of the Party Wall, then the other Townhouse Owner shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of the Townhouse Owner who restores initially such Party Wall to call for a larger contribution from the other Townhouse Owner under any rule of law regarding liability for negligent or willful acts or omissions. A Townhouse Owner who, by such Townhouse Owner's negligent or willful act, causes any Party Wall to be exposed to the elements, shall bear the entire cost of repair and restoration and of furnishing the necessary protection against such elements. The right of any Townhouse Owner to contribution from any other Townhouse Owner under this Section 7 shall be appurtenant to and run with the Townhouse owned by the Townhouse Owner entitled to contribution and shall pass to the successors in title of such Townhouse Owner entitled to such contribution. Any dispute arising concerning a Party Wall, or arising under the provisions of this Section 7, shall be resolved by the Board whose resolution shall be final and binding on the parties to such dispute.

8. Private Driveway. Any private driveway in the Development shall be part of the Common Area and may be used for those purposes, determined by and subject to reasonable rules and regulations adopted by the Board or Association. The cost of maintenance, upkeep and replacement of such private driveway shall be a Common Expense.

9. Lien For Common Expenses and Other Charges. Each Townhouse Owner shall be responsible for and shall pay the assessments applicable to his Townhouse for Common Expenses as determined and assessed by the Board in accordance with Article V of the By-Laws and for all other charges assessed to each such Townhouse Owner by the Board pursuant to and in accordance with this Declaration or the By-Laws. If any Townhouse Owner shall fail or refuse to make any such payment,

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when due, then the amount thereof, together with interest thereon at the highest lawful rate permitted under the laws of the State of Illinois, or eighteen percent (18%) per annum, whichever is less, 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 first mortgage or trust deed against such Townhouse, except for the amount of such Townhouse Owner's Share of the Common Expenses, together with interest thereon as hereinabove provided, which becomes due and payable from and after the date on which the mortgagee under said first mortgage, a trustee or holder of the note under said first trust deed or a purchaser at a foreclosure sale under said first mortgage either takes possession of the Townhouse or accepts a conveyance thereof, or the date on which the mortgagee under said first mortgage or a trustee or holder of the note under said first trust deed causes a receiver to be appointed for such Townhouse.

10. 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. 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 Townhouse of such Townhouse Owner.

11. Separate Real Estate Taxes. Real estate taxes shall be separately taxed to each Townhouse. In the event that such taxes for any year are not separately billed for each Townhouse, but rather, a bill includes more than one Townhouse, or a Townhouse and a portion of the Common Area, each Townhouse Owner whose Townhouse is included in a collective bill shall pay an equitable share of that bill as reasonably determined by the Declarant in a manner, however, which recognizes and accounts for differences in assessments depending on whether real estate is deemed by the Assessor to be unimproved, partially improved or fully improved in relation to when a Townhouse is first sold. Real estate taxes, if any, levied against the Common Area, as a parcel or parcels separate and apart from the Townhouses (as distinguished from and not including real estate taxes levied against the Townhouses which reflect the value to the Townhouses of the Common Area) shall be a Common Expense payable by the Association. Real estate taxes levied against the Common Area for the year in which such Common Area is established, pursuant to the recordation of the Declaration, shall be equitably prorated between Declarant and the Association.

12. Insurance.

(a) The Board shall have authority to, and shall obtain (i) for the Common Area, replacement cost property insurance insuring against all risks of direct physical loss to the insured property by or from any peril not expressly excluded under the standard form "all risk" fire and extended coverage policy then in use in the State of Illinois in an amount not less than the full replacement cost of restoring the insured property or any parts thereof to substantially the same condition in which it existed prior to any damage or destruction thereof (hereinafter referred to as "all risk replacement cost insurance"), (ii) comprehensive public liability insurance against claims and liabilities arising in connection with the ownership, existence, use or management of the Common Area, together with workmen's compensation insurance and such other liability insurance as it deems desirable, in

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amounts deemed sufficient in the judgment of the Board, insuring each Townhouse Owner, mortgagees of record, if any, the Association, the Board, the Declarant and the managing agent, if any, and their respective officers, directors, employees and agents (which insurance shall contain a waiver of any rights to subrogation by the insuring company against any of the above-named insured persons), and (iii) such insurance, in such amounts, from such sources and in such forms as it deems desirable, insuring each Director of the Board, officer of the Association, and each member of any committee appointed pursuant to the By-Laws of the Association from liability arising from the fact that said person is or was a Director, an officer of the Association, or a member of such committee. The premiums for all said insurance specified in this paragraph 12(a) shall be a Common Expense. The all risk replacement cost insurance described herein shall be written in the name of, and the proceeds thereof shall be payable to, the Association, which shall apply the same to the costs of restoration as provided in Section 13 hereof, and shall contain, if obtainable, a waiver of subrogation rights by the insurer against the individual Townhouse Owners, the Association and its officers, the Board, the Directors, the Declarant, the managing agent, if any, and their respective employees and agents. The Board shall retain in safe-keeping any insurance policy obtained as herein specified for as long as the issuer thereof has potential for liability thereunder.

(b) The Board shall also have the authority, and may, if the Board deems it in the best interest of at least a majority of the Townhouse Owners, obtain a master insurance policy for the Development, providing (in addition to one or more of the coverage's specified in paragraph 12(a) hereof) all risk replacement cost insurance for all of the Townhouses, including, but not limited to, those additions and improvements to a Townhouse of which the Townhouse Owner responsible therefor has given the Board and the insurance carrier written notice (but excluding all personal property located in a Townhouse). If the Board elects to obtain the aforesaid master insurance policy, the insurance policy shall name the Association and each Townhouse Owner and his mortgagee, if any, as insureds, with respect to his Townhouse, as their respective interests may appear, and shall contain, if obtainable, a waiver of subrogation rights by the issuer as described in paragraph 12(a) hereof. If the Board obtains such a master insurance policy, the premiums therefor, to the extent they pertain to the all risk replacement cost insurance for the Townhouses shall not be a Common Expense, and each Townhouse Owner shall pay his proportionate share thereof based upon the ratio between the area of his Townhouse and the aggregate area of all Townhouses in the Development plus the added cost, if any, for additional improvements made by such Townhouse Owner, as aforesaid (and excluding all personal property located in such Townhouses). If the Board obtains such a master insurance policy, no Townhouse Owner shall take out separate insurance concurrent in form or contributing in the event of loss with that provided in said master policy unless the Association is included as an insured thereunder, as its interests may appear.

(c) If the Board has not purchased the aforesaid master insurance policy, each Townhouse Owner shall, at his own expense, obtain, and maintain throughout the period of his ownership of a Townhouse, all risk replacement cost insurance on the Townhouse of such Townhouse Owner, including, without limitation, any and all additions and improvements thereto, and insurance 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. 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 obtainable, a waiver of subrogation rights by the insurer as described in paragraph 12(a) hereof. Each Townhouse Owner shall submit to the Association a certificate of insurance naming the Association as an additional insured thereunder. 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 the Townhouse of such Townhouse Owner to the same condition in which it existed prior

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to such damage or destruction; and the Association shall have the right to compel the Townhouse Owner (or the holder of such proceeds, if other than said Townhouse Owner) to so apply such proceeds. Subject to the rights of any mortgagee under a recorded first mortgage or any trustee or holder of the note under a first trust deed on such Townhouse, the Association shall have the right, at its election, to collect and receipt for any such insurance proceeds. In the event that a Townhouse Owner desires to insure against his personal liability above and beyond the extent that his personal liability is covered by the insurance pertaining to the Common Area obtained by the Board, as provided above, such Townhouse Owner may, at his sole option, obtain such additional insurance at his sole expense.

## 13. Damage or Destruction.

(a) In the event of any fire or other disaster causing loss, damage or destruction to or of the Common Area, the proceeds of any policy insuring against the same and payable by reason thereof shall be applied to such reconstruction, unless all of the Townhouse Owners, by duly adopted resolution, consent in writing to such proceeds not being so applied. As used throughout this Section 13, reconstruction means restoration to substantially the same condition in which the Common Area existed prior to the fire or other disaster.

