

DU PAGE COUNTY

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DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR THE GEORGIAN COURT HOMEOWNERS ASSOCIATION

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EXHIBITS

- Exhibit A Legal Description of the Development Area
- Exhibit B Legal Description of the Premises
- Exhibit C By-Laws of the Association

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DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS FOR THE
GEORGIAN COURT HOMEOWNERS ASSOCIATION

This Declaration (the "Declaration") is made by SUNDANCE HOLDINGS, INC., an Illinois corporation (the "Declarant").

RECITALS

Declarant is the record title holder of a portion of property located in the Village of Addison, County of DuPage, Illinois, which is legally described in Exhibit A attached hereto (the "Development Area"). Some or all of the Development Area shall be the subject of a phase development called "Georgian Court" (the "Development").

Initially, the Declarant shall subject the real estate legally described in Exhibit B attached hereto to the provisions of this Declaration as the "Premises". From time to time the Declarant may subject additional portions of the Development Area to the provisions of this Declaration as Added Premises, as more fully described in Article Twelve. Nothing in this Declaration shall be construed to require the Declarant to subject additional portions of the Development Area to the provisions of this Declaration. Those portions of the Development Area that are not made subject to the provisions of this Declaration as Premises may be used for any purposes not prohibited by law.

Certain portions of the Premises are designated as "Lots", "Community Area" and "Limited Community Area". The Declarant has formed (or will form) a homeowner's association under the Illinois General Not-For-Profit Corporation Act (the "Association"). The Association shall have the responsibility for administering and maintaining the Community Area and shall set budgets and fix assessments to pay the expenses incurred in connection with such responsibilities and duties. Each Owner of a Lot shall be a member of the Association and shall be responsible for paying assessments with respect to the Lot owned by such Owner.

If all of the Community Area is dedicated or conveyed to governmental agencies, then the Association may be dissolved as provided in Section 5.08 hereof.

During the construction and marketing of the Development, the Declarant shall retain certain rights set forth in this Declaration, which rights shall include, without limitation, the right, prior to the Turnover Date, to appoint all members of the Board, as more fully described in Article Nine, the right to come upon the Premises in connection with Declarant's efforts to sell Lots and other rights reserved in Article Nine.

NOW, THEREFORE, the Declarant hereby declares as follows:

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ARTICLE ONE

Definitions

1.01 Association: The Georgian Court Homeowners Association, an Illinois not-for-profit corporation, its successors and assigns.

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

1.03 By-Laws: The By-Laws of the Association attached hereto and made a part hereof as Exhibit C.

1.04 Charges: The Community Assessment, any special assessment levied by the Association and/or any other charges or payments that an Owner is required to pay or for which an Owner is liable under this Declaration or the By-Laws.

1.05 Community Area: Those portions of the Premises that are described and designated as "Community Area" in Exhibit B hereto, together with all improvements located above and below the ground and rights appurtenant thereto. The Community Area shall generally include open space, landscaped areas and detention areas and shall not include any Lots.

1.06 Community Assessment: The amounts that the Association shall assess and collect from the Owners to pay the Community Expenses and accumulate reserves for such expenses, as more fully described in Article Six.

1.07 Community Expenses: The expenses of administration (including management and professional services), operation, maintenance, operation, repair, replacement, waste removal, landscaping and snow removal of the Community Area and the Limited Community Area; the cost of insurance for the Community Area and the Limited Community Area; the cost of improvements to the Community Area and the Limited Community Area; any necessary utility expenses for the Community Area; the cost of general and special real estate taxes and assessments levied or assessed against the Community Area and the Limited Community Area; the cost of, and the expenses incurred for, the maintenance, repair and replacement of personal property acquired and used by the Association in connection with the maintenance of the Community Area and the Limited Community Area; subject to the provisions of Section 5.08, the cost of the maintenance, repair and replacement of Monument Signs; any expenses designated as Community Expenses by this Declaration; and any other expenses lawfully incurred by the Association for the common benefit of all of the Owners.

1.08 County: DuPage County, Illinois or any political entity that may from time to time be empowered to perform the functions or exercise the powers vested in the applicable County as of the Recording of this Declaration.

1.09 Cul De Sac Islands. Those portions of the Community Area which are islands of land located at the end of certain streets.

1.10 Declarant: Sundance Holdings, Inc., an Illinois corporation, its successors and assigns.

1.11 Declaration: This instrument with all Exhibits attached hereto, as amended or supplemented from time to time.

1.12 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 that 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 that is administered separate from the Development.

1.13 Dwelling Unit: A residential townhome located on a Lot and intended for independent residential use and such other uses permitted hereunder. A Dwelling Unit shall also include the roof, all other exterior surfaces and the exterior fixtures appurtenant to each Dwelling Unit and any improvement attached or adjacent to the Dwelling Unit utilized for storage of personal property, tools or equipment.

1.14 Home: That portion of a Lot that is improved with a single family home.

1.15 Limited Community Area: The term "Limited Community Area" shall include (a) all the area of those Lots upon which Dwelling Units exist that are not occupied by a Dwelling Unit (any patio, deck or other structure placed upon such areas shall be excluded from the term "Limited Community Area"); and (b) any system or facility on a Lot which serves more than one (1) Dwelling Unit.

1.16 Lot: Each subdivided lot designated within the Premises described on Exhibit B hereto as a Lot on which a Home or Dwelling Unit will be constructed, but specifically excluding any portion of the Community Area legally described on Exhibit B hereto.

1.17 Monument Signs: Those certain monument signs that may be installed by Declarant on a portion of a Lot or the Community Area.

1.18 Mortgagee: The holder of a bona fide first mortgage, first trust deed or equivalent security interest covering a Lot.

1.19 Non-Owner: A person other than an Owner or a Resident.

1.20 Owner: A Record owner, whether one or more persons, of fee simple title to a Lot, including a contract seller, but excluding those having such interest merely as security for the

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performance of an obligation. The Declarant shall be deemed to be an Owner with respect to each Lot owned by the Declarant.

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

1.22 Premises: The real estate that is legally described in Exhibit B attached hereto, as amended or supplemented from time to time, with all improvements thereon and rights appurtenant thereto.

1.23 Record: To record in the office of the Recorder of Deeds for the county in which the Premises are located.

1.24 Residence: The terms "Home" and "Dwelling Unit" are herein collectively referred to as "Residence".

1.25 Resident: An individual who resides in a Home or Dwelling Unit and who is either the Owner, a tenant of the Owner, a contract purchaser of a Lot or portion thereof, or a relative of any such Owner, tenant or contract purchaser.

1.26 Stormwater Management Area: Those portions of the Community Area that are necessary for the management and control of stormwater, including, without limitation, detention areas and wetlands.

1.27 Turnover Date: The date on which the rights of the Declarant to designate the members of the Board are terminated under Section 9.05.

1.28 Village: The Village of Addison, Illinois or any political entity that may from time to time be empowered to perform the functions or exercise the powers vested in the Village as of the Recording of this Declaration.

1.29 Voting Member: The individual who shall be entitled to vote in person or by proxy at meetings of the Owners, as more fully set forth in Article Five.

ARTICLE TWO

Scope of Declaration

2.01 Property Subject To Declaration: Declarant, 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. Declarant reserves the right to add additional real estate to the terms of this Declaration as more fully provided in Article Twelve.

2.02 Conveyances Subject To Declaration: All covenants, conditions, restrictions, easements, 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 times inure to the benefit of and be binding on any Person having at any time any interest or estate in any part of the Premises. 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 covenants, conditions, restrictions, easements, 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 Duration: Except as otherwise specifically provided herein, the covenants, conditions, restrictions, easements, 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 accordance with Article Ten.

