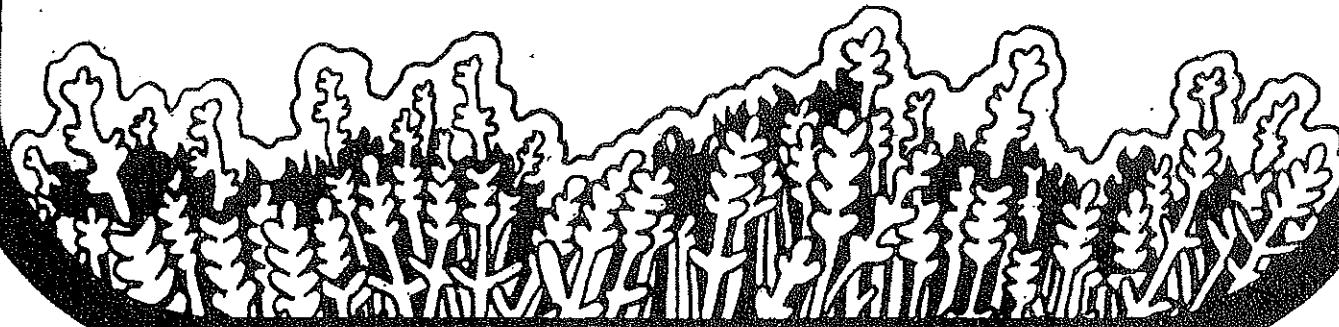


**Declaration for
Covered Bridge
Townhome
Association**

HeatherRidge



**DECLARATION FOR
COVERED BRIDGE TOWNHOME ASSOCIATION**

Table of Contents

**ARTICLE ONE
Definitions**

Section		Page
1.01	Assessable Area	2
1.02	Board	2
1.03	By-laws	2
1.04	Common Expenses	2
1.05	Declaration	2
1.06	Developer	2
1.07	Development Area	2
1.08	Dwelling Unit	2
1.09	Dwelling Unit Exterior	2
1.10	Family	3
1.11	Garage	3
1.12	Garage Exterior	3
1.13	Garage Unit	3
1.14	Owner	3
1.15	Person	3
1.16	Premises	3
1.17	Record	3
1.18	Residential Association	3
1.19	Turnover Date	3
1.20	Umbrella Association	3
1.21	Umbrella Declaration	3
1.22	Voting Member	3

**ARTICLE TWO
Scope of Declaration and Certain Property Rights**

2.01	Property Subject to Declaration	4
2.02	Conveyances Subject to Declaration	4
2.03	Association Right of Ingress and Egress	4
2.04	Developer's Reserved Rights	4
2.05	Easement for Unintentional Encroachment	4
2.06	Lease of Dwelling Unit	4
2.07	Ownership of Garages	4

ARTICLE THREE
Covenants and Restriction as to Use and
Maintenance of Dwelling Units and Garages

3.01	Maintenance of Dwelling Units and Garages	5
3.02	Additions, Alterations or Improvements	5
3.03	Damage Caused by Owner	5
3.04	Initial Assignment of Garage Units	5
3.05	Lease or Transfer of Garage Units	6
3.06	Age Restrictions	6
3.07	Residential Use Only	6
3.08	No Signs	6
3.09	Pets	6
3.10	Utilities	6
3.11	Structural Impairment	7
3.12	Proscribed Activities	7
3.13	No Unsightly Uses	7
3.14	Rules and Regulations	7

ARTICLE FOUR
The Residential Association

4.01	The Association	7
4.02	Membership	7
4.03	The Board	7
4.04	Voting Rights	7
4.05	Developer's Right	7
4.06	Managing Agent	8
4.07	Director and Officer Liability	8

ARTICLE FIVE
Insurance

5.01	Residential Association Insurance	8
5.02	Dwelling Unit Insurance	9
5.03	Rebuilding of Damaged Dwelling Unit	9
5.04	Cancellation of Coverage	9
5.05	Waiver of Subrogation	9

ARTICLE SIX
Assessments

6.01	Creation of Lien and Personal Obligation	10
6.02	Purpose of Assessments	10
6.03	Annual Assessment	10
6.04	Payment of Annual Assessment	10
6.05	Revised Annual Assessment	11
6.06	Special Assessment	11
6.07	Capital Reserve	11
6.08	Initial Capital Contribution	11
6.09	Security Deposit	11
6.10	Nonpayment of Assessments	12
6.11	Association's Lien Subordinated to Mortgages	12

ARTICLE SEVEN
Requirements of Umbrella Declaration

7.01	In General	12
7.02	Umbrella Association Assessments	12
7.03	Central Recreational Facility Fee	12
7.04	Responsibility for Collection	12
7.05	Easement Rights	13
7.06	Services by Umbrella Association	13

ARTICLE EIGHT
Party Walls

8.01	Party Wall	13
8.02	Rights in Party Wall	13
8.03	Damage to Party Wall	13
8.04	Change in Party Wall	13
8.05	Arbitration	13

ARTICLE NINE
Annexing Additional Property

9.01	In General	14
9.02	Power to Amend	14
9.03	Effects of Amendment	14

ARTICLE TEN
Remedies for Breach or Violation

10.01	Self-Help by Board	14
10.02	Other Remedies of The Board	14
10.03	Costs and Expenses	15
10.04	Enforcements by Owners	15

ARTICLE ELEVEN
Amendments

11.01	Special Amendment	15
11.02	Amendment by Owners	15

ARTICLE TWELVE
Mortgagees' Rights

12.01	Mortgagees' Consent	15
12.02	Notice to Mortgagees	15
12.03	Insurance Proceeds/Condemnation Awards	16

ARTICLE THIRTEEN

Miscellaneous

13.01	Duration	16
13.02	Severability	16
13.03	Notices	17
13.04	Captions/Conflicts	17
13.05	Perpetuities and Other Invalidity	17
13.06	Title Holding Land Trust	17

NOW, THEREFORE, Developer for the purposes above set forth, hereby declares as follows:

ARTICLE ONE

Definitions

For the purpose of brevity and clarity, certain words and terms used in this Declaration are defined as follows:

1.01 ASSESSABLE AREA: The square footage of each Dwelling Unit which shall be equal to the floor area within the Dwelling Unit measured to and from the exterior of outer walls and the center of party walls, excluding basements and garages, if any, and which shall be conclusively presumed to be equal to the Assessable Area with respect to each Dwelling Unit as set forth in Exhibit C hereto. Exhibit C may be supplemented by the Developer pursuant to Article Nine.

1.02 BOARD: The board of directors of the Residential Association, as constituted at any time or from time to time, in accordance with the applicable provisions of Article Four hereof.

1.03 BY-LAWS: The By-laws of the Residential Association.

1.04 COMMON EXPENSES: The expenses of administration (including management and professional services), maintenance, operation, repair, replacement, waste removal, landscaping, exterior window washing and snow removal of the Dwelling Unit Exteriors and Garages; the cost of insurance, taxes, and any necessary utility expenses for the Garages; if not separately metered or charged, the cost of water, waste removal and other necessary utility services to the Dwelling Units; any expenses designated as Common Expenses by this Declaration or the By-laws; and any other expenses lawfully incurred by the Residential Association for the common benefit of all of the Owners.

1.05 DECLARATION: This instrument with all Exhibits hereto, as amended or supplemented from time to time.

1.06 DEVELOPER: HeatherRidge Development Company, a Delaware Corporation authorized to do business in Illinois, its successors and assigns.

1.07 DEVELOPMENT AREA: The real estate described in Exhibit A hereto with all improvements thereon and rights appurtenant thereto. Exhibit A is attached hereto for informational purposes only and no covenants, conditions, restrictions, easements, liens or charges shall attach to any part of the real estate described therein, except to the extent that portions thereof are described in Exhibit B and expressly made subject to the provisions of this Declaration as part of the Premises. Any portions of the Development Area which are not made subject to the provisions of this Declaration as part of the Premises may be developed and used for any purposes not prohibited by law, including, without limitation, as a residential development which is administered separate from HeatherRidge, as an industrial park, or as a shopping center or other commercial development.

1.08 DWELLING UNIT: A part of the Premises which is designated as a Dwelling Unit in Exhibit B hereto. Each Dwelling Unit shall be identified on a Recorded plat of subdivision by a distinguishing number or other symbol. One Family may occupy more than one Dwelling Unit and one Owner may own more than one Dwelling Unit; however, such use shall in no way affect the rights, duties and obligations under this Declaration and for the purposes of determining membership in the Residential Association each Dwelling Unit shall be considered as a separate and individual unit. If two or more Dwelling Units are combined and occupied by a Family, each Dwelling Unit shall nevertheless be considered as a separate Dwelling Unit under this Declaration. No Dwelling Unit shall be subdivided or partitioned.

1.09 DWELLING UNIT EXTERIOR: The roof, foundation, steps, footings, crawl space and outer surface of exterior walls of the residence located on the Dwelling Unit and all portions of the Dwelling Unit which are not improved with the residence including, without limitation, the following:

- (a) Driveways, walkways, patios, grass, shrubbery and other landscaping, if any; and

(b) Those portions of water, sewer, electric and other operating or utility systems which serve more than one Dwelling Unit (but not including those portions of such systems which serve only the residence located on the Dwelling Unit).

1.10 FAMILY: One or more persons each related to the other by blood, marriage, or law, together with such relative's respective spouses, who are living together, and up to and including three persons not so related, provided that such persons maintain a common household. A Family includes any domestic servant and not more than one gratuitous guest residing with the Family; such servant and guest shall be included in the unrelated persons allowed by this definition, and shall not be in addition thereto. A Family shall not include any children above the age of five (5) years and under the age of sixteen (16) years, and no such child shall be permitted to reside in a Dwelling Unit, as more fully set forth in Section 3.06.

1.11 GARAGE: A part of the Premises which is designated as a Garage in Exhibit B hereto. Each Garage shall be improved with a structure to be used as a garage for automobiles and for storage purposes. Title to all Garages shall be conveyed by the Developer to the Residential Association, as hereinafter provided.

1.12 GARAGE EXTERIOR: The roof, foundation, steps, footings, garage doors and outer surface of exterior walls of each Garage structure and all parts of a Garage which are not improved with such a structure including, without limitation, the following:

- (a) Driveways, walkways, grass, shrubbery and other landscaping, if any; and
- (b) Those portions of any operating or utility systems which serve the Garage.

1.13 GARAGE UNIT: That portion of the interior of the Garage which is assigned to a Dwelling Unit by the Developer upon the closing of the first sale of the Dwelling Unit, together with the automatic garage door opener, if any, which opens the door to the Garage Unit.

1.14 OWNER: A Record owner, whether one or more Persons, of fee simple title to any Dwelling Unit, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. The Developer shall be deemed to be an Owner with respect to each Dwelling Unit owned by the Developer.

1.15 PERSON: A natural individual, corporation, partnership, trustee or other legal entity capable of holding title to real property.

1.16 PREMISES: That portion of the Development Area which is described in Exhibit B hereto, as Exhibit B may be amended from time to time, with all improvements thereon and rights appurtenant thereto. The Developer may make Added Premises subject to this Declaration pursuant to Article Nine.

1.17 RECORD: To record with the Recorder of Deeds of Lake County, Illinois.

1.18 RESIDENTIAL ASSOCIATION: Covered Bridge Townhome Association, an Illinois not-for-profit corporation, its successors and assigns.

1.19 TURNOVER DATE: The date on which the rights of the Developer to designate the members of the Board are terminated under Section 4.05.

1.20 UMBRELLA ASSOCIATION: HeatherRidge Umbrella Association, an Illinois not-for-profit corporation, its successors and assigns.

1.21 UMBRELLA DECLARATION: Umbrella Declaration of Covenants, Conditions, Restrictions and Easements for HeatherRidge, Recorded June 25, 1975 as Document No. 1714903, as from time to time amended or supplemented.

1.22 VOTING MEMBER: The individual who enjoys membership in the Residential Association attributable to a Dwelling Unit and who (after the Turnover Date) shall be entitled to vote at meetings of the Owners, as more fully set forth in Section 4.02.

Certificate of
Incorporation
of

Covered Bridge Townhome Association

DOC 19055949
ILLINOIS
18 MAR 27 PH 12 59

Brian Meltzer
RECOORDER OF DEEDS

Return to:

Brian Meltzer
SCHWARTZ & FREEMAN
One IBM Plaza - Suite 4530
Chicago, Illinois 60611

Chit 9.50
See 7.50
Appt 1.50

STATE OF ILLINOIS,

Office of the
Secretary of State

the Corporation, its members, and all parties acting for or on behalf of the Corporation shall have such rights and obligations as are provided by law, these Articles of Incorporation, the By-Laws of the Corporation, and the Declaration.