(b) In the event of any fire or other disaster causing loss, damage or destruction to or of any Townhouse or any portion thereof, the Townhouse Owner of any such Townhouse covenants and agrees that such Townhouse Owner shall complete reconstruction within a reasonable time (not to exceed six months subject to delays over which the Townhouse Owner had no reasonable control) after such loss, damage or destruction, in a substantial and workmanlike manner with materials equal 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 reconstruction. All available insurance proceeds shall be applied to such reconstruction, with the excess, if any, to be paid to the Townhouse Owner. The exterior of such Townhouse, when rebuilt, shall be substantially identical to, and of architectural design in conformity with, the exterior of such Townhouse prior to the loss, damage or destruction. In the event of the total or substantial destruction of all of the Townhouses in the Development, the architectural design of the exterior of the Townhouses to be rebuilt and the materials to be used in constructing the same shall be agreed upon by the affirmative vote of seventy-five percent (75%) of the Townhouse Owners and the Association and, in the absence of such agreement, the rebuilt Townhouses shall be substantially identical in architectural design to the original Townhouses prior to the loss, damage or destruction and shall be constructed of materials equal to or better than the original materials used. All reconstruction performed pursuant to the provisions of this Section shall be subject to the approval of the Association. In the event that any Townhouse Owner shall fail to perform the necessary reconstruction in accordance with the provisions hereof, then the Association may, but shall not be required to, cause such reconstruction to be furnished, provided and installed in accordance with the provisions hereof and the total cost thereof shall be paid by 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 reconstruction is furnished by the Association in the aggregate amount of (i) the total cost of such reconstruction thereof, (ii) interest thereon (as and to the extent payment is made) at a rate per annum equal to the lesser of (1) the maximum rate per annum permitted by the laws of Illinois or (2) eighteen percent (18%), whichever is less, from the date of the Association's payments on account of such cost, and (iii) reasonable attorney's fees and expenses and any court or other costs incurred by the Association in connection therewith, which lien shall encumber such Townhouse and be binding on such Townhouse Owner and the heirs, devisees, personal representatives, grantees and assigns of such Townhouse Owner. In the

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event such Townhouse Owner does not forthwith fully repay the Association therefor, as aforesaid, such lien may be foreclosed against the Townhouse by the Association, in the same manner as provided in connection with unpaid assessments. The Association's lien described in this Section 13 shall be subordinate to the lien of any first mortgage or first trust deed now or hereafter placed upon the Townhouse.

## 14. Maintenance, Repairs and Replacements.

(a) Except as provided in the following paragraph 14(b), each Townhouse Owner at the expense of such Townhouse Owner, shall furnish and be responsible for all maintenance of, repairs to and replacements within the Townhouse of such Townhouse Owner. If due to the willful or negligent act or omission of a Townhouse Owner, or of any agent, servant, family member, guest, invitee, licensee or household pet of such Townhouse Owner, 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, if any, with the approval of the Association, shall be entitled to reasonable access to any of the Townhouses as may be required in connection with maintenance of, repairs to, or replacements of the Common Area, or any equipment, facilities or fixtures affecting or serving any other Townhouse or the Common Area.

(b) In addition to maintenance and repair of the Common Area, the Association shall be responsible for and shall have the sole right to:

(i) Provide normal and customary exterior maintenance of each Townhouse, including, but not limited to, painting and maintenance, repair and replacement of the roof of each Townhouse, washing of exterior surfaces of all windows, and maintenance of exterior walls;

(ii) Provide landscaping, planting and maintenance of all trees, shrubs and ground cover on the Common Area;

(iii) Provide maintenance of fence walls between patios and in courtyards in the Development;

(iv) Provide maintenance of (1) all courtyard and patio masonry walls and ornamental iron fencing, (2) all exterior staircases and all gates in and around all or portions of the Development; and

(v) Provide snow removal from the paved areas in the Common Area, provide services to keep the Common Area free from litter and debris, and operate and maintain any gatehouse serving the Development in the manner determined by the Board.

The cost of the foregoing items of landscaping, maintenance and repair shall be a Common Expense, except as hereinafter provided. For the purposes of performing the exterior maintenance required or authorized by this paragraph 13(b), the Association, through its duly authorized agents or

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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.

(c) The cost of any exterior maintenance which the Association is not otherwise required to furnish but which is furnished at the request of any Townhouse Owner, or any damage or maintenance, repairs or replacements which has been made necessary by reason of the willful or negligent act or omission of any Townhouse Owner or of any agent, servant, family member, guest, invitee, licensee or household pet of such Townhouse Owner, 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 Owner requesting or charged with necessitating such damage, maintenance, repairs or replacements and shall be payable in the calendar month assessed, and shall be subject to the same lien in the event of nonpayment, as such Townhouse Owner's Share of Common Expenses.

(d) If the Association furnishes maintenance with respect to a Townhouse at the request of a Townhouse Owner other than as required by this Declaration, which the Association may elect to do, but shall have no obligation to do, the Association may require such Townhouse Owner to pay the cost thereof in advance.

15. Alterations, Additions or Improvements. No alteration of, and no additions or improvements to, any portion of the Common Area or any Townhouse shall be made by any Townhouse Owner without the prior written approval of all Directors on the Board or a majority of Townhouse Owners, except for interior improvements not visible outside the Townhouse in question and not affecting the structural integrity of the Townhouse or any other Townhouse in the Development. The Townhouse Owner shall promptly report the value of any interior improvements to the applicable insurance carrier and the Board and shall give the Board fifteen days prior written notice before the commencement of any work thereon. The Board may authorize alterations of, additions to and improvements to any portion of the Common Area, as provided in the By-Laws, and charge the cost thereof as a Common Expense. Any Townhouse Owner making alterations, additions or improvements to the Townhouse of such Townhouse Owner 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.

16. Decorating and Maintenance of Townhouse. Each Townhouse Owner, at the expense of such Townhouse Owner, shall furnish and be responsible for all decorating within the Townhouse of such Townhouse Owner as may be required from time to time to keep it in good condition, including, but not limited to, painting, wall papering, washing, cleaning, paneling, floor covering, draperies, window shades, curtains, lighting and other furnishings and decorating. Redecorating of Townhouses, to the extent such redecorating of Townhouses is made necessary by damage to Townhouses caused by maintenance, repair or replacement performed by the Association pursuant to the requirements of this Declaration, shall be furnished by the Association as part of the Common Expense. The interior surfaces of all windows forming part of a perimeter wall of a Townhouse shall be cleaned or washed at the expense of the Townhouse Owner of that Townhouse.

17. Encroachments. If any portions of the Common Area shall encroach upon any Townhouse, or if any Townhouse shall encroach upon any portions of the Common Area or any other Townhouse, as the Common Area and Townhouses are shown in the Plat of Survey, there shall be

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deemed to be mutual easements in favor of the owners of the Common Elements and the respective Townhouse Owners involved, to the extent of such encroachments, so long as the same shall exist.

## 18. Lease of Townhouse.

A Townhouse Owner may lease his Townhouse provided that the following limitations and requirements are complied with:

(a) Subject to the restrictions of clause (i) of paragraph 1(o) hereof, a Townhouse may be leased only to a person or family intending to reside in the Townhouse, and the Townhouse may not be leased to said tenant for a period of less than six (6) months, and may not be leased to one tenant or successive tenants for a cumulative period of more than two years within a span of two and one-half years commencing on the date that the first such lease commences.

(b) Any such lease that the Townhouse Owner desires to make shall be subject to the Board's approval thereof as to its compliance with the requirements of this Section 18. Prior to any such proposed occupancy of the Townhouse, the Townhouse Owner shall furnish the Board with a copy of the proposed lease and such information about the proposed tenant as the Board may reasonably request. The Board shall, within ten days after receipt of such materials, notify the Townhouse Owner of the Board's decision.

(c) Any lease of a Townhouse which is approved by the Board in the manner aforesaid shall in all respects be subject and subordinate to the provisions of this Declaration, and whether or not so expressed in the lease shall obligate the tenant hereunder to observe and comply with all of the requirements hereof, and said lease shall in no way relieve or discharge the Townhouse Owner from his obligations hereunder, who shall, at all times during said lease, remain fully responsible for the performance thereof.