2.04 Lot Conveyance: Once a Lot has been conveyed by the Declarant to a bona fide purchaser for value, then any subsequent conveyance or transfer of ownership of the Lot shall be of the entire Lot and there shall be no conveyance or transfer of a portion of the Lot without the prior written consent of the Board.

2.05 Separate Mortgages: Each Owner shall have the right, subject to the provisions herein, to make a separate mortgage or encumbrance or other lien on its respective Lot. No Owner shall have the right or authority to make or create, or to cause to be made or created, any mortgage or encumbrance or other lien on or affecting any other part of the Premises.

2.06 Separate Real Estate Taxes: Real estate taxes, special assessments and any other special taxes or charges of the State of Illinois or any duly authorized subdivision or agency thereof, are to be separately taxed to each Owner for its Lot. If in any year such taxes are not separately taxed to each Owner but are taxed on the Premises as a whole, then the taxes shall be divided equally between the Owners and each Owner shall pay its share of said taxes in accordance with Article Six hereof. Any real estate taxes, special assessments or similar charges relating to the Community Area shall be a part of the Community Expenses.

ARTICLE THREE

Maintenance of the Community Area and Lots

3.01 In General: The restrictions and limitations contained in this Article shall be subject to the rights of the Declarant set forth in Article Nine.

3.02 Ownership: The Community Area shall be conveyed to the Association by Declarant free and clear of any mortgage or trust deed whatsoever on or before the Turnover Date; provided, that, if any Community Area is made subject to this Declaration after the Turnover Date, such Community Area shall be conveyed to the Association free and clear of any mortgage or trust deed whatsoever simultaneously with such Community Area being made subject to this

Declaration. The Association shall be responsible for the payment of any and all Community Expenses in connection with the Community Area, including, without limitation, real estate taxes, if any, and property damage and public liability insurance premiums. It is contemplated that (i) the Village may agree to accept conveyance of some or all of the Community Area, or (ii) the Village may agree to make some or all of the Community Area subject to what is commonly referred to as a "Special Service Area". If the Village does so agree, then upon the request of the Declarant, the Association shall either dedicate or convey those portions of the Community Area to the Village or its nominees and, thereupon, the Association shall no longer be responsible for the maintenance of the portions so dedicated or conveyed.

3.03 Right Of Enjoyment: Each Owner shall have the non-exclusive right and easement to use and enjoy the Community Area. Each Owner shall have the right to the use and possession of that portion of the Limited Community Area appurtenant to its Dwelling Unit. Such rights and easements shall run with the land, be appurtenant to and pass with title to every Lot, and shall be subject to and governed by the provisions of this Declaration, the By-Laws, and the reasonable rules and regulations from time to time adopted by the Association.

3.04 Delegation Of Use: Subject to the provisions of this Declaration, the By-Laws, and the reasonable rules and regulations from time to time adopted by the Association, any Owner may delegate its right to use and enjoy the Community Area and the Owner's Lot to Residents of its Lot.

3.05 Maintenance, Repair And Replacement Of The Community Area: Subject to the provisions of Section 3.02 and Section 5.08, the Association shall furnish maintenance, repairs and replacement of the Community Area and, as set forth herein, to the Dwelling Units and the Limited Community Area, and shall continue to do so with respect to any and all portions of the Community Area of which the Association is fee simple owner and to the Dwelling Units and the Limited Community Area as set forth herein. Such maintenance, repairs and replacement shall include, without limitation, the following:

(a) maintenance of the Monument Signs located on the Community Area and on portions of any Lot;

(b) maintenance of the sanitary sewer lines from each Residence to the point where such lines connect into the sewer mains owned and operated by the Village;

(c) added planting, replanting, care and maintenance of trees, shrubs, flowers, grass and all other landscaping of the Community Area, including without limitation, the Cul De Sac Islands;

(d) maintenance, repair and replacement of the Stormwater Management Areas and other improvements on the Community Area; provided, however, (i) the Village may agree to assume such maintenance, repair and replacement obligations with respect to some or all of the Stormwater Management Areas, in which event, the Village shall be entitled to prompt reimbursement by the Association for the cost

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of such work, or (ii) the Village may agree to accept conveyance of some or all of the Stormwater Management Areas in accordance with Section 3.02, in which event, the Association shall not furnish maintenance, repairs and replacement of such areas and shall not be responsible for the costs of any such work therefor; and

(e) maintenance of the roofs and appearances of all exterior surfaces of the Dwelling Units.

The cost of any such maintenance, repairs and replacement shall be Community Expenses. The failure of the Association to maintain the Stormwater Management Areas in accordance with this Section 3.05 shall give rise to the rights granted to the Village in Article Fourteen hereof.

Notwithstanding anything to the contrary contained herein, Owners of Lots upon which a Home is located shall only be responsible for their equal share of that portion of the Community Expenses which relate to: (1) Stormwater Management Areas; (2) Cul De Sac Islands, (3) Monument Signs; and (4) real estate taxes, special assessments and any other special taxes or charges of the State of Illinois or any duly authorized subdivision or agency thereof which are not separately taxed to each Owner but are taxed on the Premises as a whole.

3.06 Alterations, Additions Or Improvements To The Community Area: No alterations, additions or improvements shall be made to the Community Area without the prior approval of the Board. The Association may cause alterations, additions or improvements to be made to the Community Area, and the cost thereof shall be paid from a special assessment, as more fully described in Section 6.05; except, that, any such alteration, addition or improvement which shall cost more than four (4) months assessments then in effect under the then current budget shall be approved in advance at a special meeting of the Owners.

3.07 Maintenance, Repair And Replacement Of Residences:

(a) Subject to the provisions of Section 3.07 and Section 3.08 hereof, each Owner shall furnish and be responsible, at its own expense, for all of the maintenance, repairs and replacements for his Residence and shall keep his Residence in good, safe condition and repair.

(b) Each Owner shall furnish and be responsible for, at its own expense, all of the decorating of the interior of his own Residence from time to time, including painting, wallpapering, washing, cleaning, paneling, floor covering, draperies, window shades, curtains, lamps and other furnishings and interior decorating. The use of and the covering of the interior surfaces of windows, whether by draperies, shades or other items visible on the exterior of the Residence, shall be subject to the rules and regulations of the Board.

(c) Whenever the Board shall determine, in its sole discretion, that any maintenance, repair or replacement of any Residence is necessary to protect the Community Area or any other portion of the Premises, (i) if such work is made necessary through the fault of the Owner, then the Board may direct the Owner thereof to perform

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such maintenance, repair or replacement and pay the cost thereof: or. (ii) if such work is made necessary through no fault of the Owner, then the Board may cause the work to be done and the cost thereof shall be a Community Expense. If an Owner fails or refuses to perform any such maintenance, repair or replacement within a reasonable time after being so directed by the Board pursuant to the preceding sentence, then the Board may cause such maintenance, repair or replacement to be performed at the expense of such Owner. The determination of whether or not the work is made necessary through the fault of the Owner shall be made by the Board and such determination shall be final and binding.

(d) To the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and of liability for property damage due to negligent or willful acts or omissions shall apply to all Party Walls comprising a portion of the Dwelling Units. For the purposes of this Declaration, a "Party Wall" shall mean any wall which is built as part of the original construction of two (2) self-contained Dwelling Units and placed on the dividing line between such structures. The cost of reasonable repair and maintenance of a Party Wall shall be shared by the Owners who make use of the Party Wall in proportion to such use. If a Party Wall is destroyed or damaged by fire or other casualty, any Owner who has used the Party Wall may restore it and if the other Owner thereafter makes use of the Party Wall, the other Owner shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of the Owner who restores such Party Wall to call for a larger contribution from the other Owner under any rule of law regarding liability for negligent or willful acts or omissions. An Owner who, by his negligent or willful act, causes any Party Wall to be exposed to the elements, shall bear the entire cost of repair and restoration and of furnishing the necessary protection against such elements. The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to and run with the Lot owned by the Owner entitled to such contribution. Any dispute which arises concerning a Party Wall, or arising under the provisions of this Section, shall be resolved by the Board, whose resolution shall be final and binding on the parties to the dispute.