(d) Under Section 4.04 of the Declaration, the voting rights of the members shall be vested exclusively in the Developer until the Turnover Date (as defined in Section 4.05 of the Declaration). From and after the Turnover Date, the voting rights of members shall be vested in Voting Members (as defined in Section 4.02 of the Declaration).

(e) Until the first meeting of the Owners after the Turnover Date, the Board of Directors shall consist of three persons designated by the Developer. From and after such first meeting, the Board of Directors shall consist of that number of persons as from time to time provided in the Declaration and the By-Laws of this Corporation.

(NOTE: Any special provision authorized or permitted by statute to be contained in the Articles of Incorporation, may be inserted above.)

(INCORPORATORS MUST SIGN BELOW)

Brian Meltzer
Stuart Dunn
Jay M. Silverman

} Incorporators

ACKNOWLEDGMENT

STATE OF ILLINOIS,
 County of COOK] ss.

I, Rosemary Davidson, a Notary Public do hereby certify that on the
 14th day of March, 1978, Brian Meltzer,
Stuart Dunn and Jay M. Silverman

(Names of Incorporators)

personally appeared before me and being first duly sworn by me severally acknowledged that they signed the foregoing document in the respective capacities therein set forth and declared that the statements therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year above written.

Rosemary Davidson
 Notary Public

FORM NP-29
 ARTICLES OF INCORPORATION
 under the
 GENERAL NOT FOR PROFIT
 CORPORATION ACT
 of
 Covered Bridge Homeowners Association

FILED

MAR 17 1978

These Articles Must Be Recorded and Filed in
 (Name of State)
 Filing Fee \$25.00

ARTICLES OF INCORPORATION
UNDER THE
GENERAL NOT FOR PROFIT CORPORATION ACT
(These Articles Must Be Filed in Duplicate)

1905949

Secretary of State, Springfield, Illinois.

(Do Not Write in This Space)
Date Paid 3-17-78
Filing Fee \$ 25.00
Clerk [Signature]

We, the undersigned.

(Not less than three)

Name	Number	Street	Address City	State
Brian Maltzer	One IBM Plaza - Suite 4530		Chicago, Illinois 60611	
Stuart Duhl	"	"	"	"
Jay M. Silverman	"	"	"	"

being natural persons of the age of twenty-one years or more and citizens of the United States, for the purpose of forming a corporation under the "General Not For Profit Corporation Act" of the State of Illinois, do hereby adopt the following Articles of Incorporation:

1. The name of the corporation is: The Covered Bridge Townhome Association
2. The period of duration of the corporation is: perpetual (This is the "perpetual" or a definite number of years)
3. The address of its initial Registered Office in the State of Illinois is: P.O. Box 500, Rts. 21 and 120
Street in the city of Gurnee (60031) County of Lake and
(Zip Code) Howard Farkas the name of its initial Registered Agent at said Address is:
4. The first Board of Directors shall be three in number, their names and addresses being as follows:

Name	Number	Street	Address City	State
Howard Farkas	P.O. Box 500, Routes 21 and 120		Gurnee, Illinois 60031	
Ann L. Chatterton	"	"	"	"
Jeanne M. Harger	"	"	"	"

5. The purpose or purposes for which the corporation is organized are:

- (a) To acquire and own real and personal property and any interests or rights therein or appurtenant thereto as may be incidental to the purposes of the Corporation.
- (b) To act on behalf of its members collectively, as their governing body for civic functions and purposes, with respect to the preservation, care, maintenance, replacement, improvement, enhancement, operation and administration of both real and personal property for the promotion of the health, safety and welfare, and the common use and enjoyment thereof by members of the Corporation, all on a not-for-profit basis and all as more fully set forth in the Declaration for the Covered Bridge Townhome Association to be recorded in Lake County, Illinois, (the "Declaration").

Certificate No 35910



To all whom these Presents Shall Come, Greeting:

Whereas, Articles of Incorporation duly signed and verified of

COVERED BRIDGE TOWNHOME ASSOCIATION

have been filed in the Office of the Secretary of State on the 17th day of March A.D. 1978, as provided by the "GENERAL NOT FOR PROFIT CORPORATION ACT" of Illinois, approved July 17, 1973, in force January 1 A.D. 1974.

Alan J. Dixon

Now Therefore, I, Alan J. Dixon, Secretary of State of the State of Illinois, by virtue of the powers vested in me by law, do hereby issue this Certificate of Incorporation and attach thereto a copy of the Articles of Incorporation of the aforesaid corporation.

In Testimony Whereof, I have set my hand and cause to
affix the Great Seal of the State of Illinois
Done at the City of Springfield this 17th
day of March A.D. 1978 and
of the Independence of the United States
the two hundred and 2nd



— *Alan J. Dixon*
SECRETARY OF STATE

ARTICLE XII

AMENDMENTS

These Bylaws may be amended or modified at any time, or from time to time by the affirmative vote of Voting Members having more than fifty (50) votes, provided that Section 5.02 or any other provisions relating to the rights of the Developer may not be amended without the written consent of the Developer, and provided further, that no provision of these Bylaws may be amended or modified so as to conflict with the provisions of the Declaration or the Act. These Bylaws may also be amended by the Developer for the purposes and by the procedure set forth in Section 10.01 of the Declaration. No amendment to these Bylaws shall become effective until Recorded.

**THE BYLAWS OF
THE COVERED BRIDGE TOWNHOME ASSOCIATION
AN ILLINOIS NOT-FOR-PROFIT CORPORATION**

**ARTICLE I
NAME OF CORPORATION**

The name of this corporation is THE COVERED BRIDGE CONDOMINIUM ASSOCIATION.

**ARTICLE II
PURPOSES AND POWERS**

2.01 PURPOSES: The purposes of this Association are to act on behalf of its members collectively, as their governing body for civic functions and other purposes, with respect to the preservation, care, maintenance, replacement, improvement, enhancement, operation and administration of both real and personal property and for the promotion of the health, safety and welfare of the members of the Association, all on a not-for-profit basis. These Bylaws are attached as Exhibit E to the provisions of the Declaration of Townhome Ownership for The Covered Bridge Townhome Association ("Declaration"). All terms used herein shall have the meanings set forth in the Declaration.

2.02 POWERS: The Association shall have and exercise all powers as are now or may hereafter be granted by the General Not-For-Profit Corporation Act of the State of Illinois, the Act, the Declaration and these Bylaws.

**ARTICLE III
OFFICES**

3.01 REGISTERED OFFICE: The Association shall have and continuously maintain in this state a registered office and a registered agent whose office is identical with such registered office, and may have other offices within or without the State of Illinois as the Board may from time to time determine.

3.02 PRINCIPAL OFFICE: The Association's principal office shall be maintained on the Development Area.

**ARTICLE IV
MEETINGS OF MEMBERS**

4.01 VOTING RIGHTS: There shall be one individual with respect to each Dwelling Unit who shall be entitled to vote at any meeting of the Owners (the "Voting Member"). If the Owner of a Dwelling Unit is one individual then such individual shall be the Voting Member. If the Record ownership of a Dwelling Unit shall be in more than one individual or if the Owner is a trustee, corporation, partnership or other legal entity, then the Voting Member shall be designated by the Owner or Owners in writing to the Board, and if in the case of multiple individual Owners no designation is given, then the Board may, at its election, recognize an individual Owner of the Dwelling Unit as the Voting Member for such Dwelling Unit. Any or all Owners may be present at any meeting of the Owners, but the voting rights shall be vested exclusively in the Voting Members. The total number of votes of all Voting Members shall be 100 and each Voting Member shall be entitled to the number of votes equal to the Undivided Interest of the Dwelling Unit represented by him, multiplied by 100; i.e., a Voting Member who represents a Dwelling Unit which has an Undivided Interest of 1.32% shall have a vote of 1.32.

4.02 PLACE OF MEETING: QUORUM: Meetings of the Owners shall be held at the principal office of this Association or at such other place in the County in which the Property is located as may be designated in any notice of a meeting. All meetings shall be conducted in accordance with the rules and provisions set forth in Roberts Rules of Order, as from time to time published. Voting Members serving from time to time which represent twenty (20) votes shall constitute a quorum. Unless otherwise expressly provided herein or in the Declaration, any action may be taken at any meeting of the Owners at which a quorum is present upon the affirmative vote of the Voting Members representing a majority of the total votes present at such meeting. The affirmative vote of Voting

Members representing at least sixty-six and two-thirds (66-2/3) votes shall be required for the following action: (a) merger or consolidation of the Association; (b) sale, lease, exchange, mortgage, pledge or other disposition of all, or substantially all of the Property and assets of the Association; and (c) the purchase or sale of land or of units on behalf of all Owners.

4.03 ANNUAL MEETINGS: The initial meeting of the Owners shall be held upon ten (10) days' written notice given by the Developer. If not called earlier by the Developer, the initial meeting of the Owners shall be held not more than thirty (30) days after the Turnover Date. Thereafter there shall be an annual meeting of the Owners on the first Wednesday of March of each succeeding year at 7:30 P.M., or at such other reasonable time or date [not more than thirty (30) days before or after such date] as may be designated by written notice of the Board delivered to the Owners not less than ten (10) days prior to the date fixed for said meeting.

4.04 SPECIAL MEETINGS: Special meetings of the Owners may be called at any time for the purpose of considering matters which, by the terms of the Declaration, require the approval of all or some of the Voting Members or for any other reasonable purpose. Said meetings shall be called by written notice, authorized by the President, a majority of the Board, or by Voting Members representing at least twenty (20) votes, and delivered not less than ten (10) days and not more than thirty (30) days prior to the date fixed for said meeting. The notices shall specify the date, time and place of the meeting and the matters to be considered.

4.05 NOTICE OF MEETINGS: Notices of meetings required to be given herein shall be deemed to have been duly given (a) when posted in a conspicuous place in the Common Elements, (b) when actually delivered to the Dwelling Unit (regardless of whether the Owner actually resides at the Dwelling Unit) or (c) when mailed, postage prepaid, to the Owner, addressed to such person at the address given by him to the Board for the purpose of business and matters to be acted upon or considered at the meeting.

ARTICLE V BOARD OF DIRECTORS

5.01 IN GENERAL: The affairs of the Association and the direction and administration of the Property shall be vested in the Board, which (after the Turnover Date) shall consist of five (5) persons ("Directors"). The Board shall have all of the powers granted to it under the Act, the Declaration, these Bylaws and the General Not-For-Profit Corporation Act of the State of Illinois.

5.02 DEVELOPER-DESIGNATED BOARDS: Anything herein to the contrary notwithstanding, until the first meeting of the Owners after the Turnover Date, the Board shall consist of three (3) persons from time to time designated by the Developer. Such persons may, but need not, be Owners and such persons shall serve at the discretion of the Developer. During such period the Voting Members may elect from among the Owners that number of non-voting counselors to the Board as the Developer may, in its sole discretion, permit.

5.03 BOARDS AFTER TURNOVER DATE: At the first meeting of the Owners after the Turnover Date the Voting Members shall elect a full Board in the manner hereinafter provided to replace the Developer-designated Board established under Section 5.02. From and after such meeting, each member of the Board shall be a Voting Member. Within sixty (60) days after such meeting the Developer shall deliver to the Board:

- (a) Original copies of the Declaration, these Bylaws, the Association's Articles of Incorporation and the Association's minute book.
- (b) An accounting of all receipts and expenditures made or received on behalf of the Association by the Developer-designated Boards.
- (c) All Association funds and bank accounts.
- (d) A schedule of all personal property, equipment and fixtures belonging to the Association including documents transferring the property to the Association.

5.04 ELECTION: At the first meeting of the Owners after the Turnover Date, the Voting Members shall elect a full Board of five (5) Directors, three (3) of whom shall be elected to a one (1) year term and two (2) year term. At each subsequent annual meeting, the Voting Members shall elect successors to Directors whose terms expire and all Directors so elected shall serve two (2) year terms. In all elections for members of the Board, each Voting Member shall be entitled to the number of votes equal to the number of Directors to be elected multiplied by the number of votes to which such Voting Member is entitled (but cumulative voting shall not be permitted). The candidates receiving the highest number of votes with respect to the number of offices to be filled shall be deemed to be elected. Where Directors are being elected for terms of unequal length, the Directors elected with the highest numbers of votes shall be deemed to be elected for the longest terms. Each Director shall hold office until his successor is elected and qualified.