No Townhouse, or any interest therein, shall be leased by a Townhouse Owner to any other person, except in accordance with the requirements of this Section 18, and, no attempted lease of a Townhouse without such compliance shall be effective in transferring any interest in such Townhouse to the proposed lessee. Any Townhouse Owner attempting to make such lease without such compliance shall continue to be subject to all of the provisions of this Declaration, and the Declaration or the Association shall have the right to prevent by court action or otherwise any attempted occupancy of any Townhouse by any person claiming the right to occupy such Townhouse as a lessee under a lease having been made without such compliance.

## 19. Transfer of Townhouse

(a) There are no restrictions on the right of a Townhouse Owner to sell, assign, give or otherwise transfer the ownership of the Townhouse of such Townhouse Owner. The leasing of the Townhouses is subject to the provisions of Section 18.

(b) In the event of any transfer of a Townhouse, or any interest therein, the transferee shall be jointly and severally liable with the transferring party for all unpaid assessments of the transferring party accrued and payable prior to the date of transfer.

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## 20. Use and Occupancy Restrictions.

(a) 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 not more than five (5) individuals, provided that no more than two adults (i.e. age 21 or older) unrelated by marriage or blood may use a Townhouse as a residence. The foregoing restrictions as to residence shall not, however, be construed in such manner as to prohibit a Townhouse Owner from maintaining within the Townhouse of such Townhouse Owner personal professional library, keeping the personal business or professional records or accounts, or handling the personal business or professional telephone calls or correspondence of such Townhouse Owner within his Townhouse. The uses set forth in the preceding sentence are expressly declared to be customarily incident to the principal residential use of a Townhouse and not in violation of the restrictions on use contained herein.

(b) The Common Area shall be used only by the Townhouse Owners and their agents, servants, family members, guests and invitees for access, ingress to and egress from their respective Townhouses and for purposes incidental to the residential use of the Townhouse; provided, however, that any recreational facilities, parking area, management office, gatehouses, 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 By-Laws. The uses, maintenance and operation of the Common Area shall not be obstructed, damaged or unreasonably interfered with by any Townhouse Owner, and shall be subject to any lease, concession or easement now or hereafter in existence affecting any part or all of the Common Area.

(c) 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, in the judgment of the Board, shall constitute a nuisance or cause unreasonable noise or disturbance to others. Without limiting the generality of the preceding sentence, the Common Area shall be used in an orderly manner, and common walkways and landscaped areas of the Development shall not be used for ball-playing, roller skating, bike riding (except on designated driveways and paths whose such use shall be in such a manner as will not materially interfere with pedestrian use), skate boarding, or similar activities.

(d) No facilities, including, without limitation, poles and wires for the transmission of electricity, telephone messages and the like, shall be placed or maintained above the surface of the ground on any individual parcel of land constituting part of a Townhouse, and no external or outside antennas of any kind shall be permitted or maintained (except for any such facilities built by the Declarant 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 and water transmission systems installed by Declarant, public utility companies or the City of Chicago in easements reserved for such purposes nor shall it prohibit standards or poles or street or other outdoor lighting.

(e) Except for private passenger motor vehicles, motorcycles and mopeds, no motor vehicles shall be stored in or upon any Townhouse without the written consent of the Board. Passenger motor vehicles, motorcycles and mopeds shall be parked only in garages.

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(f) No lumber, metals, bulk materials, refuse or trash shall be kept, stored or allowed to accumulate on any individual parcel of land constituting part of a 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 trash, garbage and other waste containers permitted and the manner of storage of the same in the Development.

(g) 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 Townhouse shall be used for the purpose of boring, mining, quarrying, exploring for or removing oil or other hydrocarbons, minerals, gravel or earth.

(h) No animals shall be raised, bred or kept in any Townhouse or the Common Area, except for dogs, cats, and small birds, fish and other pets commonly kept as household pets, provided (i) such pets are not kept or bred for any 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 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 or hazard to others.

(i) 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, a family or professional name plate, a name and address plate or an address plate on the first floor of the Townhouse, none of which shall exceed 4 square inches in area (except with the written consent of the Board) may be displayed. The Declarant, however, reserves the right to erect such signs as it may deem necessary on or on the Development, whose size and design shall not be subject to the foregoing restrictions, until all the Townhouses in the Development are sold and deeds delivered therefor.

(j) No Townhouse Owner shall display, hang or store any clothing, sheets, blankets, laundry or other articles outside the Townhouse of such Townhouse Owner or which may be visible from the outside of the Townhouse of such Townhouse Owner (other than draperies, curtains, or shades of a customary nature and appearance, subject to rules and regulations of the Board) or paint, decorate or adorn the outside of the Townhouse of such Townhouse Owner or install outside the Townhouse of such Townhouse Owner any canopy or awning, or other equipment, fixtures or items of any kind, without the prior written permission of the Board.

(k) No machinery or power driven vehicles shall be placed or operated upon any Townhouse or any portion of the Common Area, except such machinery as is usual in maintenance of a private residence and except private passenger motor vehicles, motorcycles and mopeds. No Townhouse Owner shall operate any machines, appliances, accessories, or equipment in such a manner as to cause, in the judgment of the Board, an unreasonable disturbance to others.

(l) No Person shall obstruct, alter or in any manner modify the established drainage pattern from, on or over any Townhouse or any portion of the Common Area; nor shall any Person obstruct, alter or in any way modify any drainage scales, devices and/or facilities now installed or to be installed by the

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Declarant. The Declarant reserves the right for itself and the Association to enter upon any Townhouse and the Common Area to correct, as it may deem necessary, any drainage condition.

(m) No plant, hedge, shrub or flowers planted by a Townhouse Owner shall be allowed to grow in a manner which, in the judgment of the Board, materially detracts from the overall landscaping of the Development.

(n) Each Townhouse Owner shall maintain the Townhouse of such Townhouse Owner in good condition and in good order and repair, at the expense of such Townhouse Owner, and shall not do or allow anything to be done in the Townhouse of such Townhouse Owner or the Common Area which may increase the cost or cause the cancellation of insurance on other Townhouses or on the Common Area, or materially increase the cost of or make it impossible for the Association to provide the matters specified in paragraph 14(b).

(o) Articles of personal property belonging to any Townhouse Owner, such as baby carriages, camping vehicles, 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.

(p) No Townhouse Owner shall overload the electrical wiring in the Townhouse of such Townhouse Owner 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.

(q) The Association reserves the right to enter upon any Townhouse to correct or eliminate nuisances or violations of any or all of the foregoing. The cost of the same shall be assessed by the Association against the Townhouse Owner causing the nuisance or violation, and such assessment shall be due and payable in the calendar month assessed. In the event that payment of such assessment is not made when due, such assessment shall thereupon be a lien on the Townhouse of the Townhouse Owner causing the nuisance or violation, the personal obligation of each Townhouse Owner and subject to all of the remedies contained in this Declaration.

## 21. Remedies.

(a) In the event of any default by any Townhouse Owner under the provisions of this Declaration, the By-Laws or the rules and regulations of the Board or Association, the Association and its successors or assigns, or the Board or 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 By-Laws, the Illinois Forcible Entry and Detainer Act, 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 for judgment for payment of money and collection thereof, or for the right to take possession of and sell the Townhouse, at a judicial sale, or (iii) for any combination of the above remedies, or (iv) for any other relief now or hereafter permitted. All expenses of the Association in connection with any actions or proceedings, including, without limitation, court costs, attorneys' fees and expenses and other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon at the highest lawful rate permitted under the laws of the State of Illinois, or eighteen percent (18%) per annum, whichever is less, until paid, shall be charged to and assessed against such defaulting

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Townhouse Owner, and shall be added to and deemed part of such Townhouse Owner's Share of the Common Expenses, and the Association shall have a lien for all of the same, as well as for nonpayment of such Townhouse Owner's Share of the Common Expenses, upon the Townhouse of such defaulting Townhouse Owner and upon all of the additions and improvements thereto, and upon all of such Townhouse Owner's personal property located in the Townhouse of such Townhouse Owner or elsewhere on the Development; provided, however, that such lien shall be subordinate to the lien of a prior recorded first mortgage or first trust deed on the Townhouse 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 the mortgagee under the first mortgage or the trustee or holder of the note under the first trust deed either takes possession of the Townhouse or accepts a conveyance of any interest therein or the date on which the mortgagee under the first mortgage or the trustee or holder of the note under the first trust deed of record causes a receiver to be appointed for the Townhouse.