(e) With respect to the Limited Community Area and the roofs and appearances of all exterior surfaces of a Residence (the "Exteriors"), the Board may, in its discretion, (i) require each Owner to maintain, repair or replace, at its own expense, any portion of the Limited Community Area or Exteriors appurtenant to its Residence; or (ii) furnish such services to the Limited Community Area or Exteriors but assess the cost thereof directly to the particular Owners benefited thereby in equal shares.

(f) If, due to the act or neglect of an Owner, a Resident 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 Community Area and maintenance, repairs or replacements shall be required which would otherwise be a Community 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 Association.

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3.08 Architectural Control: From and after the construction by Declarant or its successors and assigns of any Residence or other improvements upon the Premises, no building, structure or other improvement shall be commenced, erected or maintained upon the Premises, nor shall any exterior addition to or change or alteration therein be made (including, but not limited to, change of color, landscaping, windows, doors and screens) until the plans and specifications showing the nature, kind, shape, height, materials, color and location of the same shall have been submitted to and approved in writing by the Board as to harmony of external design and location in relation to surrounding structures and topography. Nothing contained in this Section 3.08 shall be deemed to amend, modify or abrogate in any way the prohibitions and regulations regarding use set forth in Article Eight of this Declaration.

Prior to the Turnover Date, the Board shall meet twice annually to approve or disapprove the design and location of any building, structure or other improvement proposed in accordance with the procedure set forth herein. The Board shall approve or disapprove the plans and specifications of any proposal within sixty (60) days after the semi-annual meeting. The Board may hold additional meetings as it determines are appropriate in the event of numerous proposals pursuant to this Section.

All requests for approval of plans and specifications required herein must be submitted by certified mail. Once approved, the Owner shall 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.

If an addition, alteration or improvement is made by an Owner without the prior written consent of the Board, then the Board may, in its discretion, take any of the following actions:

(1) The Board may require the Owner to remove the addition, alteration or improvement and restore the property to its original condition, all at the Owner's sole cost and expense; or

(2) If the Owner refuses or fails to properly perform the work required under (1), the Board may cause such work to be done and may charge the Owner for reimbursement of the cost thereof as determined by the Board; or

(3) The Board may ratify the action taken by the Owner and 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.

ARTICLE FOUR Insurance/Condemnation

4.01 Community Area Insurance: The Association shall have the authority to and shall obtain:

(a) Fire and all risk coverage insurance covering the improvements, if any, to the Community Area and the Monument Signs (based on current replacement cost for the full insurable replacement value) of such improvements;

(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, and workmen's compensation insurance and other liability insurance as it may deem desirable, insuring each Owner, the Association, its directors and officers, the Declarant, the managing agent, if any, and their respective employees and agents, as their interests may appear, from liability resulting from an occurrence on or in connection with, the Community Area. The Board shall also obtain any other insurance which it deems advisable or which is required by law or under applicable regulations of the Federal National Mortgage Association, including, without limitation, insurance covering the directors and officers from liability for good faith actions beyond the scope of their respective authorities and covering the indemnity set forth in Section 5.06. Such insurance coverage shall include cross liability claims of one or more insured parties;

(c) Fidelity bonds indemnifying the Association, the Board and the Owners for loss of funds resulting from fraudulent or dishonest acts of any employee of the Association or of any other person handling funds of the Association may be obtained by the Association in such amounts as the Board may deem desirable or as may be required under applicable regulations of the Federal National Mortgage Association; and

(d) The premiums for any insurance obtained under this Section shall be Community Expenses.

4.02 Condemnation: In the case of a taking or condemnation by competent authority of any part of the Community Area, the proceeds awarded in such condemnation shall be paid to the Association and such proceeds, together with any Capital Reserve (as defined in Section 6.06) being held for such part of the Community Area, shall, in the discretion of the Board, either (i) be applied to pay the Community Expenses, (ii) be distributed to the Owners and their respective mortgagees, as their interests may appear, in equal shares, or (iii) be used to acquire additional real estate to be used and maintained for the mutual benefit of all Owners as Community Area under this Declaration. Any acquisition by the Association of real estate that shall become Community Area pursuant to this Section shall not become effective unless and until a supplement to this Declaration, which refers to this Section and legally describes the real estate affected, is executed by the President of the Association and Recorded.

4.03 Owner's Responsibility: Each Owner shall be responsible for and shall provide its own hazard and property damage insurance covering its own Lot and Residence and the contents of its Residence and furnishings and personal property therein, its personal property stored elsewhere on the Premises, and its personal liability to the extent not covered by the liability insurance for all of the Owners obtained as part of the Community Expenses as above provided,

and the Board shall have no obligation whatsoever to obtain any such insurance coverage on behalf of the Owners. All such policies shall provide coverage for the full replacement value of the Residence and shall name the Association as an additional insured thereunder. The Board shall not be responsible for obtaining any additional insurance coverage on the Community Area due to additions, alterations or improvements to any Lot or Residence.

4.04 Waiver Of Subrogation: Each Owner hereby waives and releases any and all claims which it may have against any other Owner, the Association, its directors and officers, Declarant, the manager and the managing agent, if any, and their respective employees and agents for damage to the Community Area, Lots, the Residences or to any personal property located in the Lots, Residences or Community Area 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.

ARTICLE FIVE The Association

5.01 In General: Declarant has caused or shall cause the Association to be incorporated as a not-for-profit corporation under Illinois law. The Association shall be the governing body for all of the Owners for the administration and operation of the Community Area. The Association shall be responsible for the maintenance, repair and replacement of the Community Area.

5.02 Membership: Each Owner shall be a member of the Association. There shall be one membership per Lot. Membership shall be appurtenant to and may not be separated from ownership of a Lot. Ownership of a Lot shall be the sole qualification for membership. The Association shall be given written notice of the change of ownership of a Lot within ten (10) days after such change.

5.03 Voting Members: Subject to the provisions of Section 9.05, voting rights of the members of the Association shall be vested exclusively in the Voting Members. One individual shall be designated as the "Voting Member" for each Lot. 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 Lot shall be in more than one person, or if an Owner is a trustee, corporation, partnership or other legal entity, then the Voting Member for the Lot shall be designated by such Owner or Owners in writing to the Board. 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 Lot as the Voting Member for such Lot.

5.04 Board: Subject to the rights retained by the Declarant under Section 9.05, the Board shall consist of five (5) directors as provided for in the By-Laws, each of whom shall be an Owner or Voting Member.

5.05 Voting Rights: Prior to the Turnover Date, all of the voting rights at each meeting of the Association shall be vested exclusively in the Declarant and the Owners shall have no voting

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rights. From and after the Turnover Date, all of the voting rights at any meeting of the Association shall be vested in the Voting Members and each Voting Member shall have one (1) vote for each Lot which the Voting Member represents. From and after the Turnover Date, any action may be taken by the Voting Members at any meeting at which a quorum is present (as provided in the By-Laws) upon an affirmative vote by a majority of the Voting Members present at such meeting, except as otherwise provided herein or in the By-Laws.

5.06 Director And Officer Liability: Neither the directors nor the officers of the Association shall be personally liable to the Owners for any actions whatsoever as such directors and officers except for any acts or omissions found by a court to constitute criminal conduct, gross negligence or fraud. The Association shall indemnify and hold harmless the Declarant and each of the directors and officers, their 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 Association or arising out of their status as directors or officers unless any such contract or act shall have been made criminally, fraudulently or with gross negligence. It is intended 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 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 not have been finally adjudged in such action, suit or proceeding to be liable for criminal conduct, 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 criminal conduct, gross negligence or fraud in the performance of his duties as such director or officer.