5.05 ANNUAL MEETINGS: The Board shall hold an annual meeting within ten (10) days after the annual meeting of the Owners at such place as shall be fixed by the Directors at the annual meeting of the Owners, and no notice shall be necessary to the Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

5.06 REGULAR MEETINGS: Regular meetings of the Board shall be held at such time and place as shall be determined at the annual meeting or, from time to time, by a majority of the Directors, provided that not less than four (4) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board shall be given to each Director, personally or by mail, telephone or telegraph, at least forty-eight (48) hours prior to the scheduled time of the meeting and such notice shall state the time and place of such regular meeting.

5.07 SPECIAL MEETINGS: Special meetings of the Board may be called by the President or by at least one-third (1/3) of the Directors then serving. At least forty-eight (48) hours prior notice of a special meeting shall be given to each Director, either personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting.

5.08 WAIVER OF NOTICE: Before or at any meeting of the Board any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

5.09 OPEN MEETINGS: Each meeting of the Board shall be open to any Owner, provided the Board shall not be prohibited from holding private, informal meetings at which no binding action is taken. The Board may adopt reasonable rules governing the conduct of Owners who attend meetings and Owners who do not comply with such rules may be removed from the meeting. Notice of any meeting of the Board at which the Board shall consider adoption of an annual budget, revised budget or special assessment (under Section 6.03, 6.05 or 6.06 of the Declaration) shall be given to all Owners in the manner provided in Section 4.05 of these Bylaws.

5.10 QUORUM: A majority of the Directors serving from time to time shall constitute a quorum for the election of officers and for the transaction of business at any meeting of the Board, provided that if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice. Except as otherwise expressly provided herein or in the Declaration, any action may be taken upon the affirmative vote of a majority of the Directors present at a meeting at which a quorum is present.

5.11 COMPENSATION/REIMBURSEMENT FOR EXPENSES: Directors shall receive no compensation, except as expressly provided in a resolution duly adopted by the Voting Members. Upon the presentation of receipts or other appropriate documentation, a Director shall be reimbursed by the Association for reasonable out-of-pocket expenses incurred in the course of the performance of his duties as a Director.

5.12 REMOVAL OR RESIGNATION OF DIRECTOR: Any Director may be removed from office, with or without cause, by the affirmative vote of the Voting Members representing at least fifty-one (51) votes at any annual meeting or at a special meeting called for such purpose. Any Director may resign at any time by submitting his written resignation to the Board. If a Director ceases to be a

Voting Member, he shall be deemed to have resigned as of the date of such cessation. A successor to fill the unexpired term of a Director who resigns or is removed may be elected by the Voting Members at any annual meeting or at any special meeting called for such purpose and any successor so elected shall serve the balance of his predecessor's term.

5.13 POWERS AND DUTIES OF THE BOARD: The Board shall have all of the powers and duties granted to it or imposed upon it by the Act, the Declaration, these Bylaws, and the Illinois General Not-For-Profit Corporation Act, including, without limitation, the following powers and duties:

- (a) To engage the services of a manager or managing agent to assist the Association in performing and providing such services as the Association is required to provide to its members under the Declaration, provided that such engagement shall be subject to the consent of the Umbrella Association Board, as provided in the Bylaws of the Umbrella Association;
- (b) To provide for the designation, hiring and removal of such employees and such other personnel, including attorneys and accountants, as the Board may, in its discretion, deem necessary or proper for the effective administration of the Association;
- (c) To provide for any maintenance, repair, alteration, addition, improvement or replacement of the Common Elements for which the Association is responsible under the Declaration and these Bylaws;
- (d) To procure insurance as provided for under the Declaration;
- (e) To estimate and provide each Owner with an annual budget showing the Common Expenses;
- (f) To set, give notice of, and collect assessments from the Owners as provided in the Declaration;
- (g) To pay the Common Expenses;
- (h) To elect Delegates to represent the Owners at the Umbrella Association, as provided in the Umbrella Declaration. That number of Delegates to which, under the Umbrella Declaration, the Association is entitled shall be elected at each annual meeting of the Board. If Added Dwelling Units are made subject to the Declaration during the course of the year and, as a result, the Association is entitled to be represented by additional Delegates, then the Board shall elect such additional Delegates at the next regular or special meeting of the Board after such Added Dwelling Units are made subject to the Declaration. Each Delegate shall serve until his successor is elected and qualified;
- (i) To adopt rules and regulations as provided in the Declaration;
- (j) To delegate the exercise of its power to committees appointed pursuant to Section 7.01 of these Bylaws.

ARTICLE VI

OFFICERS

6.01 OFFICERS: The officers of the Association shall be a President, one or more Vice Presidents, a Secretary, a Treasurer, and such assistants to such officers as the Board may deem appropriate. All officers shall be elected at each annual meeting of the Board and shall hold office at the discretion of the Board. The President, Secretary and Treasurer shall be Directors and all other officers may, but need not be, Directors.

6.02 VACANCY OF OFFICE: Any officer may be removed at any meeting of the Board by the affirmative vote of the majority of the Directors in office, either with or without cause, and any vacancy in any office may be filled by the Board at any meeting thereof.

6.03 POWERS OF OFFICERS: The respective officers of the Association shall have such powers and duties as are from time to time prescribed by the Board and as are usually vested in such officers of an Illinois Not-For-Profit Corporation including without limitation, the following:

- (a) The President shall be the Chief Executive Officer of the Association and shall preside at all meetings of the Owners and at all meetings of the Board;
- (b) The Vice President shall, in the absence or the disability of the President, perform the duties and exercise the powers of such office;
- (c) The Secretary shall keep minutes of all meetings of the Owners and of the Board and shall have custody of the Association Seal and have charge of such other books, papers and documents as the Board may prescribe;
- (d) The Treasurer shall be responsible for Association funds and securities and for keeping full and accurate accounts of all receipts and disbursements in the Association books of accounts kept for such purpose.

6.04 OFFICERS' COMPENSATION: The officers shall receive no compensation for their services except as expressly provided by a resolution duly adopted by the affirmative vote of Voting Members representing more than fifty (50) votes.

NO
WALLS
IN
GARAGE

ARTICLE VII COMMITTEES DESIGNATED BY BOARD

7.01 BOARD COMMITTEES: The Board, by resolution adopted by a majority of the Directors in office, may designate one (1) or more committees, each of which shall consist of two (2) or more Directors, which committees, to the extent consistent with law and as provided in said resolution, shall have and exercise the authority of the Board in the management of the Association; but the designation of such committees and delegation thereto of authority shall not operate to relieve the Board, or any individual Director, of any responsibility imposed upon it or him by law.

7.02 SPECIAL COMMITTEES: Other committees not having and exercising the authority of the Board in the management of the Association may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, members of each such committee shall be Owners and the President of the Association shall appoint the members thereof. Any member thereof may be removed by the person or persons authorized to appoint such member whenever in their judgment the best interests of the Association shall be served by such removal.

7.03 TERM: Each member of a committee shall continue as such until the next annual meeting of the Board and until his successor is appointed, unless the committee shall be sooner terminated, or unless such member shall be removed from such committee, or unless such member shall cease to qualify as a member thereof.

7.04 CHAIRMAN: One member of each committee shall be appointed chairman.

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

7.06 QUORUM: Unless otherwise provided in the resolution of the Board designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

7.07 RULES: Each committee may adopt rules for its own government not inconsistent with the Declaration, these Bylaws or with rules adopted by the Board.

ARTICLE VIII **CONTRACTS, CHECKS, DEPOSITS AND FUNDS**

8.01 CONTRACTS: The Board may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association and such authority may be general or confined to specific instances. In the absence of any such authorization by the Board, any such contract or instrument shall be executed by the President or a Vice President and attested to by the Secretary or an Assistant Secretary of the Association.

8.02 PAYMENTS: All checks, drafts, vouchers or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association, and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board such instruments shall be signed by the Treasurer or an Assistant Treasurer and countersigned by the President or a Vice President of the Association.

8.03 BANK ACCOUNTS: All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositaries as the Board shall elect.

8.04 SPECIAL RECEIPTS: The Board may accept on behalf of the Association any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Association.

ARTICLE IX **FISCAL MANAGEMENT**

9.01 FISCAL YEAR: The fiscal year of the Association shall begin on the first day of January each year, except the first fiscal year of the Association shall begin at the date of incorporation, and shall end on the last day of December of such year.

9.02 ANNUAL STATEMENT: Within a reasonable time after the close of each fiscal year the Board shall furnish each Owner with a statement of the income and disbursements of the Association for such fiscal year.

9.03 ASSESSMENT PROCEDURE: Annual assessments and special assessments shall be made and collected as provided in the Declaration.

ARTICLE X **BOOKS AND RECORDS**

The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, the Board, and committees having any of the authority of the Board, and shall keep at the registered or principal office of the Association a record giving the names and addresses of the members. All books and records of the Association may be inspected by any Owner, or his agent, Mortgagee or attorney, for any proper purpose at any reasonable time. Upon ten (10) days' notice to the Board and the payment of a reasonable fee, if any, which may be set by the Board, any Owner shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner and the amount of his Security Deposit.

ARTICLE XI **SEAL**

The Board may provide for a corporate seal which shall be in the form of a circle and shall have inscribed thereon the names of the Association and the words "Corporate Seal, Illinois".

Exhibit A to

Declaration for Covered Bridge
Townhome Association

The Development Area

PARCEL 1: That part of the Northwest Quarter of Section 27, Township 45 North, Range 11, East of the 3rd Principal Meridian, described as follows: Beginning at the Southwest corner of the Northwest Quarter of said Section 27; thence North 20 chains; thence South 75 degrees East along the center of Road 20.83 chains to the center of Milwaukee Road; thence South 28 degrees West along the center of Milwaukee Road to the Southerly line of said Quarter Section; and thence West to the place of beginning, in Lake County, Illinois.

PARCEL 2: The South half of the Northeast Quarter of Section 28, Township 45 North, Range 11, East of the 3rd Principal Meridian, in Lake County, Illinois.

PARCEL 3: That part of the North half of the Southwest Quarter of Section 27, Township 45 North, Range 11, East of the 3rd Principal Meridian, lying West of the centerline of Des Plaines River, excepting from this Parcel the following tracts of land, to-wit:

EXCEPTED TRACT A: Beginning at a point on the North line of said Southwest Quarter, which is 288.68 feet West of the Northwest corner thereof; and running thence Southwesterly a distance of 1,479.71 feet to a point on the South line of said North half of the Southwest Quarter, which is 942.65 feet West of the Southeast corner of said North half of the Southwest Quarter; thence West along said South line of the North half of the Southwest Quarter, a distance of 300.18 feet; thence Northeasterly along a line 270 feet Northwesterly from and parallel to the last described diagonal line, a distance of 1,478.84 feet to a point on said North line of the Southwest Quarter which is 300.56 feet West of the point of beginning; thence East along said North line to the point of beginning, in Lake County, Illinois.

EXCEPTED TRACT B: Beginning at a point in the centerline of State Route 63, which is South 28 degrees 14 minutes West, 625.0 feet from the point of intersection of said centerline with the North line of said Quarter Section; thence North 61 degrees 46 minutes West, 595.0 feet to the West line of said Quarter Section thence South along said West line, 527.8 feet; thence South 61 degrees 46 minutes East, 344.0 feet to a point in the centerline of said State Route 63, which is South 28 degrees 14 minutes West, 465.0 feet from the point of beginning; and thence North 28 degrees 14 minutes East along the centerline of said State Route 63, a distance of 465.0 feet to the point of beginning, in Lake County, Illinois.

EXCEPTED TRACT C: Beginning at a point in the centerline of State Route 63, which is South 28 degrees 14 minutes West, 625.0 feet from the point of intersection of said centerline with the North line of said Quarter Section; thence North 61 degrees 46 minutes West, 595.0 feet to the West line of said Quarter Section; thence North along said West line 272.3 feet, more or less, to the Northwest corner of said Quarter Section; thence South 61 degrees 46 minutes East, 724.49 feet, more or less to a point in the centerline of said State Route 63, which is North 28 degrees 14 minutes East, 239.9 feet more or less, from the point of beginning; thence South 28 degrees 14 minutes West along the centerline of said State Route 63, a distance of 239.9 feet, more or less, to the point of beginning, in Lake County, Illinois.

EXCEPTED TRACT D: That part condemned for road purposes by proceeding had in Circuit Court of Lake County, Illinois, as General No. 15148 on judgment of taking entered August 25, 1959 in Lake County, Illinois.