(b) In the event of any such default by any Townhouse Owner, the Association, the Board and any 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, with interest at the rate aforesaid. 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 Section 21 applicable to the priority of liens of first mortgages and first trust deeds shall not be amended, modified or rescinded without the express and prior written consent of all first mortgagees of record and all trustees or holders of notes under first trust deeds of record.

(c) The proceeds of any judicial sale of a Townhouse pursuant to this Section 21 shall first be paid to discharge court costs, court reporter charges, reasonable attorneys' fees and expenses 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 defaulting Townhouse Owner. Upon the 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 By-Laws and the rules and regulations of the Board or Association.

## 22. Amendments.

(a) In addition to amendments of this Declaration as heretofore provided, subject to paragraph 22(b) hereof, and unless otherwise provided herein, this Declaration may be changed, modified or amended by an instrument in writing, setting forth such change, modification or amendment, signed and approved by seventy-five percent (75%) of the Townhouse Owners.

(b) Neither this Declaration nor the By-Laws may be changed, modified, or amended so as to eliminate, impair, limit or abridge any rights therein of the Declarant or of the holder of any mortgage or trust deed of record of any Townhouse, without the prior written consent of the Declarant or the holder of any such mortgage or trust deed of record, as the case may be.

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(c) Any change in or modification or amendment of this Declaration, whether accomplished under the provisions of this Section 22 or another paragraph of this Declaration, shall be effective upon recording of the instrument which accomplishes such change, modification or amendment.

## 23. Notices.

(a) Notices provided for in this Declaration or the By-Laws shall be in writing. Such notices shall be addressed to the Association or the Board as follows:

(i) if the President of the Board is not a Townhouse Owner;

then

c/o Capital Property Development, Inc.  
858 W. Armitage, Box 146  
Chicago, Illinois 60614

(ii) if the President of the Board is a Townhouse Owner, then

c/o President of the Board of the  
Armitage Park Homeowners Association,  
addressed to Townhouse of the President;

or at such other address as hereinafter provided. Such notices shall be addressed to any Townhouse Owner, as the case may be, at the Townhouse of such Townhouse Owner or at such other address as hereinafter provided by such Townhouse Owner in writing. Such notices shall be addressed to any mortgagee under a mortgage or any trustee or holder of the note under a trust deed on a Townhouse, as the case may be, at the address provided to the Association by such mortgagee, trustee or holder of the note for that purpose, or at such other address as hereinafter provided. The Association or the 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 any mortgagee under a mortgage or any trustee or holder of the note under a trust deed on 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 sent, and shall either be mailed by United States registered or certified mail, or delivered in person, with written acknowledgment of the receipt thereof.

(b) Upon written request to the Board, the holder of any recorded mortgage or the trustee or holder of the note under any recorded trust deed encumbering any Townhouse shall be given a copy of all notices permitted or required by this Declaration to be given to the Owner or Owners of the Townhouse which is subject to such mortgage or trust deed.

24. Rights Reserved to Declarant During Sale of Townhouses. During the period of sale by the Declarant of any Townhouse in the Development, the Declarant and the Declarant's agents, employees, contractors and subcontractors, and their respective agents, employees, successors and

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assigns, shall be entitled to access, ingress to and egress from the Development as may be required for purposes of such sale. While the Declarant owns any of the Townhouses and until every Townhouse in the Development is sold and occupied by the purchasers thereof, the Declarant, and the Declarant's agents and employees, and their respective agents, employees, successors and assigns, may use and show one or more of such unsold or unoccupied Townhouses as a model Townhouse or Townhouses and may use one or more of such unsold or unoccupied Townhouses as a sales office or sales offices, and may maintain customary signs in connection therewith.

25. Severability. Declarant intends and believes that each provision in this Declaration and the By-Laws 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 By-Laws 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 By-Laws 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 By-Laws 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 By-Laws shall continue in full force and effect.

26. Perpetuities and Restraints on Alienation. 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 twenty-one years after the death of the survivor of the descendants of William Clinton, the President of the United States on the date hereof, and Richard J. Daley, the Mayor of Chicago, Illinois on the date hereof, who are living on the date hereof.

27. Rights and Obligations. Each grantee of the Declarant, 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.

28. Successors and Assigns of Declarant. Every right, power or easement granted to or reserved by the Declarant in this Declaration, the By-Laws or in the rules and regulations of the Board or Association shall inure to the benefit of and may be exercised by the Developer's successors and assigns to whom the Declarant expressly assigns the rights of the Declarant hereunder.

29. 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

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considered Townhouse Owners for all purposes hereunder and for the performance of all agreements, covenants and undertakings chargeable or created under this Declaration against such Townhouse. 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 such Townhouse said beneficiaries agree to be bound by the provisions of this Section 29.

30. Trustee Exculpation. This Declaration is executed by First State Bank and Trust Company of Palos Hills, not personally, but as trustee as aforesaid, in the exercise of the power and authority conferred upon and vested in it as such trustee (and said trustee hereby warrants that it possesses full power and authority to execute this Declaration), and it is expressly understood and agreed that nothing herein contained shall be construed as creating any liability on the said trustee personally to perform any covenant either expressed or implied herein contained, all such personal liability, if any, being expressly waived by the other parties hereto and by every person now or hereafter claiming any right or security hereunder.

IN WITNESS WHEREOF, FIRST STATE BANK AND TRUST COMPANY OF PALOS HILLS has caused this Declaration to be executed on its behalf by its Chairman of the Board, CEO & Trust Officer and its corporate seal to be hereunto affixed and attested by its Vice President & Cashier as of the 6th day of June, 1998.

FIRST STATE BANK AND TRUST COMPANY  
OF PALOS HILLS, not personally, but as  
Trustee as aforesaid (See Exculpatory Clause Attached)

By: [Signature]  
Its: Chairman of the Board, CEO & Trust Officer

ATTEST:

By: [Signature]  
Its: Vice President & Cashier

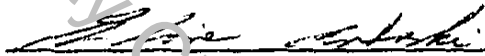
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STATE OF ILLINOIS )  
 ) SS.  
COUNTY OF COOK )

I, the undersigned, a Notary Public in and for the County and State aforesaid, DO HEREBY CERTIFY, that Marvin A. Siensa personally known to me to be the Chmn. of Bd., CEO & Tr. Ofc. President of FIRST STATE BANK AND TRUST COMPANY OF FARMERS HILLS, and James P. Murphy personally known to me to be the Vice Pres & Cashier Secretary of said Bank, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledge that as such Chmn. of Bd, CEO & Tr. Ofc. President and Vice President & Cashier Secretary, they signed and delivered the said instrument and caused the corporate seal of said Bank to be affixed thereto, pursuant to authority given by the Board of Directors of said Bank, as their free and voluntary act, and as the free and voluntary act and deed of said Bank, as Trustee, as aforesaid, for the uses and purposes therein set forth.

Given under my hand and official seal, this 6th day of June, 19 98.

  
Notary Public

Commission expires \_\_\_\_\_

OFFICIAL SEAL  
ELAINE ANDRESKI, 19  
NOTARY PUBLIC, STATE OF ILLINOIS  
MY COMMISSION EXPIRES 5-2-97

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## EXCULPATORY CLAUSE

it is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the warranties, indemnities, representations, covenants, undertakings and agreements herein made on the part of the Trustee while in form purporting to be the warranties, indemnities, representations, covenants, undertakings and agreements of said Trustee are nevertheless each and every one of them, made and intended not as personal warranties, indemnities, representations, covenants, undertakings, and agreements by the Trustee or for the purpose or with the intention of binding said Trustee personally but are made and intended for the purpose of binding only that portion of the trust property specifically described herein, and this instrument is executed and delivered by said Trustee not in its own rights, but solely in the exercise of the powers conferred upon it as such Trustee; and that no personal liability or personal responsibility is assumed by nor shall at any time be asserted or enforceable against the First State Bank and Trust Company of Palos Hills or any of the beneficiaries under said Trust Agreement, on account of this instrument or on account of any warranty, indemnity, representation, covenant, undertaking or agreement of the said Trustee in this instrument contained, either expressed or implied, all such personal liability, if any, being expressly waived and released.