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5.07 Managing Agent: The Declarant (or any entity controlled by Declarant) may be engaged by the Association to act as the managing agent for the Association and, as managing agent, shall be paid a reasonable fee for its services as fixed by a written agreement entered into by the Association prior to the Turnover Date that shall have a term of not more than two (2) years and shall be terminable by the Association with payment of a termination fee on ninety (90) days written notice.

5.08 Dissolution: Although it is currently anticipated the Association will own and maintain the Community Area and the Monument Signs, it is possible that a governmental agency may accept a dedication or conveyance of all or a portion of the Community Area. If all of the Community Area is so dedicated or conveyed and the Association has no maintenance responsibilities, other than the maintenance of Monument Signs and/or the Cul De Sac Islands, then at the option of the Declarant (which may be exercised at any time prior to the Turnover Date) or at the option of the Voting Members of the Association (which may be exercised by action of the Voting Members after the Turnover Date in accordance with Article Ten), the Association shall be dissolved and liquidated and, thereafter, the provisions of this Declaration which deal with the powers and duties of the Association shall be null and void and of no further force and effect. In

such event, the Owner of each Lot which includes a Monument Sign shall thereupon become responsible for furnishing all necessary maintenance of the Monument Sign on the Owner's Lot, at the Owner's sole expense, unless a governmental agency has agreed to furnish such maintenance obligations as part of a special service area or other arrangement permitted by law and the Owners whose Lots abut a Cul De Sac Island shall be responsible for the maintenance of the respective Cul De Sac Island abutting such Owner's Lot. Any distribution of assets of the Association shall be made to the Owners of Lots in equal amounts for each Lot owned.

5.09 Major Litigation: No judicial or administrative proceedings shall be commenced or prosecuted by the Association without first holding a special meeting of the members and obtaining the affirmative vote of Voting Members representing at least seventy-five percent (75%) of the Lots in favor of the commencement and prosecution of the proposed action. This Section shall not apply to (a) actions brought by the Association to enforce the provisions of this Declaration, the By-Laws or rules and regulations adopted by the Board (including, without limitation, an action to recover Charges or to foreclose a lien for unpaid Charges), or (b) counterclaims brought by the Association in proceedings instituted against it.

ARTICLE SIX

Assessments

6.01 Purpose Of Assessments: The assessments levied by the Association shall be exclusively for the purposes of promoting the recreation, health, safety, and welfare of members of the Association, to administer the affairs of the Association, to pay the Community Expenses, and to accumulate reserves for any such expenses.

6.02 Community 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 Community Expenses;
- (b) The estimated amount, if any, to maintain adequate reserves for Community Expenses including, without limitation, amounts to maintain the Capital Reserve (as defined in Section 6.06);
- (c) The estimated net available cash receipts from the operation and use of the Community Area, plus estimated excess funds, if any, from the current year's assessments;
- (d) The amount of the "Community Assessment" payable by the Owners, which is hereby defined as the amount determined in (a) above, plus the amount determined in (b) above, minus the amount determined in (c) above.

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(e) That portion of the Community Assessment which shall be payable with respect to the ensuing calendar year by the Owner of each Lot which is subject to assessment hereunder, which shall be equal to the Community Assessment divided by the number of Lots, so that each Owner shall pay equal Community Assessments for each Lot owned. The Community Assessment shall be paid in periodic installments as determined by the Board from time to time, but no less frequently than once each calendar year.

Anything in this Section to the contrary notwithstanding, during the Initial Development Period (as defined in Section 6.08), the assessment procedure set forth in Section 6.08 shall apply and the budget provided for in this Section need not disclose the information called for in the subsections listed above, although the budget shall disclose the portion of each Owner's share of the Community Assessment that shall be added to the Capital Reserve.

6.03 Payment Of Community Assessment: Each Owner of a Lot which is subject to assessment shall pay to the Association, or as the Board may direct, that portion of the Community Assessment which is payable by each Owner of a Lot under Section 6.02(e) or Section 6.08, as applicable, at such times as the Board shall determine from time to time.

6.04 Revised Assessment: If, after the Initial Development Period (as defined in Section 6.08), the Community Assessment proves inadequate for any reason (including nonpayment of any Owner's assessments) or proves to exceed funds reasonably needed, then the Board may increase or decrease the assessment payable under Section 6.02(e) by giving written notice thereof (together with a revised budget and explanation for the adjustment) to each Owner not less than ten (10) days prior to the effective date of the revised assessment. In the event the Board proposes to increase the assessment to an amount in excess of one hundred five percent (105%) of the prior year's assessment, the Board shall only do so upon the assent of at least two-thirds (2/3) of the Owners at a meeting called for that purpose with at least sixty percent (60%) of the Owners present. If sixty percent (60%) of the Owners do not attend the meeting called for such purpose, then a second meeting may be called for such purpose and the quorum may be reduced to thirty percent (30%).

6.05 Special Assessment: After the Initial Development Period (defined in Section 6.08), the Board may levy a special assessment (i) to pay (or build up reserves to pay) expenses other than Community Expenses incurred (or to be incurred) by the Association from time to time for a specific purpose including, without limitation, to make alterations, additions or improvements to the Community Area, or any other property owned or maintained by the Association; or (ii) to cover an unanticipated deficit under the prior year's budget. Any special assessment shall be levied against all of the Lots in equal shares. No special assessment shall be adopted without the affirmative vote of Voting Members representing at least two-thirds (2/3) of the votes cast on the question. The Board shall serve notice of a special assessment on all Owners by a statement in writing giving the specific purpose and reasons therefor in reasonable detail, and the special assessment shall be payable in such manner and on such terms as shall be fixed by the Board. Any assessments collected pursuant to this Section (other than those to cover an unanticipated deficit under the prior year's budget) shall be segregated in a special account and used only for the specific purpose set forth in the notice of assessment.

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6.06 Capital Reserve: The Association shall segregate and maintain special reserve accounts to be used solely for making capital expenditures in connection with the Community Area (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 Community Area and other property owned by the Association and periodic projections of the cost of anticipated major repairs or replacements to the Community Area and the purchase of other property to be used by the Association in connection with its duties hereunder. Each budget shall disclose that percentage of the Community Assessment which shall be added to the Capital Reserve and each Owner shall be deemed to make a capital contribution to the Association equal to such percentages multiplied by each installment of the Community Assessment paid by such Owner.

6.07 Initial Capital Contribution: Upon the closing of the first sale of a Lot by the Declarant to a purchaser for value, the purchasing Owner shall make a capital contribution to the Association in an amount equal to one-sixth (1/6) of the annual Community Assessment at the rate which shall become effective with respect to the Lot as of the closing. Said amount shall be held and used by the Association for its working capital needs.

6.08 Assessments During Initial Development Period: Anything herein to the contrary notwithstanding, from the date of the Recording of this Declaration until the first meeting of the Voting Members after the Turnover Date (the "Initial Development Period"), the assessment procedure set forth in this Section shall apply.

(a) The Index. For purposes hereof: (i) the "Index" shall be the level of the most recently published Consumer Price Index, United States City Average, All Urban Consumers, All Items (1982-84 = 100) as published from time to time by the Bureau of Labor Statistics or if the Index shall cease being published, such other index or standard designated by the Declarant, in its discretion, as shall most nearly approximate the measurements theretofore made by the Index shall be used as the Index hereunder; (ii) the "Index Base Level" shall be 154.9; and (iii) the "Index Ratio" shall be a fraction, the numerator of which shall be the most recently published level of the Index and the denominator of which shall be the Index Base Level.