PARCEL 4: The North half of the Southeast Quarter of Section 28, Township 45 North, Range 11, East of the 3rd Principal Meridian, (except that part thereof described as follows, to-wit: beginning at the Northeast corner thereof; thence West along the North line of the said half Quarter Section, 535.0 feet; thence South 50.0 feet; thence South 85 degrees 25 minutes West 309.75 feet; thence South 2 degrees 50 minutes East 610.6 feet; thence North 88 degrees 54 minutes East 455.4 feet to a point (said point being the Southeast corner of the lands of Document 1174518, recorded January

21, 1963); thence Southeasterly 387.5 feet to a point on the East line of said Section 28, which is 800.1 feet South of the Northeast corner of said Southeast Quarter (said point also being North 61 degrees 46 minutes West 344.0 feet from the centerline of State Route 63); thence North along the East line of said Section 28 a distance of 800.1 feet to the point of beginning, in Lake County, Illinois.

PARCEL 5: The East half of the Southwest Quarter of Section 28, Township 45 North, Range 11, East of the 3rd Principal Meridian, (except that part lying South of Plank Road, now known as Belvidere Road and except that part condemned for road purposes by proceeding had in the Circuit Court of Lake County, Illinois, as General No. 15148 on judgment of taking entered August 25, 1959), in Lake County, Illinois.

PARCEL 6: The Southwest Quarter of the Southeast Quarter of Section 28, Township 45, North, Range 11, East of the 3rd Principal Meridian, (except that part lying Southerly of Plank Road, now known as Belvidere Road, and except that part condemned for road purposes by proceedings had in the Circuit Court of Lake County, Illinois, as General No. 15148 on judgment of taking entered August 25, 1959), in Lake County, Illinois.

PARCEL 7: That part of the Southwest Quarter of the Southwest Quarter of Section 27 and of the Southeast Quarter of the Southeast Quarter of Section 28, Township 45 North, Range 11, East of the 3rd Principal Meridian, described as follows: commencing at the Southwest corner of the Southeast Quarter of the Southeast Quarter of Section 28; thence North on the West line of said Southeast Quarter of the Southeast Quarter of said Section 28 to the Northwest corner thereof; thence East on the North line of said Quarter Quarter Section and on the North line of the Southwest Quarter of the Southwest Quarter of said Section 27, to the center of Milwaukee Road (so-called); thence Southwesterly in the center of said Milwaukee Road to the South line of said Section 28; thence West on said South line to the place of beginning, excepting from this Parcel the following tracts of land, to-wit:

EXCEPTED TRACT A: That part thereof used and occupied as a school house lot by trustees of school of Township 45 North, Range 11, East of the 3rd Principal Meridian, described as follows: commencing at a point on the North line of the Southwest Quarter of the Southwest Quarter of said Section 27 in the center of O'Plaine and Milwaukee Road otherwise known as Milwaukee Road and running thence West 185.59 feet; thence South to the center of said O'Plaine and Milwaukee Road as now located and thence Northeasterly in the center of said road to the place of beginning, in Lake County, Illinois.

EXCEPTED TRACT B: That part lying Southerly of Plank Road, now known as Belvidere Road.

EXCEPTED TRACT C: That part condemned for road purposes by proceedings had in the Circuit Court of Lake County, Illinois, as General No. 15148 on judgment of taking entered August 25, 1959, in Lake County, Illinois.

PARCEL 8: That part of the East half of the Northwest Quarter of Section 33, Township 45 North, Range 11, East of the 3rd Principal Meridian, lying Northerly of the centerline of Plank Road, now known as Belvidere Road, except that part condemned for road purposes by proceedings had in Circuit Court of Lake County, Illinois, as General No. 15148 on judgment of taking entered August 25, 1959.

PARCEL 9: The Southeast Quarter of the Northwest Quarter of Section 28, Township 45 North, Range 11, East of the 3rd Principal Meridian, in Lake County, Illinois.

Exhibit B to

**Declaration for Covered Bridge
Townhome Association**

The Premises

I. DWELLING UNITS:

A. Units V-345 through V-404, both inclusive, in HeatherRidge—Part of Neighborhood No. 3, Phase 1, a Subdivision of part of Section 28, Township 45 North, Range 11 East of the Third Principal Meridian, according to a Plat thereof recorded in Lake County, Illinois as Document No. 1912812.

II. GARAGES:

A. Garage Buildings GB40 through GB50, both inclusive, in HeatherRidge—Part of Neighborhood No. 3, Phase 1 Subdivision.

Exhibit C to

Declaration for Covered Bridge
Townhome Association

Assessable Area

Dwelling Unit	Assessable Area (Square Feet)	Dwelling Unit	Assessable Area (Square Feet)
U-345	1145	U-375	1145
U-346	1145	U-376	941
U-347	1145	U-377	1145
U-348	1145	U-378	1145
U-349	1145	U-379	1145
U-350	941	U-380	1145
U-351	1145	U-381	1145
U-352	941	U-382	1145
U-353	1346	U-383	1145
U-354	1346	U-384	1145
U-355	1346	U-385	774
U-356	1346	U-386	774
U-357	941	U-387	1346
U-358	1145	U-388	1346
U-359	941	U-389	1145
U-360	1145	U-390	1145
U-361	1145	U-391	1145
U-362	1145	U-392	1145
U-363	1145	U-393	1145
U-364	1145	U-394	1145
U-365	1145	U-395	1145
U-366	941	U-396	1145
U-367	1145	U-397	1145
U-368	941	U-398	1145
U-369	1145	U-399	1145
U-370	1145	U-400	1145
U-371	1145	U-401	1346
U-372	1145	U-402	1346
U-373	1145	U-403	774
U-374	941	U-404	774

DECLARATION FOR COVERED BRIDGE TOWNHOME ASSOCIATION

This Declaration, dated this 15th day of April, 1978, is made by HeatherRidge Development Company, a Delaware corporation authorized to do business in Illinois ("Developer").

RECITALS:

A. Upon the initial recording of the Umbrella Declaration (hereinafter defined), Developer was the holder of record title to the Development Area which is legally described in Exhibit A hereto. Some or all of the Development Area has been or shall in the future be the subject of a planned development by Developer called "HeatherRidge". HeatherRidge is planned to include single family residential units, a Central Recreational Facility (which shall include a golf course), various Neighborhood Facilities, parking areas, green space, walkways and driveways.

B. Initially, the Developer shall subject the real estate which is legally described in Exhibit B hereto to the provisions of this Declaration as the Premises. The Premises shall include only Dwelling Units and Garages, as hereinafter defined. From time to time the Developer may subject additional portions of the Development Area to the provisions of this Declaration as Added Premises, as more fully described in Article Nine. Nothing in this Declaration shall be construed to require the Developer to subject additional portions of the Development Area to the provisions of this Declaration. Those portions of the Development Area which are not made subject to the provisions of this Declaration as Premises may be developed and used for any residential, commercial or industrial purposes not prohibited by law.

C. Each Owner of a Dwelling Unit which is subject to this Declaration shall be a member of the Umbrella Association and shall also be a member of the Residential Association. The Residential Association shall be the primary collecting agent of all Charges due under the Umbrella Declaration and all assessments and charges due under this Declaration.

D. The Residential Association shall be responsible for the administration, maintenance, repair and replacement of Dwelling Unit Exteriors and Garages, and each Owner of a Dwelling Unit which is subject to this Declaration shall be assessed for his share of the cost thereof by the Residential Association based on the Assessable Area of his Dwelling Unit.

E. Certain portions of HeatherRidge which consist of private roads, walkways, driveways and open areas shall not be made subject to this Declaration, and the Residential Association shall have no responsibility for the maintenance of such real estate. However, such real estate shall be made subject to the Umbrella Declaration and the Umbrella Association shall be responsible for the administration, maintenance, repair and replacement of such real estate, and each Owner of a Dwelling Unit which is subject to assessment under this Declaration shall be assessed for his share of the cost thereof by the Umbrella Association on a share and share alike basis with all other owners of residential units in HeatherRidge.

F. The Premises which are subject to this Declaration shall be designated as part of Neighborhood 3 under the Umbrella Declaration. Neighborhood 3 may include a Neighborhood Facility which shall be designated and described in the Umbrella Declaration, as amended or supplemented. The Umbrella Association shall be responsible for the administration, maintenance, repair and replacement of the Neighborhood Facility and each Owner of a Dwelling Unit which is subject to assessment under this Declaration shall be assessed for his share of the cost thereof by the Umbrella Association on a share and share alike basis with all other owners of residential units in the Neighborhood. The Neighborhood shall include all the Dwelling Units which are subject to this Declaration and may also include residential units which are subject to the Umbrella Declaration but which are not subject to this Declaration.

G. The Developer shall retain certain rights set forth in this Declaration. Prior to the Turnover Date the Developer shall retain the right to appoint all members of the Board and shall have the sole right to vote at meetings of the members. The Developer shall also retain the right to use portions of the Premises for promotional purposes, as set forth in Section 2.04.

NOW, THEREFORE, Developer for the purposes above set forth, hereby declares as follows:

ARTICLE ONE

Definitions

For the purpose of brevity and clarity, certain words and terms used in this Declaration are defined as follows:

1.01 ASSESSABLE AREA: The square footage of each Dwelling Unit which shall be equal to the floor area within the Dwelling Unit measured to and from the exterior of outer walls and the center of party walls, excluding basements and garages, if any, and which shall be conclusively presumed to be equal to the Assessable Area with respect to each Dwelling Unit as set forth in Exhibit C hereto. Exhibit C may be supplemented by the Developer pursuant to Article Nine.

1.02 BOARD: The board of directors of the Residential Association, as constituted at any time or from time to time, in accordance with the applicable provisions of Article Four hereof.

1.03 BY-LAWS: The By-laws of the Residential Association.

1.04 COMMON EXPENSES: The expenses of administration (including management and professional services), maintenance, operation, repair, replacement, waste removal, landscaping, exterior window washing and snow removal of the Dwelling Unit Exteriors and Garages; the cost of insurance, taxes, and any necessary utility expenses for the Garages; if not separately metered or charged, the cost of water, waste removal and other necessary utility services to the Dwelling Units; any expenses designated as Common Expenses by this Declaration or the By-laws; and any other expenses lawfully incurred by the Residential Association for the common benefit of all of the Owners.

1.05 DECLARATION: This instrument with all Exhibits hereto, as amended or supplemented from time to time.

1.06 DEVELOPER: HeatherRidge Development Company, a Delaware Corporation authorized to do business in Illinois, its successors and assigns.

1.07 DEVELOPMENT AREA: The real estate described in Exhibit A hereto with all improvements thereon and rights appurtenant thereto. Exhibit A is attached hereto for informational purposes only and no covenants, conditions, restrictions, easements, liens or charges shall attach to any part of the real estate described therein, except to the extent that portions thereof are described in Exhibit B and expressly made subject to the provisions of this Declaration as part of the Premises. Any portions of the Development Area which are not made subject to the provisions of this Declaration as part of the Premises may be developed and used for any purposes not prohibited by law, including, without limitation, as a residential development which is administered separate from HeatherRidge, as an industrial park, or as a shopping center or other commercial development.

1.08 DWELLING UNIT: A part of the Premises which is designated as a Dwelling Unit in Exhibit B hereto. Each Dwelling Unit shall be identified on a Recorded plat of subdivision by a distinguishing number or other symbol. One Family may occupy more than one Dwelling Unit and one Owner may own more than one Dwelling Unit; however, such use shall in no way affect the rights, duties and obligations under this Declaration and for the purposes of determining membership in the Residential Association each Dwelling Unit shall be considered as a separate and individual unit. If two or more Dwelling Units are combined and occupied by a Family, each Dwelling Unit shall nevertheless be considered as a separate Dwelling Unit under this Declaration. No Dwelling Unit shall be subdivided or partitioned.

1.09 DWELLING UNIT EXTERIOR: The roof, foundation, steps, footings, crawl space and outer surface of exterior walls of the residence located on the Dwelling Unit and all portions of the Dwelling Unit which are not improved with the residence including, without limitation, the following:

- (a) Driveways, walkways, patios, grass, shrubbery and other landscaping, if any; and

(b) Those portions of water, sewer, electric and other operating or utility systems which serve more than one Dwelling Unit (but not including those portions of such systems which serve only the residence located on the Dwelling Unit).

1.10 FAMILY: One or more persons each related to the other by blood, marriage, or law, together with such relative's respective spouses, who are living together, and up to and including three persons not so related, provided that such persons maintain a common household. A Family includes any domestic servant and not more than one gratuitous guest residing with the Family; such servant and guest shall be included in the unrelated persons allowed by this definition, and shall not be in addition thereto. A Family shall not include any children above the age of five (5) years and under the age of sixteen (16) years, and no such child shall be permitted to reside in a Dwelling Unit, as more fully set forth in Section 3.06.