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## MORTGAGEE'S CONSENT TO

The undersigned, CoVEST BANC, NATIONAL ASSOCIATION, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and as holder of a mortgage recorded as Document No. 97605064 on the property legally described in the foregoing Declaration of Covenants, Conditions, Easements and Restrictions for the Armitage Park Townhouses, does hereby consent to the execution and recording of the aforesaid Declaration and agrees that said mortgage is subject to the provisions of said Declaration.

IN WITNESS WHEREOF, CoVEST BANC, NATIONAL ASSOCIATION, has caused this consent to be signed by its duly authorized officers on its behalf, at Arlington Heights, Illinois, on this 9<sup>th</sup> day of JUNE, 1998.

CoVEST BANC, NATIONAL ASSOCIATION

By: [Signature]  
Its: Vice President

ATTEST:

By: [Signature]  
Its: Vice President

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STATE OF ILLINOIS       )  
  ) SS.  
COUNTY OF COOK        )

I, the undersigned, a Notary Public in and for the County and State aforesaid, DO HEREBY CERTIFY, that Joseph A. Williams personally known to me to be the Vice President President of CoVEST BANC, NATIONAL ASSOCIATION, and Donald Thomas personally known to me to be the Vice President Secretary of said Bank, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledge that as such Vice President President and Vice President Secretary, they signed and delivered the said instrument and caused the corporate seal of said Bank to be affixed thereto, pursuant to authority given by the Board of West Park, PA of said Bank, as their free and voluntary act, and as the free and voluntary act and deed of said Bank, for the uses and purposes therein set forth.

Given under my hand and official seal, this 9th day of June, 1998.

[Signature]  
Notary Public

Commission expires June 23rd, 192001



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EXHIBIT "A"

REAL ESTATE

LEGAL DESCRIPTION

LOTS 5,6,7,8 AND 9 IN BLOCK 9 IN SHERMAN'S ADDITION TO HOLSTEIN, SAID ADDITION BEING A SUBDIVISION OF THE SOUTH ½ OF THE EAST ½ OF THE NORTHWEST ¼ OF SECTION 31, TOWNSHIP 40 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PROPERTY ADDRESS:  
AT THE TIME OF RECORDATION:  
2052 - 2056 W. ARMITAGE STREET  
CHICAGO, ILLINOIS

PERMANENT REAL  
ESTATE INDEX NUMBERS:  
14-31-139-004  
14-31-139-005  
14-31-139-006 and  
14-31-139-007

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EXHIBIT "B"

ARTICLES OF INCORPORATION

Property of Cook County Clerk's Office

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NFP-102.10  
(Rev. Jan. 1995)

## ARTICLES OF INCORPORATION

(Do Not Write in This Space)

### SUBMIT IN DUPLICATE

Payment must be made by Certified Check, Cashier's Check, Illinois Attorney's Check, Illinois C.P.A.'s Check or Money Order, payable to "Secretary of State."

**DO NOT SEND CASH!**

Date

Filing Fee \$50

Approved

TO: GEORGE H. RYAN, Secretary of State

Pursuant to the provisions of "The General Not For Profit Corporation Act of 1986," the undersigned incorporator(s) hereby adopt the following Articles of Incorporation.

Article 1. The name of the corporation is: Armitage Park Homeowners Association

Article 2: The name and address of the initial registered agent and registered office are:

Registered Agent	C.	John	Anderson
	First Name	Middle Name	Last Name
Registered Office	6 West Hubbard, Suite 500		
	Number	Street	(Do Not Use P.O. Box)
	Chicago	IL 60610	Cook
	City	Zip Code	County

Article 3: The first Board of Directors shall be 3 in number, their names and residential addresses being as follows: (Not less than three)

Director's Names	Number	Street	Address City	State
Bassam Haj Yousif	858 W. Armitage, Box 146	Chicago	IL	60614
Joseph Zivkovic	445 W. Erie	Chicago	IL	60610
C. John Anderson	6 W. Hubbard, Suite 500	Chicago	IL	60610

Article 4. The purposes for which the corporation is organized are:  
See Attachment

98497681

Is this corporation a Condominium Association as established under the Condominium Property Act?  
 Yes  No (Check one)

Is this corporation a Cooperative Housing Corporation as defined in Section 216 of the Internal Revenue Code of 1954?  Yes  No (Check one)

Is this a Homeowner's Association which administers a common-interest community as defined in subsection (c) of Section 9-102 of the code of Civil Procedure?  Yes  No

Article 5. Other provisions (please use separate page):

See Attachment

# UNOFFICIAL COPY

Article 6.

## NAMES & ADDRESSES OF INCORPORATORS

The undersigned incorporator(s) hereby declare(s), under penalties of perjury, that the statements made in the foregoing Articles of Incorporation are true.

Dated June, 1998

### SIGNATURES AND NAMES

### POST OFFICE ADDRESS

1. _____ Signature <u>C. John Anderson</u> Name (please print)	1. <u>6 W. Hubbard, Suite 500</u> Street <u>Chicago, IL 60610</u> City/Town State Zip
2. _____ Signature _____ Name (please print)	2. _____ Street _____ City/Town State Zip
3. _____ Signature _____ Name (please print)	3. _____ Street _____ City/Town State Zip
4. _____ Signature _____ Name (please print)	4. _____ Street _____ City/Town State Zip
5. _____ Signature _____ Name (please print)	5. _____ Street _____ City/Town State Zip

(Signatures must be in **BLACK INK** on original document. Carbon copy, xerox or rubber stamp signatures may only be used on the true copy.)

- If a corporation acts as incorporator, the name of the corporation and the state of incorporation shall be shown and the execution shall be by its President or Vice-President, and verified by him, and attested by its Secretary or an Assistant Secretary.
- The registered agent cannot be the corporation itself.
- The registered agent may be an individual, resident in this State, or a domestic or foreign corporation, authorized to act as a registered agent.
- The registered office may be, but need not be, the same as its principal office.
- A corporation which is to function as a club, as defined in Section 1-3.24 of the "Liquor Control Act" of 1934, must insert in its purpose clause a statement that it will comply with the State and local laws and ordinances relating to alcoholic liquors.

FOR INSERTS - USE WHITE PAPER - SIZE 8 1/2 x 11

File No. \_\_\_\_\_

**FORM NFP-102.10**  
**ARTICLES OF INCORPORATION**  
 under the  
**GENERAL NOT FOR PROFIT**  
**CORPORATION ACT**  
 of

**SECRETARY OF STATE**  
**DEPARTMENT OF BUSINESS SERVICES**  
**CORPORATION DIVISION**  
**SPRINGFIELD, ILLINOIS 62756**  
**TELEPHONE (217) 782-9522**  
**782-9523**  
 (These Articles Must Be Executed and Filed  
 in Duplicate)

Filing Fee \$50  
 C-157.9

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## ATTACHMENT

### ARTICLES OF INCORPORATION

#### ARMITAGE PARK HOMEOWNERS ASSOCIATION

Article 4 The purposes for which the Corporation is organized are:

- a. To own, maintain, repair, replace, insure, operate, manage and regulate the use of property (the "Common Area") within a townhouse development constructed at the northeast corner of the intersection of Hoyne and Armitage Streets in Chicago, Illinois and known as Armitage Park Townhouses ("Development") which Development and Common Area are more particularly described in that certain Declaration of Covenants, Conditions, Easements and Restrictions for the Armitage Park Townhouses dated \_\_\_\_\_, 1998, made by First State Bank and Trust Company of Palos Hills, not personally but as Trustee under Trust Agreement dated June 22, 1996, and known as Trust No. 1-239, and recorded in the office of the Recorder of Deeds of Cook County, Illinois, on \_\_\_\_\_, 1998, as Document No. \_\_\_\_\_ (the "Declaration").
- b. to administer, operate, manage and provide on behalf of and for the benefit of, its members services specified in the Declaration with respect to maintaining, repairing, replacing, insuring and regulating the use of the townhouses comprising a part of the Development.