(b) Owner's Obligations. Each year or portion thereof during the Initial Development Period, each Owner (other than the Declarant) shall pay as its Community Assessment with respect to each Lot owned by the Owner, the amount designated from time to time by the Board, which amount, on an annualized basis, shall not be greater than \$1,500.00 multiplied by the Index Ratio. Payments shall be made periodically as determined by the Board from time to time, but not less frequently than once each year. Out of each such payment, the Association shall add that portion of the payment which is designated in the budget as a capital contribution under Section 6.06 to the Capital Reserve. The balance of each such payment shall be used by the Association to pay the Community Expenses.

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(c) Declarant's Obligation. During the Initial Development Period, the Declarant shall not be obligated to pay any amounts to the Association as a Community Assessment except as provided in this Subsection. With respect to each Lot owned by the Declarant which is occupied as a residence ("Declarant Owned Occupied Residence"), the Declarant shall also pay the same amount each month that each Owner (other than Declarant) must pay with respect to a Lot under Subsection (b) above. During the Initial Development Period, Declarant shall also pay to the Association an amount ("Subsidy Amount") equal to the aggregate excess, if any, of the Community Expenses incurred and paid during the Initial Development Period over the aggregate amounts assessed (i) to the Owners (other than Declarant) for use by the Association for the payment of Community Expenses under Subsection (b), and (ii) to the Declarant for Declarant Owned Occupied Residences. Except for the portion of assessments paid by the Declarant with respect to Declarant Owner Occupied Residences which are added to the Capital Reserves, the Declarant shall not be responsible for the payment of any amounts to the Capital Reserve during the Initial Development Period. The Declarant shall make Subsidy Payments to the Association as needed during the Initial Development Period and a final accounting shall be made between Declarant and the Association within one hundred eighty (180) days after the end of the Initial Development Period. If Declarant fails to pay any amounts due under this Subsection (c), the amount thereof shall be a lien against Lots owned by Declarant as provided in Article Seven.

6.09 Payment Of Assessments: Assessments levied by the Association shall be collected from each Owner by the Association and shall be a lien on the Owner's Lot and also shall be a personal obligation of the Owner in favor of the Association, all as more fully set forth in Article Seven.

6.10 Mechanic's Liens: The Board may cause to be discharged any mechanic's lien or other encumbrance which, in the opinion of the Board, may constitute a lien against the Premises or Community Area, rather than against a particular Lot. When fewer than all of the Owners are responsible for the existence of any such lien, the Owners responsible shall be jointly and severally liable for the amount necessary to discharge the same and for all costs and expenses (including attorneys' fees) incurred by reason of such lien.

ARTICLE SEVEN

Collection of Charges and Remedies for Breach or Violation

7.01 Creation Of Lien And Personal Obligation: The Declarant hereby covenants, and each Owner of a Lot 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 the Association all Charges made with respect to the Owner on the Owner's Lot. Each Charge, together with interest thereon and reasonable costs of collection, if any, as hereinafter provided, shall be a continuing lien upon the Lot against which such Charge is made and also shall be the

personal obligation of the Owner of the Lot at the time when the Charge becomes due. The lien or personal obligation created under this Section shall be in favor of and shall be enforceable by the Association.

7.02 Collection Of Charges: The Association shall collect from each Owner all charges payable by such Owner under this Declaration.

7.03 Non-Payment Of Charges: Any Charge that is not paid to the Association when due shall be deemed delinquent. Any Charge which is delinquent for thirty (30) days or more shall bear interest at the rate of eighteen percent (18%) per annum or the maximum rate permitted by law (or to comply with the then requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Veterans Administration, or any other governmental agency or quasi-governmental agency applicable hereto), whichever is less, from the due date to the date when paid. The Association may (i) bring an action against the Owner personally obligated to pay the Charge to recover the Charge (together with interest, costs and reasonable attorney's fees for any such action, which shall be added to the amount of the Charge and included in any judgment rendered in such action), and (ii) enforce and foreclose any lien which it has or which may exist for its benefit. In addition, the Board may add a reasonable late fee to any installment of an assessment that is not paid within thirty (30) days of its due date. No Owner may waive or otherwise escape personal liability for the Charges hereunder by non-use of the Community Area or by abandonment or transfer of its Lot.

7.04 Lien For Charges Subordinated To Mortgages: The lien for Charges, provided for in Section 7.01, shall be subordinate to the Mortgagee's mortgage on the Lot that was Recorded prior to the date that any such Charge became due. Except as hereinafter provided, the lien for Charges, provided for in Section 7.01, shall not be affected by any sale or transfer of a Lot. Where title to a Lot is transferred pursuant to a decree of foreclosure of the Mortgagee's mortgage, such transfer of title shall extinguish the lien for unpaid Charges that became due prior to the date of the transfer of title. However, the transferee of the Lot shall be personally liable for his or her share of the Charges with respect to which a lien against his Lot has been extinguished pursuant to the preceding sentence where such Charges are reallocated among all the Owners pursuant to a subsequently adopted annual or revised Community Assessment or special assessment, and non-payment thereof shall result in a lien against the transferee's Lot, as provided in this Article.

7.05 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 no 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; provided, that, if the violation or breach exists within a Home or Dwelling Unit, judicial proceedings must be instituted before any items of construction can be altered or demolished.

7.06 Other Remedies Of The Board: In addition to or in conjunction with the remedies set forth above, to enforce any of the provisions contained in this Declaration or any rules and

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regulations adopted hereunder the Board may levy a fine or the Board may bring an action at law or in equity by the Association against any person or persons violating or attempting to violate any such provision, either to restrain such violation, require performance thereof, to recover sums due or payable or to recover damages or fines, and against the land to enforce any lien created hereunder; and failure by the Association or any Owner to enforce any provision shall in no event be deemed a waiver of the right to do so thereafter.

7.07 Costs And Expenses: All costs and expenses incurred by the Board in connection with the 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 rate of eighteen percent (18%) per annum or the maximum rate permitted by law, whichever is less, 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 or her Lot as provided in Section 7.01.

7.08 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 Lot to enforce any lien created hereunder.

7.09 Sale, Leasing Or Other Alienation: Any Owner (other than the Declarant, its successors, assigns or designees) who sells, leases, devises or makes a gift of its Lot (or any lessee of any Residence who assigns or sublets such Residence) shall give to the Board written notice of such sale, lease, gift or other alienation. The right of an Owner to sell, transfer or otherwise convey its Lot shall not be subject to any right of first refusal or similar restriction. However, the Board may require that any lease entered into by an Owner have a minimum initial term of one (1) year.

ARTICLE EIGHT

Use Restrictions

8.01 Industry/Signs: No industry, business, trade, occupation or profession of any kind shall be conducted, maintained or permitted on any part of the Community Area nor shall any "For Sale" or "For Rent" signs or any other advertising be maintained or permitted on any part of the Community Area, except as permitted by the Board or as permitted under Article Nine.

8.02 Unightly Uses: No clothes, sheets, blankets, laundry of any kind or other articles shall be hung out on any portion of a Lot, the Community Area or the Limited Community Area; except, that laundry may be hung in the back yard of the Lot. No lawn ornaments or fences shall be placed or erected upon the front yard portion of any Lot without the prior written approval of the Board. 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 or the Village.

8.03 Residential Use Only: Each Residence shall be used only as a residence; provided that no Owner shall be precluded, with respect to his or her Residence, from (i) maintaining a personal professional library, (ii) keeping his or her personal business records or accounts therein or (iii) handling his or her personal business or professional calls or correspondence therefrom.