1.11 GARAGE: A part of the Premises which is designated as a Garage in Exhibit B hereto. Each Garage shall be improved with a structure to be used as a garage for automobiles and for storage purposes. Title to all Garages shall be conveyed by the Developer to the Residential Association, as hereinafter provided.

1.12 GARAGE EXTERIOR: The roof, foundation, steps, footings, garage doors and outer surface of exterior walls of each Garage structure and all parts of a Garage which are not improved with such a structure including, without limitation, the following:

- (a) Driveways, walkways, grass, shrubbery and other landscaping, if any; and
- (b) Those portions of any operating or utility systems which serve the Garage.

1.13 GARAGE UNIT: That portion of the interior of the Garage which is assigned to a Dwelling Unit by the Developer upon the closing of the first sale of the Dwelling Unit, together with the automatic garage door opener, if any, which opens the door to the Garage Unit.

1.14 OWNER: A Record owner, whether one or more Persons, of fee simple title to any Dwelling Unit, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. The Developer shall be deemed to be an Owner with respect to each Dwelling Unit owned by the Developer.

1.15 PERSON: A natural individual, corporation, partnership, trustee or other legal entity capable of holding title to real property.

1.16 PREMISES: That portion of the Development Area which is described in Exhibit B hereto, as Exhibit B may be amended from time to time, with all improvements thereon and rights appurtenant thereto. The Developer may make Added Premises subject to this Declaration pursuant to Article Nine.

1.17 RECORD: To record with the Recorder of Deeds of Lake County, Illinois.

1.18 RESIDENTIAL ASSOCIATION: Covered Bridge Townhome Association, an Illinois not-for-profit corporation, its successors and assigns.

1.19 TURNOVER DATE: The date on which the rights of the Developer to designate the members of the Board are terminated under Section 4.05.

1.20 UMBRELLA ASSOCIATION: HeatherRidge Umbrella Association, an Illinois not-for-profit corporation, its successors and assigns.

1.21 UMBRELLA DECLARATION: Umbrella Declaration of Covenants, Conditions, Restrictions and Easements for HeatherRidge, Recorded June 25, 1975 as Document No. 1714903, as from time to time amended or supplemented.

1.22 VOTING MEMBER: The individual who enjoys membership in the Residential Association attributable to a Dwelling Unit and who (after the Turnover Date) shall be entitled to vote at meetings of the Owners, as more fully set forth in Section 4.02.

ARTICLE TWO

Scope of Declaration and Certain Property Rights

2.01 PROPERTY SUBJECT TO DECLARATION: Developer, as the owner of fee simple title to the Premises, expressly intends to and, by Recording this Declaration, does hereby subject the Premises to the provisions of this Declaration. Developer shall have the right to subject additional portions of the Development Area to the provisions of this Declaration as provided in Article Nine. Nothing in this Declaration shall be construed to obligate the Developer to subject to this Declaration any Premises or any portion of the Development Area other than those portions which are described in Exhibit B hereto or which are added to Exhibit B by Supplemental Declarations Recorded by the Developer pursuant to Article Nine.

2.02 CONVEYANCES SUBJECT TO DECLARATION: All easements, restrictions, conditions, covenants, reservations, liens, charges, rights, benefits and privileges which are granted, created, reserved or declared by this Declaration shall be deemed to be covenants appurtenant, running with the land and shall at all time inure to the benefit of and be binding on any Person having at any time any interest or estate in the Premises and their respective heirs, successors, personal representatives or assigns. Reference in any deed of conveyance, lease, mortgage, trust deed, other evidence of obligation, or other instrument to the provisions of this Declaration shall be sufficient to create and reserve all of the easements, restrictions, conditions, covenants, reservations, liens, charges, rights, benefits and privileges which are granted, created, reserved, or declared by this Declaration, as fully and completely as though they were set forth in their entirety in any such document.

2.03 ASSOCIATION RIGHT OF INGRESS AND EGRESS: The employees and agents of the Residential Association and the Umbrella Association, shall have the right of ingress and egress over and upon the Dwelling Unit Exteriors and Garages for any and all purposes connected with the administration, repair, replacement, maintenance, construction, reconstruction, improvement, added planting, replanting, landscaping, window washing, snow removal and any other duties or powers of the Residential Association or the Umbrella Association under this Declaration or the Umbrella Declaration with respect to the Dwelling Unit Exteriors or Garages.

2.04 DEVELOPER'S RESERVED RIGHTS: Notwithstanding any provision herein to the contrary, until such time as the Developer is no longer vested with or controls title to any part of the Neighborhood (as defined in the Umbrella Declaration) which includes the Dwelling Units, the Developer and its agents shall have the right to place and maintain on the Premises model Dwelling Units and Garages, sales offices, advertising signs, parking spaces, and lighting in connection therewith, at such locations and in such forms as the Developer may determine, in its discretion, to be used by the Developer in connection with the promotion, sale, or lease of the Dwelling Units or of residential units constructed or to be constructed on any part of the Development Area.

2.05 EASEMENT FOR UNINTENTIONAL ENCROACHMENT: Notwithstanding any other provisions contained herein, in the event that the improvements to any Dwelling Unit or any facilities servicing any such Dwelling Unit encroaches upon any other Dwelling Unit where such encroachment results from the design, construction, reconstruction, or shifting of any such improvements, then a perpetual easement appurtenant to such Dwelling Unit shall exist for the continuance of any such encroachment on such other Dwelling Unit.

2.06 LEASE OF DWELLING UNIT: Any Owner shall have the right to lease his Dwelling Unit upon such terms and conditions as the Owner may deem advisable, except, that, any such lease shall be in writing and shall provide that the lease shall be subject to the terms of this Declaration and the Umbrella Declaration and that any failure of the lessee to comply with the terms of this Declaration or the Umbrella Declaration shall be a default under the lease. A lessee shall be bound by the provisions hereof regardless of whether the lease specifically refers to this Declaration.

2.07 OWNERSHIP OF GARAGES: The Developer shall convey each Garage which is made subject to this Declaration to the Residential Association free and clear of any mortgage or trust deed not later than six (6) months after the date that such Garage is made subject to this Declaration.

ARTICLE THREE
Covenants and Restrictions as to Use and
Maintenance of Dwelling Units and Garages

3.01 MAINTENANCE OF DWELLING UNITS AND GARAGES: Except as otherwise provided in this Section, each Owner shall be responsible for the maintenance, repair and replacement of his Dwelling Unit and of the Garage Unit which is assigned to his Dwelling Unit. Subject to the provisions of Section 7.06 and Section 5.03(a), the Residential Association shall be responsible for the maintenance, repair, and replacement of the Dwelling Unit Exteriors and Garage Exteriors, including, without limitation, the following:

- (a) maintenance, repair and replacement of the roof, outer surface of exterior walls, foundations, steps, footings, driveways, walkways, and patios located in the Dwelling Unit Exteriors and Garage Exteriors, including exterior window washing, but excluding the replacement of broken glass and excluding repair of damage to garage doors;
- (b) added planting, replanting, care and maintenance of trees, shrubs, flowers, grass and all other landscaping of the Dwelling Unit Exteriors and Garage Exteriors;
- (c) maintenance, repair and replacement of water, sewer, electrical and other systems which serve more than one Dwelling Unit or more than one Garage Unit (but not including those portions of such systems which serve only one Dwelling Unit or only one Garage Unit, such as a garage door opener, air conditioning unit, and electrical or plumbing fixtures).

3.02 ADDITIONS, ALTERATIONS OR IMPROVEMENTS: No additions, alterations or improvements shall be made to any Dwelling Unit Exterior or Garage by an Owner without the prior written consent of the Board or without compliance with the relevant provisions of the Umbrella Declaration. The Board may (but shall not be required to) condition its consent to the making of an addition, alteration or improvement to a Dwelling Unit Exterior or Garage by an Owner upon the Owner's agreement either (i) to be solely responsible for the maintenance of such addition, alteration or improvement, subject to such standards as the Board may from time to time set, or (ii) to pay to the Residential Association from time to time the additional cost of maintenance of the Dwelling Unit Exterior or Garage Exterior as a result of the addition, alteration or improvement. If an addition, alteration or improvement is made to a Dwelling Unit Exterior or Garage by an Owner without the prior written consent of the Board, then the Board may, in its discretion, take any of the following actions:

- (a) Require the Owner to remove the addition, alteration or improvement and restore the Dwelling Unit Exterior or Garage to its original condition, all at the Owner's expense; or
- (b) If the Owner refuses or fails to properly perform the work required under (a), the Board may cause such work to be done and may charge the Owner for the cost thereof as determined by the Board; or
- (c) Ratify the action taken by the Owner, and the Board may (but shall not be required to) condition such ratification upon the same conditions which it may impose upon the giving of its prior consent under this Section.

3.03 DAMAGE CAUSED BY OWNER: If, due to the act or the neglect of an Owner, or a member of his Family or household pet or of a guest or other authorized occupant or invitee of such Owner, damage shall be caused to a part of the Premises and maintenance, repairs or replacements shall be required which would otherwise be a Common Expense, then such Owner shall pay for such damage and such maintenance, repairs and replacements, as may be determined by the Board, to the extent not covered by insurance, if any, carried by the Residential Association.

3.04 INITIAL ASSIGNMENT OF GARAGE UNITS: At the closing of the sale of each Dwelling Unit by the Developer to the first purchaser of such Dwelling Unit, the Developer shall assign to the Dwelling Unit the exclusive right to use, occupy and enjoy at least one (1) Garage Unit. The Developer may assign additional Garage Units to Dwelling Units at any time prior to termination of Developer's rights under this Section. The assignment of one (1) Garage Unit shall be included in the purchase

price of the sale of each Dwelling Unit by the Developer to the first purchaser, but the Developer may charge a fee for the assignment of any additional Garage Units. The document assigning a Garage Unit shall not be Recorded. The Residential Association shall keep a permanent record of the Garage Units which are assigned to each Dwelling Unit. The conveyance of a Garage to the Residential Association shall be subject to the Developer's right to subsequently assign any unassigned Garage Units to purchasers as provided in this Section and Developer's rights under this Section shall continue until terminated by notice from the Developer to the Residential Association. Any unassigned Garage Units remaining after termination of Developer's rights under this Section shall be leased or otherwise assigned as the Board from time to time determines and any proceeds therefrom shall be used to pay the Common Expenses.

3.05 LEASE OR TRANSFER OF GARAGE UNITS: An Owner of a Dwelling Unit may (with the prior written consent of his mortgagee, if any,) transfer the right to use the Garage Unit which is assigned to his Dwelling Unit only to another Dwelling Unit. The transfer shall be noted on the books of the Residential Association upon delivery of an instrument executed by both the transferor and transferee Owners and thereupon the Garage Unit shall be assigned to the Dwelling Unit of the transferee Owner. An Owner may lease the right to use the Garage Unit which is assigned to his Dwelling Unit to the occupant of any other Dwelling Unit upon such terms as the lessor shall deem advisable; provided, that, any such lease shall automatically terminate upon the transfer of ownership of the lessor's Dwelling Unit for any reason. No instrument of transfer of a Garage Unit and no lease of a Garage Unit shall be Recorded.

3.06 AGE RESTRICTIONS: The Dwelling Units are designed for and intended to be occupied by adults only. The Annexation Agreement dated December 2, 1973, which covers the Development Area requires, under Paragraph 7(c) thereof, that children of school age be excluded by restrictive covenant from living in that portion of the HeatherRidge development which contains residential units of the design and structure of the Dwelling Units which are subject to this Declaration. Accordingly, children above the age of five (5) years and under the age of sixteen (16) years shall not be permitted to reside in a Dwelling Unit.

3.07 RESIDENTIAL USE ONLY: Except as provided in Section 2.04 or as permitted by rules and regulations adopted by the Board, each Dwelling Unit shall be used only as a residence for a Family, each Garage Unit shall be used only for parking an automobile and for approved storage purposes, and no industry, business, trade, occupation or profession of any kind shall be conducted, maintained or permitted on any part of the Premises.

3.08 NO SIGNS: Except as provided in Section 2.04, or permitted by the Board, no "For Sale", "For Rent" or other solicitation or advertising sign or window display shall be maintained or permitted on the Premises.

