

This Instrument prepared by and
After recording mail to:
Kevin Charles Homes, Inc.
Kevin C. Buck
175 Hawthorn Parkway, Suite 230
Vernon Hills, IL 60061

**VILLAS OF CHESTNUT RIDGE OF BUFFALO GROVE HOMEOWNERS' ASSOCIATION
DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND EASEMENTS**

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS (this "Declaration") is made and entered into on the date hereinafter set forth by **PARKWAY BANK AND TRUST, an Illinois Banking Corporation, a/t/u/t/a #14116, dated February 7, 2006,** (hereinafter referred to as "Declarant").
and not individually

W I T N E S S E T H:

WHEREAS, Declarant is the owner and legal title holder of certain real estate in the Village of Buffalo Grove, County of Lake and State of Illinois, which real estate is legally described in Exhibit "A" attached hereto and by this reference made a part hereof; and

WHEREAS, KEVIN CHARLES HOMES, INC., an Illinois corporation (the "Developer"), presently intends to construct a development containing twenty-one (21) Single Family Units, as hereinafter defined, together with certain common areas which will require uniformity and continuing care and maintenance for the privacy, benefit and enjoyment of all persons owning and residing in the Single Family Units (the "Development"); and

WHEREAS, the Village of Buffalo Grove has enacted Village Ordinance 2004-75 (the "Ordinance") approving a Residential Planned Unit Development on the Property, as hereinafter defined; and

WHEREAS, the Property is subject to an Annexation Agreement as approved by the Village of Buffalo Grove by Ordinance No 2004-73; and

WHEREAS, the Declarant and the Developer desire and intend to construct and operate the Development in full compliance with the provisions and conditions of said ordinance approving the Residential Planned Unit Development; and

WHEREAS, the Developer has deemed it desirable for the efficient preservation of the values and amenities of the proposed development to create an agency to which shall be delegated and assigned the powers of maintaining and administering the Common Area, as hereinafter defined, and administering and enforcing the covenants and restrictions hereinafter contained and created; and

WHEREAS, there has been incorporated under the laws of the State of Illinois, as a not-for-profit corporation, the **VILLAS OF CHESTNUT RIDGE OF BUFFALO GROVE HOMEOWNERS' ASSOCIATION,** for the purpose of exercising the functions aforesaid; and

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WHEREAS, the Declarant desires to establish for its own benefit and the mutual benefit of all future owners, tenants and occupants of the Development and the Property and any part thereof, certain easements or rights in, over, under, upon and along the Development and the Property and certain mutually beneficial restrictions and obligations with respect to the use, conduct and maintenance thereof; and

WHEREAS, the Declarant may, from time to time for the purposes hereinafter enumerated, convey certain portions of the Property, as hereinafter defined, to the Association, as hereinafter defined, as well as to various owners;

NOW, THEREFORE, the Declarant hereby declares that only the Property and such additions thereto as may hereinafter be made is and shall be transferred, held, sold, conveyed and accepted subject to this Declaration of Covenants, Conditions, Restrictions and Easements. The Declarant does hereby further declare that the following easements, covenants, restrictions, conditions, burdens, uses, privileges, charges and liens shall: (1) exist at all times hereafter amongst all parties having or acquired a right, title or interest in any portion of the Property; (2) be binding upon and inure to the benefit of each Owner (as hereinafter defined); and (3) run with the land subjected to this Declaration, to be held, sold and conveyed subject thereto.

ARTICLE 1

DEFINITIONS

1.1 "Association" shall mean and refer to the VILLAS OF CHESTNUT RIDGE OF BUFFALO GROVE HOMEOWNERS' ASSOCIATION, an Illinois not-for-profit corporation.

1.2 "Property" shall mean and refer to that certain real estate described in Exhibit "A" attached hereto and by this reference made a part hereof and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

1.3 Intentionally Deleted

1.4 "Common Area" shall mean those portions of the Property owned by the Association for the common use and enjoyment of all members of the Association and such uses thereto by way of easement or other grant from the Declarant, the Association or others as may be granted to or by the Association for the common use and enjoyment of the Owners. The Common Area to be conveyed to and owned by the Association is hereinafter legally described in Exhibit "B" attached hereto and by this reference made a part hereof which shall exclude Single Family Units 1 through 21 as described in Exhibit "C".

1.5 "Single Family Unit" shall mean the individual lots (non-easement areas) described in Exhibit "C".

1.6 "Residential Dwelling Unit" shall mean the area consisting of a constructed dwelling.