8.04 Parking: Unless expressly permitted by the Board, no boats, trucks, recreational vehicles, trailers or other similar vehicles shall be parked or stored on the front lawn, side yards or driveways of any Lot for more than twenty-four (24) hours at a time.

8.05 Obstructions: Except as permitted under Section 9.03, there shall be no obstruction of the Community Area or the Limited Community Area, and nothing shall be stored in the Community Area or the Limited Community Area without the prior written consent of the Board.

8.06 Pets: No animal of any kind shall be raised or kept in the Community Area and the breeding of animals of any kind is expressly prohibited on the Premises. The Board may from time to time adopt rules and regulations governing the (a) keeping of pets in the Home or Dwelling Unit, which may include prohibiting certain species of pets from being kept in the Home or Dwelling Unit, and (b) use of the Community Area by pets, including, without limitation, rules and regulations which set aside certain portions of the Community Area as a "dog run". Any animal causing or creating a nuisance or unreasonable disturbance shall be permanently removed from the Premises upon three (3) days written notice from the Board to the Owner of the Home or Dwelling Unit containing such animal and the decision of the Board shall be final.

8.07 No Nuisance: No noxious or offensive activity shall be carried on in the Premises nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the Residents.

8.08 Operation of Equipment: No Owner shall overload the electric wiring in any Dwelling Unit or operate any machines, appliances, accessories or equipment in such manner as to cause, in the judgment of the Board, an unreasonable disturbance to others.

8.09 Use Affecting Insurance: Nothing shall be done or kept in any Lot, Residence; Limited Community Area or in the Community Area which will increase the rate of insurance on the Premises or contents thereof for residential use without the prior written consent of the Board. No Owner shall permit anything to be done or kept in any Lot, Residence, Limited Community Area or in the Community Area which will result in the cancellation of insurance, or which would be in violation of any law.

8.10 Rules and Regulations: The use and enjoyment of the Premises, the Lots and the Residences 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.

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ARTICLE NINE

Declarant's Reserved Rights and Special Provisions Covering Development

9.01 In General: In addition to any rights or powers reserved to the Declarant under the provisions of this Declaration or the By-Laws, the Declarant shall have the rights and powers set forth in this Article. Anything in this Declaration or the By-Laws to the contrary notwithstanding, the provisions set forth in this Article shall govern.

9.02 Promotion Of Project: In connection with the promotion, sale or rental of any improvements upon the Development Area: (i) the Declarant shall have the right and power, within its sole discretion, to construct such temporary or permanent improvements, or to do such acts or other things in, on, or to the Premises as the Declarant may, from time to time, determine to be necessary or advisable, including, without limitation, the right to construct and maintain model Homes and Dwelling Units, sales or leasing offices, parking areas, advertising signs, lighting and banners, or other promotional facilities at such locations and in such forms as the Declarant may deem advisable; and (ii) Declarant, its agents, prospective purchasers and tenants, shall have the right of ingress, egress and parking in and through, and the right to use and enjoy the Community Area, at any and all reasonable times without fee or charge. The Declarant shall have the right and power to lease any unit owned by it or the Declarant to any person or entity which it deems appropriate in its sole discretion.

9.03 Construction On Premises: In connection with the construction of improvements to any part of the Premises, the Declarant, its agents and contractors, shall have the right, at the Declarant's own expense, (but shall not be obligated) to make such alterations, additions or improvements to any part of the Premises whether temporary or permanent, which the Declarant deems in its sole discretion, to be necessary or advisable, including the landscaping, sodding or planting and replanting of any unimproved portions of the Premises. In connection with the rights provided in the preceding sentence, the Declarant, its agents and contractors, shall have the right of ingress, egress and parking on the Premises and the right to store construction equipment and materials on the Premises without the payment of any fee or charge whatsoever.

9.04 Grant Of Easements And Dedications: Declarant shall have the right to dedicate portions of the Community Area to the County, the Village or any municipality or other governmental authority which has jurisdiction over such portions. Declarant shall also have the right to reserve or grant easements over the Community Area to any governmental authority, public utility or private utility for the installation and maintenance of electrical and telephone conduit and lines, gas, sewer or water lines, or any other utility services serving any Lot.

9.05 Declarant Control Of Association: The first and all subsequent Boards prior to the Turnover Date shall consist solely of three (3) persons from time to time designated by the Declarant, which persons may, but need not, be members under Section 5.02. Declarant's rights under this Section to designate the members of the Board shall terminate on the first to occur of (i) such time as Declarant no longer holds or controls title to any part of the Premises, (ii) the giving of written notice by Declarant to the Association of Declarant's election to terminate such right, or (iii) ten (10) years from the date of Recording hereof. The date on which the Declarant's right under this

Section shall terminate shall be referred to as the "Turnover Date". From and after the Turnover Date, the Board shall be constituted and elected as provided in the By-Laws. Prior to the Turnover Date, all of the voting rights at each meeting of the Owners shall be vested exclusively in the Declarant and other Owners shall have no voting rights.

9.06 Other Rights: The Declarant shall have the right and power to execute all documents and do all other acts and things affecting the Premises which, in Declarant's opinion, are necessary or desirable in connection with the rights of Declarant under this Declaration. The Board or its agents, upon reasonable notice or, in the case of an emergency, without notice, shall have the right to enter upon any Lot and into any Residence when necessary in connection with any maintenance, repair and replacement for which the Board is responsible. Such entry shall be made with as little inconvenience as practicable, and any damage caused thereby shall be repaired by the Board as a Community Expense.

9.07 Assignment By Declarant: All rights of the Declarant under this Declaration are mortgageable, pledgeable, assignable or transferable. Any successor to, or assignee of, the rights of the Declarant hereunder (whether as the result of voluntary assignment, foreclosure, assignment in lieu of foreclosure, or otherwise) shall hold or be entitled to exercise the rights of Declarant hereunder as fully as if named as such party herein. No such successor assignee of the rights of Declarant hereunder shall have or incur any liability for the acts of any other party which previously exercised or subsequently shall exercise such rights.

ARTICLE TEN

Amendments

10.01 Special Amendments: Anything herein to the contrary notwithstanding, Declarant reserves the right and power to Record special amendments (each a "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 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, guarantee or otherwise deal with the first mortgages covering Lots; (iii) to correct errors in the Declaration or any Exhibit; (iv) to bring the Declaration into compliance with applicable laws, ordinances or governmental regulations; or (v) to make any other modification provided the rights and obligations of any Owner are not materially and adversely affected by such modification. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to the Declarant 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 Lot 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 Declarant to make, execute and Record Special Amendments. The right and power to make Special Amendments hereunder shall terminate at such time as Declarant no longer holds or controls title to a portion of the Premises.

10.02 Amendment: Subject to Section 10.01 and Article Eleven, the provisions of this Declaration may be amended, abolished, modified, enlarged, or otherwise changed in whole or in part by the affirmative vote of Voting Members representing at least seventy-five percent (75%) of the total votes or by an instrument executed by Owners of at least seventy-five percent (75%) of the Lots; except, that (i) the provisions of this Section 10.02 may be amended only by an instrument executed by all of the Owners and all Mortgagees, (ii) Article Nine or any other provisions relating to the rights of Declarant may be amended only upon the written consent of the Declarant, and (iii) no amendment to the Declaration which changes the ratio of assessments against Owners shall become effective without the consent of all Mortgagees. No amendment which removes all or a portion of the Premises from the provisions of this Declaration shall be effective if, as a result of such removal, an Owner of a Lot shall no longer have the legal access to a public way from his Lot. No amendment shall become effective until properly Recorded.