3.09 PETS: No pet shall be kept in any Garage. The Board may from time to time adopt rules and regulations governing the keeping of pets in the Dwelling Units. Such rules and regulations may prohibit certain species of pets from being kept in the Dwelling Units. Any pet causing or creating a nuisance or unreasonable disturbance shall be permanently removed from a Dwelling Unit upon three (3) days' written notice from the Board to the Owner of the Dwelling Unit containing such pet, and the decision of the Board shall be final.

3.10 UTILITIES:

(a) Each Owner shall cause all customary utility services including, without limitation, electricity, water and gas, to be supplied to his Dwelling Unit. At no time shall an Owner cause or allow any such service to be terminated or suspended through non-payment of any bill, by requesting suspension of such service, or otherwise.

(b) In the event of a violation of subparagraph (a), the Board may, in its sole discretion, cause any such service which has been terminated or suspended to be restored and may pay all costs and charges levied in connection with such service.

(c) All amounts expended under subparagraph (b) shall be charged to and assessed against the Owner and if not paid within thirty (30) days after demand is made shall be deducted from the Owner's Security Deposit.

3.11 STRUCTURAL IMPAIRMENT: Nothing shall be done in, on or to any part of the Premises which would impair the structural integrity of any building or structure located on the Premises.

3.12 PROSCRIBED ACTIVITIES: No noxious or offensive activity shall be carried on in the Premises and nothing shall be done in the Premises, either willfully or negligently, which may be or become an annoyance or nuisance to the Owners or occupants of the Dwelling Units.

3.13 NO UNSIGHTLY USES: No clothes, sheets, blankets, laundry of any kind, or other similar articles shall be hung out on any portion of a Dwelling Unit Exterior or Garage Exterior. The Premises shall be kept free and clear of all rubbish, debris and other unsightly materials and no waste shall be committed thereon. All rubbish shall be deposited in such areas and such receptacles as shall be designated by the Board.

3.14 RULES AND REGULATIONS: The use and enjoyment of the Dwelling Units and Garages shall be subject to reasonable rules and regulations duly adopted by the Board from time to time; provided that no rule or regulation shall be effective unless and until at least ten (10) days' notice thereof is given to all Owners.

ARTICLE FOUR

The Residential Association

4.01 THE ASSOCIATION: Developer has caused the Residential Association to be incorporated as a not-for-profit corporation. The Residential Association shall be the governing body for all of the Owners and for the maintenance and architectural control of the Dwelling Unit Exteriors and Garages and shall hold legal title to the Garages.

4.02 MEMBERSHIP:

(a) The Owners, collectively, of each Dwelling Unit shall be a member of the Residential Association. There shall be one membership per Dwelling Unit. Membership shall be appurtenant to and may not be separated from ownership of a Dwelling Unit. Ownership of a Dwelling Unit shall be the sole qualification for membership. The Association shall be given written notice of the change of ownership of a Dwelling Unit within ten (10) days after such change.

(b) One individual shall be designated as the "Voting Member" for each Dwelling Unit. The Voting Member or his proxy shall be the individual who shall be entitled to vote at meetings of the Owners. If the Record ownership of a Dwelling Unit shall be in more than one person, or if an Owner is a trustee, corporation, partnership or other legal entity, then Voting Member for the Dwelling Unit shall be designated by such Owner or Owners in writing to the Board, and if in the case of multiple individual Owners no designation is given, then the Board at its election may recognize an individual Owner of the Dwelling Unit as the Voting Member for such Dwelling Unit.

4.03 THE BOARD: From and after the Turnover Date, the Board shall consist of five (5) individuals, each of whom shall be a Voting Member. The Board shall be elected at each annual meeting of the Owners as provided in the By-laws.

4.04 VOTING RIGHTS: Whenever a vote of the Owners of the Residential Association is required, at any meeting of such Owners or otherwise, such votes shall be cast by the Voting Members and each Voting Member shall have one (1) vote; provided that, prior to the Turnover Date, the voting rights shall be vested exclusively in the Developer and the Voting Members shall have no voting rights.

4.05 DEVELOPER'S RIGHTS: Notwithstanding any of the other provisions of this Declaration or the By-laws to the contrary, the first and all subsequent Boards shall consist solely of three (3) individuals designated by the Developer, which individuals may, but need not, be Voting Members until the first to occur of any of the following (the "Turnover Date"):

(a) Developer has conveyed 130 Dwelling Units to purchasers for value;

- (b) The expiration of two (2) years from the date of the Recording of this Declaration; or
- (c) Developer elects to terminate its sole control, by written notice of such election to the Owners.

4.06 MANAGING AGENT: Prior to the Turnover Date, the Developer, the Umbrella Association, or an entity controlled by the Developer may act as the managing agent for the Residential Association and as managing agent shall not be paid a fee, but shall be reimbursed for costs incurred by it in providing management services to the Residential Association. The term of any management agreement entered into by the Residential Association shall not exceed one (1) year and may be terminated by the Residential Association (i) for cause on thirty (30) days' written notice or (ii) without cause or payment of a termination fee on ninety (90) days' written notice.

4.07 DIRECTOR AND OFFICER LIABILITY: Neither the directors nor the officers of the Residential Association shall be personally liable to the Owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such directors and officers except for any acts or omissions found by a court to constitute gross negligence or fraud. The Residential Association shall indemnify and hold harmless each of the directors and each of the officers, his heirs, executors or administrators, against all contractual and other liabilities to others arising out of contracts made by or other acts of the directors and officers on behalf of the Owners or the Residential Association or arising out of their status as directors or officers unless any such contract or act shall have been made fraudulently or with gross negligence. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses (including, but not limited to, counsel fees, amounts of judgments paid and amounts paid in settlement) actually and reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or other, in which any such director or officer may be involved by virtue of such person being or having been such director or officer; 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 or fraud in the performance of his duties as such director or officer, or (ii) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Board, there is not reasonable ground for such person being adjudged liable for gross negligence or fraud in the performance of his duties as such director or officer.

ARTICLE FIVE

Insurance

5.01 RESIDENTIAL ASSOCIATION INSURANCE: The Board shall have the authority to and shall obtain:

- (a) Fire and all risk coverage insurance upon the Garages for the full insurable replacement value of the Garages;
- (b) Comprehensive public liability insurance, including liability for injuries to and death of persons, and property damage, in such limits as it shall deem desirable, insuring each Owner, the Residential Association, its directors and officers, the Developer and the managing agent and their respective employees and agents, from liability in connection with the Dwelling Units;
- (c) Such workmen's compensation insurance as may be necessary to comply with applicable laws;
- (d) Employer's liability insurance in such amount as the Board shall deem desirable;
- (e) Fidelity bond indemnifying the Residential Association, the Board and the Owners for loss of funds resulting from fraudulent or dishonest acts of any employee of the Residential Association or of any other person handling the funds of the Residential Association, the Board or the Owners in such amount as the Board shall deem desirable;

- (f) Directors and Officers liability insurance; and
- (g) Such other insurance in such reasonable amounts as the Board shall deem desirable.

The premiums for any such insurance shall be a Common Expense.

5.02 DWELLING UNIT INSURANCE:

(a) Each Owner of a Dwelling Unit shall be responsible for and shall procure fire and all risk coverage insurance upon such Owner's Dwelling Unit for not less than the full insurable replacement value thereof under a policy or policies of insurance with such company or companies, in such form, and for such premiums and periods as he may determine to be appropriate. Each Owner shall also be responsible for his own insurance on the contents of his Dwelling Unit and furnishings and personal property therein and in his Garage Unit.

(b) Each Owner shall deliver to the Board a certificate of insurance certifying that a policy of insurance covering such Owner's Dwelling Unit, as required under this Section, is in effect, and that said policy shall not be cancelled or materially changed except upon ten (10) days' prior written notice thereof to the Board. In the event an Owner fails to procure or keep in effect a policy of insurance, as required under this Section and provide proof thereof to the Board, within thirty (30) days after written demand for the same is made upon such Owner by the Board, then the Board may on behalf of and as agent for such Owner procure such insurance on the Owner's Dwelling Unit with a company, in a form, for a premium and period as determined by the Board to be appropriate and the cost thereof shall be charged to the Owner.

5.03 REBUILDING OF DAMAGED DWELLING UNIT:

(a) In the event of damage to or destruction of any Dwelling Unit by fire or other casualty for which the Owner is required to carry insurance hereunder, the Owner thereof shall within a reasonable time after such damage or destruction, repair or rebuild the same in substantial and workmanlike manner with materials comparable to those used in the original structure, and in conformity in all respects to the laws or ordinances regulating the construction of buildings in force at the time of such repair or reconstruction. The Dwelling Unit Exterior, when rebuilt, shall be substantially similar to, and its architectural design and landscaping shall be in conformity with, the surrounding Dwelling Units which are not so damaged or destroyed. The Owner shall not be relieved of his obligation to repair or rebuild his Dwelling Unit under this Subsection (a) by his failure to carry sufficient insurance or the fact that proceeds received by the Owner from his insurer are not sufficient to cover the cost thereof.

(b) In the event that any Owner shall fail, within a reasonable time after the occurrence of damage or destruction referred to in Subsection (a), to perform the necessary repair or rebuilding, then, the Board may cause such repairs or rebuilding to be performed in the manner as provided in Subsection (a) and the cost thereof shall be charged to such Owner as his personal obligation and shall be a continuing lien on the Owner's Dwelling Unit.

5.04 CANCELLATION OF COVERAGE: No Owner shall cause or permit anything to be done or kept in the Premises which will result in the cancellation of insurance on the Garages, on such Owner's Dwelling Unit or on any other Dwelling Unit.

5.05 WAIVER OF SUBROGATION: The Residential Association and each Owner hereby waive and release any and all claims which they may have against any Owner, the Association, its officers, members of the Board, the Developer, the managing agent, and their respective employees and agents, for damage to the Premises or to any personal property located in the Premises, caused by fire or other casualty, to the extent that such damage is covered by fire or other form of casualty insurance, and to the extent this release is allowed by policies for such fire or other casualty insurance. To the extent possible, all policies secured by the Board and each Owner under this Article shall contain waivers of the insurer's rights to subrogation with respect to the Owners and members of their Families, the Residential Association, its directors and officers, the managing agent, the Developer, and their respective employees and agents.

ARTICLE SIX

Assessments

6.01 CREATION OF LIEN AND PERSONAL OBLIGATION: The Developer, for each Dwelling Unit hereby covenants, and each Owner of any Dwelling Unit by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be and is deemed to covenant and hereby agrees to pay to the Residential Association such assessments or other charges or payments as are levied pursuant to the provisions of this Declaration. Such assessments, or other charges or payments, together with interest thereon and costs of collection, if any, as herein provided, shall be a charge on the Dwelling Unit and shall be a continuing lien upon the Dwelling Unit against which each such assessment is made. Each such assessment, or other charge or payment, together with such interests and costs, shall also be the personal obligation of the Owner of such Dwelling Unit at the time when the assessment or other charge or payment is due.

6.02 PURPOSE OF ASSESSMENTS: The assessments levied by the Residential Association shall be exclusively for the purposes of promoting the recreation, health, safety and welfare of members of the Residential Association, to administer the affairs of the Residential Association, and to pay the Common Expenses.

6.03 ANNUAL ASSESSMENT: Each year on or before December 1, the Board shall adopt and furnish each Owner with a budget for the ensuing calendar year which shall show the following, with reasonable explanations and itemizations:

(a) The estimated Common Expenses;

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

(c) The amount of the "Annual Assessment", which is hereby defined as the amount determined in (a) above, plus the amount determined in (b) above, minus excess funds, if any, from the current year's assessment;

(d) The "Total Assessable Area", which shall be determined by calculating the sum of the following amounts determined with respect to each Dwelling Unit which the Board estimates will be or become subject to assessment (under Section 6.04) during the ensuing calendar year: (i) the number of months during which the Board estimates that the Dwelling Unit shall be subject to assessment, multiplied by (ii) the Assessable Area of the Dwelling Unit; and

(e) That portion of the Annual Assessment which shall be payable by the Owner for each month during which his Dwelling Unit is subject to assessment, which shall be determined for each Dwelling Unit by multiplying the Annual Assessment by a fraction, the numerator of which shall be the Assessable Area of the Dwelling Unit and the denominator of which shall be the Total Assessable Area.