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## Articles 5 Other Provisions

The Corporation shall have one class of membership, consisting of the respective Townhouse Owners in the Development. If a Townhouse Owner is a trust, then a beneficiary of such trust shall act for and behalf of the Townhouse Owner, as a member of the Corporation and if a Townhouse Owner or such a beneficiary is a corporation or a partnership, an officer, partner, or employee of such Townhouse Owner or such beneficiary shall act for and on behalf of the Townhouse Owner, as a member of the Corporation. Each Townhouse Owner shall be a member of the Association so long as he/she/it shall be a Townhouse Owner. A Townhouse Owner's membership in the Association shall automatically terminate when he/she/it ceases to be a Townhouse Owner. Upon the conveyance or transfer of a Townhouse Owner's ownership interest in his/her/it Townhouse to a new Townhouse Owner, the new Townhouse Owner shall simultaneously with such conveyance succeed to the former Townhouse Owner's membership in the Association. The aggregate number of votes for all Townhouse Owners shall be equal to the number of Townhouses in the Development. Each Townhouse Owner shall have one vote on all matters on which the Townhouse Owners are entitled to vote as members of the Association. If any Townhouse Owner consists of more than one 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 person in accordance with the proxy or other designation made by agreement of the persons constituting such Townhouse Owner.

The regulations of the internal affairs of the Corporation, including the distribution of assets on dissolution, to the extent not inconsistent with law, shall be governed by the terms and provisions of the Declaration, including, but not limited to, the By-Laws attached thereto as Exhibit C and made a part thereof, as either or both of the same may, from time to time, be amended in the manner therein specified.

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EXHIBIT "C"

BY-LAWS

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ARMITAGE PARK HOMEOWNERS ASSOCIATION

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BY-LAWS  
OF  
ARMITAGE PARK HOMEOWNERS ASSOCIATION

## ARTICLE I

### Purpose and Scope of Association and Definitions

Section 1. 1. Purpose of Association. The Association has been formed to be the governing body for all Townhouse Owners and the Development for the purpose of maintenance, repair, replacement, administration and operation of the Development in accordance with the provisions of the Declaration, which shall in all respects govern and serve to establish the overall purpose and scope of objectives and activities of the Association. The Association shall not be deemed to be conducting a business of any kind. All activities undertaken by the Association shall be, and all funds received by the Association shall be held and applied by it for the sole benefit of the Townhouse Owners in accordance with the provisions of the Declaration and these By-Laws.

Section 1. 2. Definitions. The terms used in these By-Laws, to the extent they are defined therein, shall have the same definitions as set forth in the Declaration of Covenants, Conditions, Easements and Restrictions for the Armitage Park Townhouses, which Declaration is recorded in the Offices of the Recorder of Deeds of Cook County, Illinois (the "Declaration").

## ARTICLE II

### Members

Section 2. 1. Eligibility. The Association shall have one class of membership, consisting of the respective Townhouse Owners of the parcel known as the Armitage Park Townhouses, as more fully described in the Plat of Survey, situated at the northeast corner of Armitage and Hoyne Streets, Chicago, Illinois. If a Townhouse Owner is a trust, then a beneficiary of such trust shall act for and on behalf of such Townhouse Owner, as a member of the Association, and if a Townhouse Owner or such a beneficiary is a corporation or a partnership, then an officer, partner, or employee of such Townhouse Owner or beneficiary shall act for and on behalf of such Townhouse Owner, as a member of the Association.

Section 2.2. Succession. Each Person who is a Townhouse Owner shall be a member of the Association so long as such Person shall be a Townhouse Owner. The membership of a Person who is a Townhouse Owner in the Association shall automatically terminate when such Person ceases to be a Townhouse Owner. Upon the conveyance or transfer of a Townhouse Owner's ownership interest in his Townhouse to a successor Townhouse Owner, the successor Townhouse Owner shall simultaneously with such conveyance succeed to the former Townhouse Owner's membership in the Association.

Section 2.3. Regular Meetings. The first regular annual meeting of Townhouse Owners (the "First Meeting") shall be on such date, as is determined by the First Board; provided, however, that the

First Meeting shall be held no later than thirty (30) days after the date (the "Outside Date") which is ninety (90) days after the first date on which a total of nine (9) Townhouses have been sold and deeds delivered therefor. Subsequent to the First Meeting, there shall be a regular annual meeting of Townhouse Owners held each year within fifteen (15) days before or after the anniversary of the First Meeting. All such meetings of Townhouse Owners shall be held at such place in Cook County, Illinois, and at such time as specified in a written notice of such meeting, which shall be delivered to all Townhouse Owners not less than ten (10) days nor more than thirty (30) days prior to the date of such meeting.

Section 2.4. Special Meetings. Special meetings of the Townhouse Owners may be called at any time by the President and, after the First Meeting, may also be called by any two Directors of the Board, or by twenty percent (20%) of the Townhouse Owners. Special meetings shall be called by the delivery of written notice to all Townhouse Owners not less than ten (10) days nor more than thirty (30) days prior to the date of each such meeting, stating the date, time, and place of such meeting and the matters to be considered. Matters subject to the approval of Townhouse Owners under the Declaration or these By-Laws shall be submitted to the Townhouse Owners at special meetings in accordance with the notice and voting provisions set forth hereinbelow.

Section 2.5. Delivery of Notice of Meetings. Notices of meetings shall be delivered by the Secretary of the Association and may be delivered either personally or by mail to a Townhouse Owner at the address given to the Board by such Townhouse Owner for such purpose, or to the Townhouse Owner's Townhouse, if no address for such purpose has been given to the Board.

Section 2.6. Voting. The aggregate number of votes for all Townhouse Owners shall be equal to the number of Townhouses in the Development from time to time. Each Townhouse Owner shall have one vote on all matters on which the Townhouse Owners are entitled to vote as members of the Association. If any Townhouse Owner consists of more than one 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 person in accordance with the proxy or other designation made by agreement of the persons constituting such Townhouse Owner. The Declarant may exercise the voting rights with respect to Townhouses owned by it. Matters subject to the affirmative vote of not less than two-thirds (2/3) of the votes of Townhouse Owners (or such greater percentage as may in the Declaration or herein be specified) at a meeting duly called for that purpose, shall include, but not be limited to: (i) dissolution, merger or consolidation of the Association; (ii) sale, lease, exchange, mortgage, pledge or other disposition of all, or substantially all, of the property and assets of the Association; (iii) purchase or sale of land or of Townhouses on behalf of all Townhouse Owners, and (iv) amendment of the Declaration or these By-Laws. Except as otherwise expressly provided herein, any action may be taken at any meeting of Townhouse Owners at which a quorum is present upon the affirmative vote of not less than a majority of the total votes represented at such meeting.

Section 2.7. Quorum. A quorum of Townhouse Owners for any meeting shall be constituted by Townhouse Owners represented in person or by proxy and holding at least fifty percent (50%) of the votes entitled to be cast at such meeting.

Section 2.8. Rules of the Meeting. The Board may prescribe reasonable rules for the conduct of all meetings of the Board and Townhouse Owners, or, in the absence of such rules, Roberts Rules of Order shall be used.

## ARTICLE III

### Board of Directors

Section 3.1. Number, Appointment/Election, and Term of Office. The Board of Directors of the Association (the "Board") shall consist of five (5) persons ("Directors"), except for the First Board, which shall consist initially of three Directors appointed by Declarant. Except for the Directors appointed to the First Board, Directors shall be elected at the regular annual meeting of Townhouse members by vote of the Townhouse Owners. As long as the Declarant holds title to any Townhouse, the Declarant shall have the right, at its option, to appoint at least one Director to the Board.

In every election for Directors (as distinguished from appointments thereof by Declarant as aforesaid), voting shall be cumulative and every Townhouse Owner shall have the right to vote, in person or by proxy. Those candidates for election as Director receiving the greatest number of votes cast, either in person or by proxy, at the meeting shall be elected. Every Director shall hold office for the term of one (1) year and until his successor shall be elected and qualified, provided that Directors may succeed themselves in office, and provided further that the terms of all Directors of the First Board shall end as of the date of the First Meeting of Townhouse Owners.