ARTICLE ELEVEN

Mortgagees' Rights

11.01 Notice To Mortgagees: Upon the specific, written request of a Mortgagee or the insurer or guarantor of a Mortgagee's mortgage, such party shall receive some or all of the following:

(a) Copies of budgets, notices of assessment, or any other notices or statements provided under this Declaration by the Association to the Owner of the Lot covered by the Mortgagee's mortgage;

(b) Any audited or unaudited financial statements of the Association which are prepared for the Association and distributed to the Owners; provided, that, if an audited statement is not available, then upon the written request of the holder, insurer or guarantor of a Mortgage, the Association shall permit such party to have an audited statement for the preceding fiscal year of the Association prepared at such party's expense;

(c) Copies of notices of meetings of the Owners;

(d) Notice of the commencement of any condemnation or eminent domain proceedings with respect to any part of the Community Area;

(e) Notice of any default by the Owner of the Lot which is subject to the Mortgagee's mortgage under this Declaration, the By-Laws or the rules and regulations of the Association which is not cured within thirty (30) days of the date of the default;

(f) The right to examine the books and records of the Association at any reasonable times.

(g) A lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

(h) The right to be listed on the records of the Association as an "Eligible Mortgagee" for purposes of Section 11.02 below,

The request of any such party 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 Association.

11.02 Consent Of Mortgagees: In addition to any requirements or prerequisites provided for elsewhere in this Declaration, the consent of Mortgagees holding, in the aggregate, the first mortgages on at least two-thirds (2/3) of the Lots (by number), who specifically request to be treated as "Eligible Mortgagees" under Section 11.01(h) above, will be required for the Association to do or permit to be done any of the following:

(a) Adoption of an amendment to this Declaration which (i) changes Article Six or otherwise changes the method of determining the Community Assessments or other Charges which may be levied against an Owner; (ii) changes Section 7.04 or Article Ten, (iii) changes this Article Eleven or any other provision of this Declaration or By-Laws which specifically grants rights to Mortgagees, (iv) materially changes insurance and fidelity bond requirements, (v) changes voting rights, or (vi) imposes a right of first refusal or similar restriction on the right of an Owner to sell, transfer or otherwise convey his Lot;

(b) The withdrawal of the Premises from the provisions of this Declaration:

provided, that, such consent of Eligible Mortgagees will not be required with respect to any action under (1) and (2) above which occurs as a result of any action taken pursuant to Article Twelve.

11.03 Insurance Proceeds/Condemnation Awards: In the event of (i) any distribution of any insurance proceeds hereunder as a result of damage to, or destruction of, any part of the Community Area, 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 Community Area, 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 Lot with respect to any such distribution to or with respect to such Lot; provided, that, nothing in this Section shall be construed to deny to the Association the right (i) to apply insurance proceeds to repair or replace damaged Community Area, or (ii) to apply proceeds of any or settlement as a result of eminent domain proceeding as provided in Article Four.

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ARTICLE TWELVE
Annexing Additional Property

12.01 In General: Declarant reserves the right, at any time and from time to time prior to ten (10) years from the date of Recording of this Declaration, to annex, add and subject additional portions of the Development Area to the provisions of this Declaration as additional Premises by recording a supplement to this 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 portion of any Added Premises which is made part of the Community Area shall be referred to as "Added Community Area"; and any Lots contained in the Added Premises shall be referred to as "Added Lots". After the expiration of said ten (10) year period, Declarant may exercise the rights described herein to annex, add and subject additional portions of the Development Area to the provisions of this Declaration, provided that the consent the Owners (by number) of two-thirds (2/3) of all Lots then subject to this Declaration is first obtained.

12.02 Power To Amend: Declarant hereby retains the right and power to Record a Supplemental Declaration, at any time and from time to time as provided in Section 12.01, which amends or supplements Exhibit B. Exhibit B may only be amended or supplemented pursuant to this Article to add portions of the Development Area to Exhibit B and shall not be amended to reduce or remove any real estate which is described in Exhibit B immediately prior to the Recording of such Supplemental Declaration. A Supplemental Declaration may contain such additional provisions affecting the use of the Added Premises or the rights and obligations of owners of any part or parts of the Added Premises as the Declarant deems necessary or appropriate.

12.03 Effect Of Supplemental Declaration: Upon the Recording of a Supplemental Declaration by Declarant which annexes and subjects Added Premises, Added Community Area, or Added Lots to this Declaration, as provided in this Article, then:

(a) The easements, restrictions, conditions, covenants, reservations, liens, charges, rights, benefits and privileges set forth and described herein shall run with and bind the Added Premises and inure to the benefit of and be binding on any Person having at any time any interest or estate in the Added Premises in the same manner, to the same extent and with the same force and effect that this Declaration applies to the Premises subjected to this Declaration prior to the date of the Recording of the Supplemental Declaration;

(b) Every Owner of an Added Lot shall be a member of the Association on the same terms and subject to the same qualifications and limitations as those members who are Owners of Lots immediately prior to the Recording of such Supplemental Declaration;

(c) In all other respects, all of the provisions of this Declaration shall include and apply to the Added Premises (including the Added Community Area or the Added Lots, if any) made subject to this Declaration by any such Supplemental

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Declaration and the Owners, Mortgagees, and lessees thereof, with equal meaning and of like force and effect and the same as if such Added Premises were subjected to this Declaration at the time of the Recording hereof;

(d) The Recording of each Supplemental Declaration shall not alter the amount of the lien for any Charges made to a Lot or its Owner prior to such Recording;

(e) The Declarant shall have and enjoy with respect to the Added Premises all rights, powers and easements reserved by the Declarant in this Declaration, plus any additional rights, powers and easements set forth in the Supplemental Declaration; and

(f) Each Owner of an Added Lot which is subject to assessment hereunder shall be responsible for the payment of the Community Assessment pursuant to Section 6.02(e) or Section 6.08, as the case may be, but shall not be responsible for the payment of any special assessment which was levied prior to the time that the Added Lot became subject to assessment hereunder.

ARTICLE THIRTEEN

Miscellaneous

13.01 Notices: Any notice required to be sent to any Owner under the provisions of this Declaration or the By-Laws shall be deemed to have been properly sent when (i) mailed, postage pre-paid, to his or her last known address as it appears on the records of the Association at the time of such mailing, or (ii) when delivered personally to his or her Lot.

13.02 Captions: 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 statements made in recitals to this Declaration and the provisions contained in the body of this Declaration, the provisions in the body of this Declaration shall govern.

13.03 Severability: Invalidation of all or any portion of any of the easements, restrictions, covenants, conditions or reservations, by legislation, judgment or court order, shall in no way affect any other provisions of this Declaration which shall, and all other provisions, remain in full force and effect.

13.04 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 provision, (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 the President of the United States at the time this Declaration is Recorded.

13.05 Title Holding Land Trust: In the event title to any Lot is conveyed to a title holding trust, under the terms of which all powers of management, operation and control of the Lot remain vested in the trust beneficiary or beneficiaries, then the beneficiaries hereunder from time to time shall be responsible for payment of all Charges and for the performance of all agreements, covenants and undertakings chargeable or created under this Declaration against such Lot. 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 Lot and the beneficiaries of such trust notwithstanding any transfers of the beneficial interest of any such trust or any transfers of title to such Lot.

13.06 Declarant's Liability: Anything herein to the contrary notwithstanding, each and all of the representations, covenants, undertakings, warranties and agreements herein made on the part of Declarant, while in form purporting to be the representations, covenants, undertakings, warranties and agreements of said Declarant, are nevertheless, each and every one of them, made and intended not as personal representations, covenants, undertakings, warranties and agreements by Declarant or for the purpose or with the intention of binding said Declarant but are made and intended solely in the exercise of the powers conferred upon it as Declarant; and no personal liability or personal responsibility is assured by or enforceable against said Declarant on account of this Declaration or any covenant, undertaking, warranty or agreement of said Declarant contained in this Declaration, either express or implied. Declarant makes no personal representations as to, nor shall it be responsible for, the existence, location or maintenance of the chattels herein described, if any.