6.04 PAYMENT OF ANNUAL ASSESSMENT: On or before the 1st day of January of the ensuing year, and on or before the 1st day of each and every month thereafter until the effective date of the next Annual Assessment or revised Annual Assessment, each Owner of a Dwelling Unit which is subject to assessment shall pay to the Residential Association, or as it may direct, that portion of the Annual Assessment which is payable by such Owner under Section 6.03(e). Anything in this Declaration to the contrary notwithstanding, a Dwelling Unit shall not be deemed to be subject to assessment hereunder until such time as at least one Dwelling Unit located in the structure which contains the Dwelling Unit either is (i) conveyed by the Developer to a purchaser for valuable consideration or (ii) first occupied by a Family for residential purposes, whichever occurs first (the "Commencement Date"). Prior to the Commencement Date for any given Dwelling Unit, (i) no Common Expenses shall be incurred or paid with respect to the Dwelling Unit, (ii) the Residential Association shall not be responsible for the maintenance, repair or replacement of the Dwelling Unit, and (iii) any and all maintenance, repairs or replacements to the Dwelling Unit shall be provided by, and any and all other expenses in connection with the Dwelling Unit shall be incurred and paid solely by, the Developer and none of such expenses shall be deemed to be Common Expenses hereunder.

6.05 REVISED ANNUAL ASSESSMENT: If the Annual Assessment proves inadequate for any reason (including non-payment of any Owner's assessment) or proves to exceed funds reasonably needed, then the Board may increase or decrease the assessments payable under Section 6.03(e) as of the 1st day of a month by the giving of written notice thereof (together with a revised budget for the balance of the year and reasons for the increase or decrease) not less than ten (10) days prior to the effective date of the revised Annual Assessment. Prior to the Turnover Date no assessment shall be revised more than once each year. After the Turnover Date, the Annual Assessment shall not be revised more than three (3) times each year.

6.06 SPECIAL ASSESSMENT: In order to meet extraordinary financial needs of the Residential Association from time to time for a specific purpose including, without limitation, to make additions, alterations or improvements to the Dwelling Unit Exteriors or Garages, the Board may from time to time levy a special assessment; provided that, if during any calendar year a proposed expense which is to be paid from a special assessment, when added to other expenses, if any, which are to be paid from special assessments levied during such year exceeds \$50.00 multiplied by the number of Dwelling Units subject to assessment, then such proposed expense shall not be incurred without the affirmative vote of more than fifty percent (50%) of the Voting Members. Each Owner shall be responsible for the payment of the amount of the special assessment multiplied by the ratio of the Assessable Area of his Dwelling Unit to the total of the Assessable Areas of all Dwelling Units then subject to assessment. The Board shall serve notice of a special assessment on all Owners by a statement in writing giving the amount and reasons therefor, and the special assessment shall be payable in such manner and on such terms as shall be fixed by the Board. Any assessments collected pursuant to this Section shall be segregated in a special account and used only for the specific purpose set forth in the notice of assessment.

6.07 CAPITAL RESERVE: The Residential Association shall segregate and maintain a special reserve account to be used solely for making capital expenditures in connection with the Dwelling Unit Exteriors or Garages (the "Capital Reserve"). The Board shall determine the appropriate level of the Capital Reserve based on a periodic review of the useful life of improvements to the Dwelling Unit Exteriors and Garages and equipment owned by the Residential Association as well as periodic projections of the cost of anticipated major repairs or improvements to the Dwelling Unit Exteriors and Garages or the purchase of equipment to be used by the Residential Association in connection with its duties hereunder. Each budget shall disclose that percentage of the Annual Assessment which shall be added to the Capital Reserve and each Owner shall be deemed to make a capital contribution to the Residential Association equal to such percentage multiplied by each installment of the Annual Assessment paid by such Owner.

6.08 INITIAL CAPITAL CONTRIBUTION: Upon the closing of the first sale of a Dwelling Unit by the Developer to a purchaser for value (the "First Sale"), the purchasing Owner shall make a capital contribution to the Residential Association in an amount equal to two (2) months' Annual Assessment at the rate in effect with respect to the Dwelling Unit as of the closing. Said amount shall be held and used by the Residential Association for its working capital needs.

6.09 SECURITY DEPOSIT: From and after the closing of the First Sale of a Dwelling Unit each Owner shall maintain a security deposit with the Residential Association in an amount not less than four (4) months' Annual Assessment at the rate from time to time in effect with respect to the Dwelling Unit (the "Security Deposit"). The Security Deposit shall serve as security for the compliance by the Owner with the provisions of this Declaration including, without limitation, the payment of any assessments or charges due from the Owner to the Residential Association. If the Security Deposit shall, for any reason, be or become less than the amount required above including, without limitation, an increase in the Annual Assessment or application of a portion of the Security Deposit to pay delinquent assessments or charges to the Residential Association, then the Owner shall, upon demand, promptly pay the difference to the Residential Association. The Security Deposit shall initially be paid to the Residential Association by the first purchaser of the Dwelling Unit at the closing of the First Sale. In the event of the transfer of ownership of a Dwelling Unit, the Security Deposit of the transferor (less any amounts then due the Residential Association) shall be refunded upon (i) the written request of the transferor and (ii) receipt by the Residential Association of the Security Deposit of the transferee. If the provisions of the preceding sentence are not complied with within thirty (30) days after the effective date of the transfer of ownership of a Dwelling Unit, then the amount of the Security Deposit of the transferor shall be conclusively deemed to have been assigned and transferred by the transferor to the account of the transferee and if such amount is less than the

Security Deposit required for the Dwelling Unit, the transferee shall pay the difference to the Residential Association.

6.10 NONPAYMENT OF ASSESSMENTS: Any assessments or other charges or payments which an Owner is required to make or is liable for hereunder which are not paid when due shall be deemed delinquent. If an assessment or other charge or payment is not paid within thirty (30) days after the due date, it shall bear interest from the due date at the highest legal rate then permitted in Illinois, and the Board (i) may bring an action against the Owner personally obligated to pay the same, together with interest, costs and reasonable attorneys' fees of any such action, which shall be added to the amount of such assessment or other charge or payment and shall be included in any judgment rendered in such action and (ii) may enforce and foreclose any lien which it has or which may exist for its benefit. No Owner may waive or otherwise escape liability for the assessments or other charges or payment provided for herein by nonuse, abandonment or transfer of his Dwelling Unit.

6.11 ASSOCIATION'S LIEN SUBORDINATED TO MORTGAGES: The lien on each Dwelling Unit provided for in Section 6.01 for assessments or other charges or payments shall be subordinate to the lien of any first mortgage on the Dwelling Unit recorded prior to the date that any such assessments or other charges or payments become due. The lien provided for in Section 6.01 shall not be affected by any transfer of title to the Dwelling Unit; except that where title to the Dwelling Unit is transferred pursuant to a decree of foreclosure, such transfer of title shall extinguish the lien for any assessments or other charges or payments under Section 6.01 which became due prior to (i) the date of the transfer of title or (ii) the date on which the transferee comes into possession of the Dwelling Unit, whichever occurs first. However, where (i) assessment liens are extinguished as above provided in this Section with respect to a Dwelling Unit and (ii) the Board increases subsequent assessments (either annual, revised or special) to compensate for the uncollectability of such assessments, then this Section shall not be construed to relieve the transferee of the Dwelling Unit from his obligation to pay his share of the amount reallocated.

ARTICLE SEVEN **Requirements of Umbrella Declaration**

7.01 IN GENERAL: The terms used in this Article, if not defined in this Declaration, shall have the meanings set forth in the Umbrella Declaration. The provisions of this Declaration shall be subject to the provisions of the Umbrella Declaration and in the event of any conflict between the provisions of this Declaration and the provisions of the Umbrella Declaration the provisions of the Umbrella Declaration shall prevail.

7.02 UMBRELLA ASSOCIATION ASSESSMENTS: The Residential Association shall collect from each Owner the Charges (including the Common Assessment, the Neighborhood Facility Assessment, if any, and any applicable special assessments) from time to time due from the Owner to the Umbrella Association. Any such funds collected shall be received and held by the Residential Association solely as trustee and agent for the Umbrella Association, and not individually, and shall be remitted to the Umbrella Association at least once each month.

7.03 CENTRAL RECREATIONAL FACILITY FEE: The Residential Association shall collect from each Owner the Central Recreational Facility Fee provided for in the Umbrella Declaration. Any such funds shall be received and held by the Residential Association solely as trustee and agent for the Central Recreational Facility Owner, and not individually, and shall be remitted to the Central Recreational Facility Owner at least once each month. The Assessable Area of each Dwelling Unit shall be used as the basis for determining the Central Recreational Facility Fee under Section 4.07 of the Umbrella Declaration.

7.04 RESPONSIBILITY FOR COLLECTION: The Residential Association shall use its best efforts to make collections pursuant to Sections 7.02 and 7.03, but it shall not be required to bring any action to collect any delinquent amounts. If after reasonable attempts have been made without success to collect any delinquent amounts and the Residential Association shall advise the Umbrella Association or the Central Recreational Facility Owner (as the case may be) of its failure to collect the delinquent amounts, then the duty of the Residential Association to collect the delinquent amounts shall cease and the Umbrella Association or the Central Recreational Facility Owner shall be solely responsible for collecting such delinquent amounts as provided in the Umbrella Declaration.

7.05 EASEMENT RIGHTS: The Umbrella Association, its agents and employees, shall have the right of ingress and egress over and upon the Dwelling Unit Exteriors and Garages for any and all purposes in connection with the rights and duties of the Umbrella Association under the Umbrella Declaration, including, without limitation, the right to use water from taps or spigots which are attached to Dwelling Unit Exteriors or Garage Exteriors, the right to attach certain items of personal property to Dwelling Unit Exteriors or Garage Exteriors, as set forth in Section 3.18 and 3.19, respectively, of the Umbrella Declaration, and for the purpose of providing the services referred to in Section 7.06 below.

7.06 SERVICES BY UMBRELLA ASSOCIATION: Under Section 3.21 of the Umbrella Declaration, the Umbrella Association shall furnish landscaping, snow removal, waste removal, or other similar services with respect to Dwelling Unit Exteriors for which the Residential Association is responsible; provided that the Umbrella Association shall not be required to furnish any services other than those which it normally furnishes with respect to the Common Area. The cost of any such services shall be paid by the Residential Association and shall be determined by an allocation of expenses made by the Umbrella Association Board based on generally accepted accounting principles, and any allocation so made shall be final and binding.

ARTICLE EIGHT

Party Walls

8.01 PARTY WALL: Every wall, including the foundations therefor, which is built as a part of the original construction of a building and placed on the boundary line between separate Dwelling Units in a building, shall constitute and be a "Party Wall", and the Owner of a Dwelling Unit immediately adjacent to a Party Wall shall have the obligation and be entitled to the rights and privileges of these covenants and, to the extent not inconsistent herewith, the general rules of law regarding party walls.

8.02 RIGHTS IN PARTY WALL: Each Owner of a Dwelling Unit, which is adjacent to a Party Wall, shall have the right to use the Party Wall for support of the structure originally constructed thereon and all replacements thereof and shall have the right to keep, maintain, repair and replace therein all pipes, conduit, and ducts originally located therein and all replacements thereof.

8.03 DAMAGE TO PARTY WALL: If any Party Wall is damaged or destroyed through the act or acts of any Owner of a Dwelling Unit which is adjacent to such Party Wall, or his agents, servants, tenants, guests, invitees, licensees, or members of his Family, whether such act is willful, negligent or accidental, such Owner shall forthwith proceed to rebuild or repair the same to as good a condition as in which such Party Wall existed prior to such damage or destruction without costs therefor to the Owner of the other adjoining Dwelling Unit. Any Party Wall damaged or destroyed by some act or event other than one caused by the Owner of a Dwelling Unit which is adjacent to such Party Wall, or his agents, servants, tenants, guests, invitees, licensees, or members of his Family, shall be rebuilt or repaired by the Owners of the adjacent Dwelling Units to as good a condition as in which such Party Wall existed prior to such damage or destruction at joint and equal expense of such Owners, and as promptly as is reasonably possible; provided that the cost of repairing or replacing any portion thereof which is part of a Dwelling Unit Exterior shall be paid by the Residential Association as a Common Expense.

8.04 CHANGE IN PARTY WALL: Any Owner of a Dwelling Unit who proposes to modify, rebuild, repair or make additions to any structure upon his Dwelling Unit in any manner which requires the extension, alteration or modification of any Party Wall, shall first obtain the written consent thereto, as to said Party Wall, of the Owner of the other adjacent Dwelling Unit and the Board, in addition to meeting any other requirements which may apply, including, without limitation, the requirements under the Umbrella Declaration.

8.05 ARBITRATION: In the event of a disagreement between Owners of Dwelling Units adjoining a Party Wall with respect to their respective rights or obligations as to such Party Wall, upon the written request of either of said Owners to the other the matter shall be submitted to the Board and the decision of the Board shall be final and binding.