Section 3.2. Qualification. Except for Directors appointed by the Declarant, each Director shall be a Townhouse Owner or 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, and if a Townhouse Owner or such a beneficiary is a corporation or partnership, a Director may be an officer, partner, or employee of such Townhouse Owner or beneficiary). If a Director fails to meet such qualifications during his term, he shall thereupon cease to be a Director, and his place on the Board shall be deemed vacant.

Section 3.3. Vacancies. 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 by a Director appointed by the Declarant, may be filled only by a person appointed by the Declarant so long as the Declarant then holds title to one or more Townhouses. 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.

Section 3.4. Meetings. Four (4) regular meetings of the Board shall be held annually, one of which shall be within ten (10) days following the regular annual meeting of Townhouse Owners. Special meetings of the Board shall be held upon a call by the President or by any Director on not less than forty-eight (48) hours' notice in writing to each Director, delivered personally or by mail or telegram. Each Townhouse Owner shall receive notice, in the same manner as that provided herein for annual Townhouse Owners' meetings, of any meeting of the Board concerning the adoption of the proposed annual budget or any increase or establishment of an assessment. Meetings of the Board shall be open to any Townhouse Owner, and notice of such meetings shall be mailed to the Directors at least forty-eight (48) hours prior thereto, unless a written waiver of such notice is signed by the person or persons entitled to such notice before the meeting is convened. Any Director may waive notice of a meeting, consent to the holding of a meeting without notice, or consent to any action proposed to be taken by the Board without a meeting.

Section 3.5. Removal. Any Director who fails to attend three consecutive meetings of the Board shall thereupon cease to be a Director and his place on the Board shall be deemed vacant. Any Director may be removed from office for cause by a vote of two-thirds (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 3.6. Compensation. Directors shall receive no compensation for their services as Directors, unless expressly provided for in resolutions duly adopted by the Townhouse Owners.

Section 3.7. Quorum and Majority Vote Required. A majority of all of the Directors shall constitute a quorum, and no action shall be taken by the Board with respect to any matter unless approved by a majority of all of the Directors.

Section 3.8. Powers and Duties. The Board shall exercise for the Association all powers, duties and authority vested therein by the Declaration or these By-Laws, except for such powers, duties, and authority reserved thereby or hereby to the members of the Association. The powers and duties of the Board, in addition to those specified in the Declaration, shall include, but shall not be limited to, the following:

- (a) to administer the affairs of the Association and the Development;
- (b) to administer, manage, and operate the Development, including the Common Area, and to formulate policies therefor;
- (c) to provide for the care, upkeep, maintenance, repair, replacement, and improvement of the Common Area, and payments therefor, and to approve payment vouchers or to delegate such approval to the officers of the Association or the managing agent, if any;
- (d) to have access to each Townhouse from time to time as may be necessary for the maintenance, repair, or replacement of any Common Area therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the Common Area or to another Townhouse or Townhouses;
- (e) to obtain adequate and appropriate kinds of insurance as provided in Section 12 of the Declaration;
- (f) to determine the fiscal year of the Association and to change such fiscal year from time to time as the Board deems advisable;
- (g) to estimate the amount of, prepare, adopt, and distribute the annual budget and to provide the manner of assessing, levying on, and collecting from the Townhouse Owners their respective shares of the Common Expenses, as hereinbelow provided;
- (h) to keep detailed, accurate records of the receipts and expenditures affecting the use and operation of the Development;
- (i) to elect and remove the officers of the Association as hereinbelow provided;
- (j) to adopt rules and regulations, with written notice thereof to the Townhouse Owners, governing details of the administration, management, operation, occupancy and use of the Development, including the Common Area, and to amend such rules and regulations from time to time provided that the same are not at variance with the use and occupancy restrictions specified in Section 20 of the Declaration.

(k) to engage the services of an agent (the "managing agent") which may be affiliated with (or may be) the beneficiary of Declarant, when the Board deems the same to be in the best interests of the Association, to maintain, repair, replace, administer, and operate the Development or any part thereof for all of the Townhouse Owners, upon such terms and for such compensation and with such authority as the Board may determine, but in no event under a contract exceeding two years in duration, the cost of which services shall be a Common Expense;

(l) to provide for the designation, hiring, and removal of employees and other personnel, including accountants and attorneys, and to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management, and operation of the Development, including the Common Area, and to delegate such powers to the managing agent or to any employees or agents of the managing agent;

(m) to bid and purchase, for and on behalf of the Association, any Townhouse, or interest therein, at a sale pursuant to a foreclosure of the lien for Common Expenses, or an order or direction of a court, or at any other private or public sale, upon the consent or approval of Townhouse Owners owning not less than seventy-five percent (75%) of the Townhouses, provided that such consent shall set forth a maximum price that the Board or its duly authorized agent may bid and pay for such Townhouse;

(n) to make such mortgage arrangements and special assessments proportionately among the Townhouse Owners, and such other financing arrangements as the Board may deem desirable in order to close and consummate the purchase of a Townhouse, or interest therein, by the Association, provided, however, that no such financing arrangement shall be secured by an encumbrance on any interest in the Development other than the Townhouse, or interest therein, to be purchased and the interest said Townhouse has in the Common Area;

(o) to own, encumber, lease, convey, and otherwise deal with Townhouses conveyed to or purchased by it;

(p) to seek relief, when deemed by the Board to be in the best interests of the Association, on behalf of all Townhouse Owners, from or in connection with the assessment or levy of any real property taxes, special assessments and any other special taxes or charges of the State of Illinois or any political subdivision thereof, or any other lawful taxing or assessing body, which are authorized by law to be assessed and levied on real property and to charge and collect all expenses incurred in connection therewith as Common Expenses;

(q) 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 unless otherwise provided herein or in the Declaration;

(r) to act in a representative capacity in relation to matters involving the Common Area or more than one Townhouse, on behalf of the Townhouse Owners, as their interests may appear, to settle disputes among Townhouse Owners concerning party walls; to resolve disputes or disagreements between any Townhouse Owners relating to the Development, or any question of interpretation or application of the provisions of the Declaration or these By-Laws, the resolution of any such disputes by the Board being final and binding upon any and all such Townhouse Owners; and

(s) to appoint, as the Board deems appropriate, committees of the Board and to delegate to such committees the Board's authority to carry out certain duties of the Board.

## ARTICLE IV

### Officers

Section 4.1. Designation. At the first regular meeting of the Board following the annual meeting of Townhouse Owners, the Board shall elect the following officers:

(a) a President, who shall be a Director and who shall preside over the meetings of the Board and who shall be the chief executive officer of the Association;

(b) a Secretary, who shall keep the minutes of all meetings of the Board and of the Townhouse Owners, who shall be designated as the officer to mail and receive notices served by or upon the Association and execute amendments to the Declaration (including the Plat of Survey) and these By-Laws pursuant to the Declaration and these By-Laws, who shall, in general, perform all the duties incident to the office of Secretary, and who may be a representative of the managing agent, if any;

(c) a Treasurer, who shall be responsible for financial records and books of account and the manner in which such records and books are kept and reported and who, at the Board's discretion, need not be a Townhouse Owner; and

(d) such additional officers as the Board may deem fit to elect.

Section 4.2. Powers. The respective officers shall have the general powers usually vested in their respective offices, 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 deem fit.

Section 4.3. Term of Office. Each officer shall hold office for the term of one (1) year and until his successor has been appointed or elected and qualified, provided that any officer may succeed himself.

Section 4.4. Vacancies. Vacancies in any office shall be filled by the Board at a special meeting of the Board. Any officer so 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 for cause at any time by the Board at a special meeting thereof.

Section 4.5. Compensation. Officers shall receive no compensation for their services as officers, unless expressly provided for in resolutions duly adopted by the Townhouse Owners.

## ARTICLE V

### Assessments

Section 5.1. Annual Budget. The Board shall cause to be prepared, and shall adopt, a detailed annual budget for each fiscal year of the Association. Such budget shall set forth with particularity all anticipated Common Expenses by category as well as all anticipated assessments, other income, and cash requirements for the year, including, but not limited to, salaries, wages, payroll taxes, legal and



accounting fees, working capital fund, supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, insurance, fuel, power, Common Area real estate taxes, and all other Common Expenses. The annual budget shall set forth each Townhouse Owner's Common Expenses assessment, which shall be equal to the Townhouse Owner's Share of the total amount being assessed generally plus such additional amounts, if any, the Board is authorized to assess to individual Townhouse Owners pursuant to the Declaration, such as, by way of example and not limitation, the provisions of paragraph 12(c) thereof pertaining to blanket insurance covering all of the Townhouses. To the extent that the assessments and other cash income collected from the Townhouse Owners during the preceding year are 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. 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. A proposed annual budget for each fiscal year shall be approved by the Board, and a copy thereof shall be furnished to each Townhouse Owner, not later than thirty (30) days prior to the Board's adopting the final annual budget for such year.