ARTICLE FOURTEEN

Village Rights

14.01 Village Rights: Certain covenants and provisions herein are further intended to inure to the benefit of the Village and its is therefore specifically provided as follows:

(a) The Village is hereby granted a perpetual easement, right and privilege to enter upon the Premises for the purpose of providing police and fire protection services, and supervising the maintenance of all public facilities, including the Stormwater Management Areas as further provided in Section 14.01(b) below. In addition, the terms and conditions of all permits issued by the Village shall prevail over any provision contained herein to the contrary. The covenants and restrictions of this Section 14.01 may be enforced by any proceeding at law or in equity, either to restrain violation or to recover damages, by the Village against any person(s) or entity violating or attempting to violate any covenant or restrictions of this Section 14.01.

(b) The duly designated officials and employees of the Village are hereby granted an easement to enter upon, on and over the Stormwater Management Areas for the purpose of inspecting such areas to determine whether the improvements and systems which constitute same have been and are being properly maintained in conformity with this Declaration and applicable ordinances and regulations. If it is determined that the Stormwater Management Areas are not in conformity with applicable restrictions, ordinances and regulations, the Village shall give the Association written notice of such determination.

(c) Further, the Village shall be empowered to compel correction of a problem concerning maintenance of the Stormwater Management Areas after providing notice to the Association, although notice shall not be required in the event it is determined that the failure of maintenance constitutes an immediate threat to public health, safety and welfare. If the Association fails to perform the necessary maintenance within a reasonable time after receiving notice of the determination, the Village shall have the right to perform or cause to be performed such maintenance or other operations necessary to preserve the drainage structures and characteristics of the Stormwater Management Areas. If the Village is required to perform such service, it shall be entitled to complete reimbursement by the Association. The easement described in this Section is an easement appurtenant, running with the land, it shall be at all times binding upon the Declarant, all of its grantees and their respective heirs, successors, personal representatives and assigns. This Declaration may not be amended if the result would in any manner diminish its function of insuring compliance with all ordinance requirements (and other applicable regulations) concerning the Stormwater Management Areas, and the responsibility for continued maintenance, operation and preservation of said Stormwater Management Areas shall not be abrogated by any amendment.

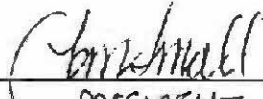
14.02 Waiver: The failure by the Association, any Owner or the Village to enforce any covenants or restrictions herein contained shall in no event be deemed a waiver of the right to do so thereafter.


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IN WITNESS WHEREOF, this Declaration is executed by the Declarant as of this
17th day of September, 1997.

DECLARANT:

SUNDANCE HOLDINGS, INC.,
an Illinois corporation

By: 
Its: PRESIDENT

By: 
Its: VICE PRESIDENT

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STATE OF ILLINOIS)
) SS
COUNTY OF MC HENRY

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that Tom Small and Joe Atkin, respectively the President and Vice President of Sundance Holdings, Inc., an Illinois corporation, appeared before me this day in person and acknowledged that they signed, sealed and delivered said instrument as their free and voluntary act, and as the free and voluntary act of said corporation for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 17th day of September, 1997.

Ronald S. Adams

Notary Public



My Commission Expires:

11-19-97

THIS INSTRUMENT PREPARED BY:

Victoria L. Pasquesi, Esq.
Ungaretti & Harris
3500 Three First National Plaza
Chicago, Illinois 60602

AFTER RECORDING MAIL TO:

Sundance Homes, Inc.
1375 East Woodfield Drive
Suite 600
Schaumburg, Illinois 60173
Attn.: Ronald S. Adams

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EXHIBIT A

The Development Area

LOTS 1 THRU 9, INCLUSIVE, LOTS 101A, 102B, 103B, 104B, 105B, 106A, 201A, 202B, 203B, 204B, 205B, 206A, 301A, 302B, 303B, 304B, 305B, 306A, 401B, 402B, 403B, 404B, 405B, 501B, 502B, 503B, 504B, 505B, 601B, 602B, 603B, 604B, 605B, 701B, 702B, 703B, 704B, AND 705A AND LOTS A, B AND C IN GEORGIAN COURT SUBDIVISION ACCORDING TO THE PLAT OF RESUBDIVISION THEREOF RECORDED ON June 30, 1997 AS DOCUMENT NO. R97- 93217 BEING A RESUBDIVISION OF LOTS 1, 2, 3, 4 AND 5 IN BLECKE'S ROLLING ACRES ESTATES, A SUBDIVISION OF PART OF THE SOUTH HALF OF THE SOUTHEAST QUARTER OF SECTION 29, TOWNSHIP 40 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN ACCORDING TO THE PLAT OF SUBDIVISION FOR BLECKE'S ROLLING ACRES ESTATES RECORDED NOVEMBER 27, 1951 AS DOCUMENT NO. 640039, IN DUPAGE COUNTY, ILLINOIS

EXHIBIT B

The Premises

- I. The Lots: LOTS 1 THRU 9, INCLUSIVE. LOTS 101A, 102B, 103B, 104B, 105B, 106A, 201A, 202B, 203B, 204B, 205B, 206A, 301A, 302B, 303B, 304B, 305B, 306A, 401B, 402B, 403B, 404B, 405B, 501B, 502B, 503B, 504B, 505B, 601B, 602B, 603B, 604B, 605B, 701B, 702B, 703B, 704B, AND 705A IN GEORGIAN COURT SUBDIVISION ACCORDING TO THE PLAT OF RESUBDIVISION THEREOF DESCRIBED IN THE PRECEDING EXHIBIT A.
- II. Community Area: LOTS A, B AND C IN GEORGIAN COURT SUBDIVISION ACCORDING TO THE PLAT OF RESUBDIVISION THEREOF DESCRIBED IN THE PRECEDING EXHIBIT A.

LOT	ADDRESS
1	1740 Georgian Court , ADDISON, ILLINOIS
2	1730 Georgian Court
3	1720 Georgian Court
4	1710 Georgian Court
5	1700 Georgian Court
6	1680 Georgian Court
7	1650 Georgian Court
8	1640 Georgian Court
9	1630 Georgian Court
BUILD	ADDRESS
1	
101	1721 Georgian Court
102	1725 Georgian Court
103	1729 Georgian Court
104	1735 Georgian Court
105	1737 Georgian Court
106	1739 Georgian Court
2	
201	1719 Georgian Court
202	1717 Georgian Court
203	1715 Georgian Court
204	1709 Georgian Court
205	1705 Georgian Court
208	1701 Georgian Court
3	
301	1651 Georgian Court
302	1653 Georgian Court
303	1655 Georgian Court
304	1657 Georgian Court
305	1659 Georgian Court
306	1661 Georgian Court
4	
401	1649 Georgian Court
402	1647 Georgian Court
403	1645 Georgian Court
404	1643 Georgian Court
405	1641 Georgian Court
5	
501	1631 Georgian Court
502	1633 Georgian Court
503	1635 Georgian Court
504	1637 Georgian Court , ADDISON, IL
505	1639 Georgian Court , ADDISON, IL
6	
601	1629 Georgian Court
602	1627 Georgian Court
603	1625 Georgian Court
604	1623 Georgian Court
605	1621 Georgian Court
7	
701	1617 Georgian Court
702	1615 Georgian Court
703	1609 Georgian Court
704	1605 Georgian Court
705	1601 Georgian Court , ADDISON, IL

PIN NUMBERS:

- 03-29-416-018
- 03-29-416-019
- 03-29-416-020
- 03-29-416-021
- 03-29-416-022
- 03-29-416-023