ARTICLE NINE

Annexing Additional Property

9.01 IN GENERAL: Developer reserves the right at any time and from time to time to develop and improve additional portions of the Development Area and to annex, add and subject any such portions of the Development Area to the provisions of this Declaration, as Additional Premises, by recording a supplement to the Declaration (a "Supplemental Declaration"), as hereinafter provided. Any portion of the Development Area which is subjected to this Declaration by a Supplemental Declaration shall be referred to as "Added Premises"; any Dwelling Units located in the Added Premises shall be referred to as "Added Dwelling Units"; and any Garages located in the Added Premises shall be referred to as "Added Garages".

9.02 POWER TO AMEND: Developer hereby retains the right and power to Record a Supplemental Declaration, at any time and from time to time, provided that this Declaration may only be supplemented to subject portions of the Development Area to this Declaration by amending Exhibit B to include such portions and shall not be amended to reduce or remove any real estate which is subject to this Declaration immediately prior to the Recording of such Supplemental Declaration. Each time the Developer Records a Supplemental Declaration which subjects Added Dwelling Units to this Declaration, Exhibit C shall be supplemented by setting forth therein the Assessable Area of each Added Dwelling Unit, determined as provided in Section 1.01.

9.03 EFFECTS OF AMENDMENT: Upon the Recording of a Supplemental Declaration by Developer which annexes and subjects Added Premises to this Declaration, as provided in this Article, then:

(a) The restrictions, conditions, covenants, reservations, liens, charges, rights, benefits and privileges set forth and described herein shall run with and bind the Added Premises (including Added Dwelling Units and Added Garages) and inure to the benefit of and be the personal obligation of the Owners of Added Dwelling Units in the same manner, to the same extent, and with the same force and effect that this Declaration applies to the Premises and Owners of Dwelling Units which were initially subjected to this Declaration;

(b) Every Person who is an Owner of an Added Dwelling Unit shall be a member of the Residential Association on the same terms and subject to the same qualifications and limitations of those members who are Owners of Dwelling Units;

(c) Until the effective date of the next revised or Annual Assessment, that portion of the Annual Assessment which shall be payable each month by each Owner of an Added Dwelling Unit which is subject to assessment shall be determined as provided in Section 6.03(e) based on the Annual Assessment and Total Assessable Area determined in the most recently adopted budget.

ARTICLE TEN

Remedies for Breach or Violation

10.01 SELF-HELP BY BOARD: In the event of a violation or breach by an Owner of the provisions, covenants or restrictions of the Declaration, the By-laws, or rules or regulations of the Board, where such violation or breach may be cured or abated by affirmative action, then the Board, upon not less than ten (10) days' prior written notice to the Owner, shall have the right to enter upon that part of the Premises where the violation or breach exists to remove or rectify the violation or breach.

10.02 OTHER REMEDIES OF THE BOARD: In addition to or in conjunction with the remedies set forth above, in the event of a violation by an Owner of this Declaration, the By-laws, or rules and regulations of the Board, the Board or its agents shall have the right to bring an action at law or in equity against the Owner and/or others as permitted by law including, without limitation, (i) to foreclose a lien against the Dwelling Unit, (ii) for damages, (iii) for injunctive relief or specific performance, (iv) for any combination of the remedies set forth in this Article or (v) for any other relief which the Board may deem necessary or appropriate. Any and all rights and remedies provided for in this Article may be exercised at any time and from time to time cumulatively or otherwise by the Board in its discretion. The failure of the Board to enforce any provisions of this Declaration, the By-laws or rules and regulations of the Board shall in no event be deemed a waiver of the right to do so thereafter.

10.03 COSTS AND EXPENSES: All costs and expenses incurred by the Board in connection with any action, proceedings or self-help in connection with exercise of its rights and remedies under this Article, including, without limitation, court costs, attorneys' fees and all other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon at the highest legal contract rate of interest then permitted in Illinois until paid, shall be charged to and assessed against the defaulting Owner, and the Association shall have a lien for all the same, upon his Dwelling Unit as provided in Section 6.01.

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

ARTICLE ELEVEN

Amendments

11.01 SPECIAL AMENDMENT: Developer reserves the right and power to record a special amendment ("Special Amendment") to this Declaration at any time and from time to time which amends this Declaration (i) to comply with requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, the Federal Housing Association, the Veteran's Administration, or any other governmental agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by such entities, (ii) to induce any of such agencies or entities to make, purchase, sell, insure, or guarantee first mortgages covering Dwelling Units (iii) to correct clerical errors, or (iv) to bring the Declaration into compliance with applicable law. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to the Developer to make or consent to a Special Amendment on behalf of each Owner. Each deed, mortgage, trust deed, other evidence of obligation, or other instrument affecting a Dwelling Unit and the acceptance thereof shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of, the power to the Developer to make, execute and Record Special Amendments. The Developer's reserved rights under this Section shall terminate on December 31, 1982.

11.02 AMENDMENT BY OWNERS: Subject to the provisions of Article Nine, Sections 11.01 and 12.01, the provisions of this Declaration may be amended, modified, enlarged or otherwise changed in whole or in part by the affirmative vote of Voting Members (either in person or by proxy) representing at least sixty-seven percent (67%) of the votes or by an instrument executed by the Owners of at least sixty-seven percent (67%) of the Dwelling Units then subject to this Declaration; except that (i) the provisions relating to the rights of the Developer may be amended only with the written consent of the Developer, (ii) the provisions of Article Twelve, Section 6.11 or any other provision which specifically grants rights to the Mortgagees may be amended only with the written consent of all Mortgagees and (iii) the provisions of this Section may be amended only by the affirmative vote of all Voting Members (either in person or by proxy) or with the written consent of all Owners. No amendment shall become effective until Recorded.

ARTICLE TWELVE

Mortgagees' Rights

12.01 MORTGAGEES' CONSENT: The prior written approval of each holder of a bona fide first mortgage or first trust deed covering a Dwelling Unit (a "Mortgagee") will be required for either of the following:

- (a) An amendment to the Declaration which changes the ratios of assessments against Owners; or
- (b) The removal of any part of the Premises from the provisions of this Declaration.

12.02 NOTICE TO MORTGAGEES: Upon the specific written request of a Mortgagee to the Board, the Mortgagee shall receive some or all of the following as designated by the Mortgagee:

- (a) Copies of budgets, notice of assessment, or any other notices or statements provided under this Declaration by the Residential Association to the Owner of the Dwelling Unit covered by the Mortgagee's mortgage;
- (b) Any audited or unaudited financial statements of the Residential Association which are prepared for the Residential Association and distributed to the Owners;
- (c) Copies of notices of meetings of the Owners and the right to be represented at any such meetings by a designated representative;
- (d) Notice of the decision of the Owners to make any material amendment to this Declaration, the By-laws, or the Articles of Incorporation of the Residential Association;
- (e) Notice of substantial damage to or destruction of any Dwelling Unit or any part of the Garages;
- (f) Notice of the commencement of any condemnation or eminent domain proceedings with respect to any part of the Premises;
- (g) Notice of any default of the Mortgagee's mortgagor Owner which is not cured by the Owner within thirty (30) days after the giving of notice by the Residential Association to the Owner of the existence of the default;
- (h) The right to examine the books and records of the Residential Association at any reasonable time.

The request of a Mortgagee shall specify which of the above it desires to receive and shall indicate the address to which any notices or documents shall be sent by the Residential Association. Failure of the Residential Association to provide any of the foregoing to a Mortgagee who has made a proper request therefor shall not affect the validity of any action which is related to any of the foregoing. The Residential Association need not inquire into the validity of any request made by a Mortgagee hereunder and in event of multiple requests from purported Mortgagees of the same Dwelling Unit, the Residential Association shall honor the most recent request received.

12.03 INSURANCE PROCEEDS/CONDEMNATION AWARDS: In the event of (i) any distribution of any insurance proceeds hereunder as a result of substantial damage to, or destruction of, any part of the Premises or (ii) any distribution of the proceeds of any award or settlement as a result of condemnation or eminent domain proceedings with respect to any part of the Premises, any such distribution shall be made to the Owners and their respective Mortgagees, as their interests may appear, and no Owner or other party shall be entitled to priority over the Mortgagee of a Dwelling Unit with respect to any such distribution to or with respect to such Dwelling Unit; provided that, nothing in this Section shall be construed to deny to the Residential Association the right to apply any such proceeds to repair or replace damaged portions of the Premises or to restore what remains of the Property after condemnation or taking by eminent domain of a part of the Premises.

ARTICLE THIRTEEN

Miscellaneous

13.01 DURATION: Except as otherwise specifically provided herein, the easements, restrictions, conditions, covenants, reservations, liens, and charges, which are granted, created, reserved or declared by this Declaration shall be appurtenant to and shall run with and bind the land for a period of forty (40) years from the date of Recording of this Declaration and for successive periods of ten (10) years each unless revoked, changed or amended in whole or in part by a Recorded instrument executed by not less than sixty-seven percent (67%) of the then Owners.

13.02 SEVERABILITY: Invalidation of all or any portion of any of the easements, restrictions, covenants, conditions, reservations, by legislation, judgment or court order shall in no wise affect liens, charges, rights, benefits and privileges and other provisions of this Declaration which shall remain in full force and effect.

13.03 NOTICES: Any notice required to be sent to any Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postage prepaid, to the last known address of such Owner as it appears on the records of the Residential Association at the time of such mailing, or upon personal delivery and written receipt therefor given by the Owner.

13.04 CAPTIONS/CONFLICTS: The Article and Section headings are intended for convenience only and shall not be construed with any substantive effect in this Declaration. In the event of any conflict between the statements made in the recitals to this Declaration and the provisions contained in the body of this Declaration, the provisions contained in the body of this Declaration shall govern.

13.05 PERPETUITIES AND OTHER INVALIDITY: If any of the options, privileges, covenants or rights created by this Declaration would otherwise be unlawful or void for violation of (a) the rule against perpetuities or some analogous statutory provisions, (b) the rule restricting restraints on alienation, or (c) any other statutory or common law rules imposing time limits, then such provisions shall continue only until twenty-one (21) years after the death of the survivor of the now living lawful descendants of Jimmy Carter, President of the United States.

13.06 TITLE HOLDING LAND TRUST: In the event title to any Dwelling Unit is conveyed to a title holding trust, under the terms of which all powers of management, operation and control of the Dwelling Unit remain vested in the trust beneficiary or beneficiaries, then the beneficiaries thereunder from time to time shall be responsible for payment of all assessments, charges or payments hereunder and for the performance of all agreements, covenants and undertakings chargeable or created under this Declaration against such Dwelling Unit. No claim shall be made against any such title holding trustee personally for payment of any lien or obligation hereunder created and the trustee shall not be obligated to sequester funds or trust property to apply in whole or in part against such lien or obligation. The amount of such lien or obligation shall continue to be a charge or lien upon the Dwelling Unit and the beneficiaries of such trust notwithstanding any transfers of the beneficial interest of any such trust or any transfers of title to such Dwelling Unit.

IN WITNESS WHEREOF, the Developer has caused this instrument to be executed as of the date first above written.

HEATHERIDGE DEVELOPMENT COMPANY

By s/Howard Farkas
President

ATTEST:

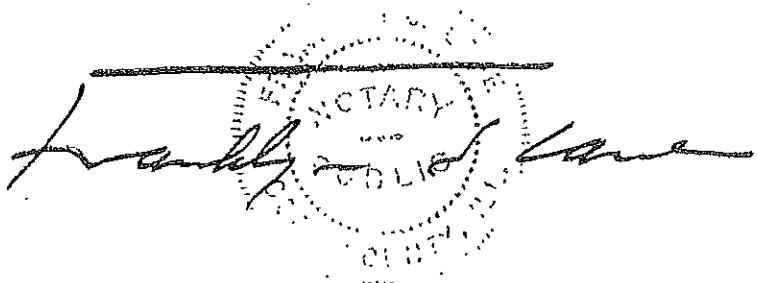
s/Glenn McTavish
Assistant Secretary

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 Howard Farkas, President of HeatherRidge Development Company, a Delaware corporation authorized to do business in Illinois, and Glenn McTavish, Assistant Secretary thereof, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such President and Assistant Secretary, respectively, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth; and the said Assistant Secretary did also then and there acknowledge that he as custodian of the corporate seal of said corporation, did affix the said corporate seal of said corporation to said instrument as his own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 26th day of April, 1978.

Franklyn J. Lane
Notary Public

A circular notary seal with a decorative border. The words "NOTARY PUBLIC" are at the top, and "ILLINOIS" is at the bottom. The center contains a signature that appears to be "Franklyn J. Lane".