Section 5.2. Assessments. 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, including Declarant with respect to unsold Townhouses it owns (except to the extent hereinafter specified, shall pay, as his respective monthly assessment for the Common Expenses, one-twelfth (1/12) of his share of the Common Expenses for such year as shown by the annual budget. In the event that the Board does not adopt an annual budget or fails to determine new monthly assessments for any year, or is delayed in doing so, each Townhouse Owner shall continue to pay each month the amount of his monthly assessment as last determined. Each Townhouse Owner shall pay his monthly assessment on or before the first day of each month to the managing agent or as may be otherwise directed by the Board. No Townhouse Owner shall be relieved of his obligation to pay his assessment by abandoning or by not using his Townhouse or the Common Area. Notwithstanding the foregoing, until such time as Declarant has sold a total of five (5) Townhouses and delivered deeds therefor, the amount of the Common Expenses to be paid by the Declarant with respect to unsold Townhouses owned by it shall not include what would otherwise be the Declarant's Townhouse Owners Share of amounts budgeted for reserves for contingencies or for replacements. Declarant shall, however, require in connection with the initial sale of each Townhouse owned by it that the purchaser thereof pay to the Association an amount equal to three times the then monthly assessment for such Townhouse to establish a reserve for contingencies.

Section 5.3. Partial Year or Month. For the first fiscal year of Association, the annual budget shall be as approved by the First Board prior to the conveyance of any Townhouse. If such first fiscal year, or any succeeding fiscal year, is less than a full year, then the monthly assessment for each Townhouse Owner shall be proportionate to the number of months and days in such period covered by such budget. Commencing with the date of acquiring ownership of his Townhouse, each Townhouse Owner shall pay his assessment for the following month or fraction of a month, which assessment shall be in proportion to such Townhouse Owner's Share and the number of months and days remaining of the period covered by the current annual budget, and which assessment shall be as computed by the Board.

Section 5.4. Annual Report. Within ninety (90) days after the end of each fiscal year covered by an annual budget, or as soon thereafter as shall be practicable, but in any event within one hundred twenty (120) days, the Board shall cause to be furnished to each Townhouse Owner a statement for such year so ended, showing an itemized accounting of the Common Expenses for the preceding year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget or assessment, and showing the net excess or deficit of income over expenditures plus reserves and such other information as

the Board may deem advisable.

Section 5.5. 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 annual budget for such year, are insufficient or inadequate to cover the estimated Common Expenses for the remainder of such year or, if there shall be any non-recurring Common Expenses or any Common Expenses not set forth in the annual budget as adopted, then the Board shall prepare and approve a supplemental budget covering the estimated deficiency for the remainder of such year, a copy of which supplemental budget shall be furnished to each Townhouse Owner, and thereupon a supplemental assessment shall be made against each Townhouse Owner for his proportionate share of such supplemental budget, subject, however, to the following requirements:

(a) any non-recurring Common Expenses, any Common Expenses not set forth in the budget as adopted, and any increase over the amount adopted in the annual budget shall be separately assessed against all Townhouse Owners; and

(b) any such separate assessments shall be subject to approval by the affirmative vote of at least two-thirds (2/3) of the Townhouse Owners voting at a special meeting of Townhouse Owners duly called for the purpose of approving the assessment if it involves proposed expenditures resulting in a total payment of assessments by a Townhouse Owner equal to or exceeding the greater of five (5) times the Townhouses most recent regular monthly assessment for Common Expenses or Three Hundred and No/00 Dollars (\$300.00).

Section 5.6. Expenditures. Except for any expenditures and contracts specifically authorized by the Declaration and these By-Laws, the Board shall not approve any expenditure in excess of Five Thousand Dollars (\$5,000.00) unless required for emergency repair, protection, or operation of the Common Area, nor enter any contract of more than two (2) years' duration, without the prior approval by the affirmative vote of Townhouse Owners owning not less than seventy-five percent (75%) of the Townhouses.

Section 5.7. Remedies. If any Townhouse Owner fails or refuses to pay when due his Townhouse Owner's Share of the Common Expenses, the Board or the Association shall have the authority to exercise and enforce any and all rights and remedies as are specified or referred to in Section 21 of the Declaration.

Section 5.8. Records and Statement of Account. The Board shall cause to be kept detailed and accurate records, in chronological order, of the receipts and expenditures affecting the Common Area, specifying and itemizing, the Common Expenses incurred. Payment vouchers may be approved in such manner as the Board may determine. The Board shall, upon receipt of ten (10) days' written notice to it or the Association, provide to a Townhouse Owner a statement of his account, setting forth the amount of any unpaid assessments or other charges due and owing from such Townhouse Owner.

Section 5.9. Discharge of Liens. The Board may cause the Association to discharge any mechanic's lien or other encumbrance that 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 shall be jointly and severally liable for the amount necessary to discharge the same and for all costs and expenses, including, without limitation, reasonable attorneys' fees and expenses, incurred by reason of such lien.

Section 5.10. 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 Townhouse Owners and such adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held for the benefit, use, and account of all Townhouse Owners.

## ARTICLE VI

### Dissolution

Any dissolution of the Association brought about pursuant to and in accordance with the requirements of the Illinois General Not For Profit Corporation Act shall be governed by said Act and the distribution rights of each of the Townhouse Owners in the assets of the Association remaining after all liabilities and obligations of the Association have been paid, satisfied, discharged, or adequate provisions have otherwise been made therefor, shall be the same as such Townhouse Owner's Share.

## ARTICLE VII

### 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, shall be void or voidable because such Director or Directors are present at the meeting of the Board or a committee thereof that authorizes or approves such 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 that authorizes, approves, or ratifies such a contract or transaction.

## ARTICLE VIII

### Amendments

Subject to the limitations specified in paragraph 22(b) of the Declaration, these By-Laws may be amended or modified from time to time by affirmative action or approval of Townhouse Owners owning not less than seventy-five percent (75%) of Townhouse Owners.

## ARTICLE IX

### Exoneration and Indemnification

Section 9.1. General. The Directors, officers of the Association, members of any committee appointed pursuant to these By-Laws and the Declarant shall not be personally liable to the Townhouse Owners or the Association for any mistake in judgment or for any other act or omission of any kind whatsoever as such Directors, officers, committee members or Declarant, 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 its Directors and officers, each member of any committee appointed pursuant to these By-Laws, and the Declarant against all contractual and other liabilities to others arising out of contracts made by, or other acts of, such Directors, officers, committee members, or Declarant, on behalf of the Townhouse Owners, or arising out of their status as Directors, officers, committee members or Declarant, 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 or other professional fees and expenses, amounts of judgments paid, amounts paid in settlement, and other costs and expenses of any nature whatsoever, reasonably incurred in connection with the defense of any claim, action, suit, or proceeding, whether civil, criminal, administrative or otherwise, in which any such Director, officer, committee member or Declarant may be involved by reason of being or having been such Director, officer, committee member or Declarant; 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 as such Director, officer, committee member or Declarant, or (ii) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Board, there is not reasonable ground for such person being adjudged liable for gross negligence, willful misconduct or fraud in the performance of his duties as such Director, officer, committee member or Declarant.

Section 9.2. 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, upon receipt of an undertaking by or on behalf of the person or entity seeking such indemnification or payment in advance 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 IX.

Section 9.3. Miscellaneous. The Association and the Board shall have the power to raise and the responsibility for raising, by special assessment or otherwise, any sums required to discharge its obligations under this Article; provided, however, that the liability of each Townhouse Owner arising out of (i) any contract made by or any other act of Directors, officers, committee members or Declarant or (ii) the aforesaid indemnity in favor of Directors, officers, committee members or Declarant shall be limited

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