1.7 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Single Family Unit, as hereinafter defined, including contract sellers, but excluding those having such Interest merely as security for the performance of an obligation. The term "Owner" shall include the Developer to the extent of the number of Lots owned by Declarant and also includes the interest of the Developer or of Declarant as contract seller of any Lot.

1.8 "Member" shall mean and refer to any person or entity that holds membership in the Association.

1.9 "Declarant" shall mean and refer to PARKWAY BANK AND TRUST, an Illinois Banking Corporation, a/t/u/t/a #14116, dated February 7, 2006, its successors and assigns, if such successors and assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

1.10 Intentionally Deleted

1.11 "Board" shall mean the Board of Directors of the Association as constituted at any time or from time to time, in accordance with the applicable provision of Article 3.

1.12 "Occupant" shall mean any person or persons other than the Owner in possession of a Single Family Unit.

1.13 "Family" shall mean one or more persons each related to the other by blood, marriage, or legal adoption, or a group of not more than two (2) persons not all so related, together with his or their domestic servants, maintaining a common household in a Single Family Unit.

1.14 "By-Laws" shall mean the By-Laws of the VILLAS OF CHESTNUT RIDGE OF BUFFALO GROVE HOMEOWNERS' ASSOCIATION, a copy of which is attached as Exhibit "D" hereto and by this reference made a part hereof.

1.15 "Declaration" shall mean the VILLAS OF CHESTNUT RIDGE OF BUFFALO GROVE HOMEOWNERS' ASSOCIATION Declaration of Covenants, Conditions, Restrictions and Easements.

1.16 "Residential Planned Unit Development" shall mean and refer to the residential planned unit development approved in Village Ordinance No. 2004-75, as the same may be hereafter amended from time to time pursuant to a duly enacted Village ordinance.

1.17 "Recreational Facilities" shall mean the recreational facilities, which have been or may be constructed pursuant to the ordinance approving the Residential Planned Unit Development and the Annexation Agreement.

1.18 "Transfer Date" shall mean the date which is the earlier of: (i) the date on which seventy-five percent (75%) of the Single Family Units have been conveyed to Owners other than the Declarant or (ii) five (5) years after the first Single Family Unit is conveyed to an Owner other than the Declarant.

1.19 "Material Amendment" shall mean any amendment to the Declaration, By-laws or the Association's articles of incorporation that would change any of the following in a manner other than as expressly provided herein: voting rights in the Association; assessments, assessment liens, or subordination of assessment liens; reserves for maintenance, repair and replacement of the Common Area; responsibility for the maintenance and repair of the Common Area; allocation of interests in the Common Area, or rights to use the Common Area; boundaries of any Single Family Unit other than the initial determination of the boundaries of a Single Family Unit; convertibility of Single Family Units or any portion thereof into Common Area, or convertibility of Common Area into Single Family Units; expansion or contraction of the Property, or the addition, annexation or withdrawal of property from the Property; insurance or fidelity bonds; leasing of Single Family Units; imposition of any restrictions on an Owner's right to sell or transfer his or her Single Family Unit; a decision by the Association to establish self-management when professional management had previously been required by an Eligible Mortgage Holder; requirements for the restoration or repair of the Property; termination of the legal status of the Association or the Property

following substantial destruction or condemnation; or any provisions that expressly benefit holders, insurers or guarantors of mortgages secured by portions of the Property.

1.20 "Eligible Mortgage Holder" shall mean each holder of a first mortgage on a Single Family Unit that has requested in writing that the Association notify it of any proposed action that requires consent of a specified percentage of mortgage holders.

1.21 "Developer" shall mean **KEVIN CHARLES HOMES, INC.**, an Illinois corporation, its successors and assigns.

1.22 "Village" shall mean the Village of Buffalo Grove, Illinois, its elected and appointed officials, officers, agents and employees.

ARTICLE 2

MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Single Family Unit which is subject by covenants of record to assessment by the Association, including a contract seller, shall be a member of the Association. The foregoing is not intended to include persons or entities that hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Single Family Unit that is subject to assessment by the Association. Ownership of such Single Family Unit shall be the sole qualification of membership. Nothing herein contained shall be interpreted to exclude Declarant from membership while it or its successors in interest, if any, owns one or more Single Family Units. Voting rights with regard to each Member are set forth in Article 3 hereof.

ARTICLE 3

VOTING RIGHTS AND BOARD OF DIRECTORS

3.1 The Association shall have two classes of voting membership:

Class A. Class A Members shall be all those Owners as defined in Article 2, provided that the Declarant shall not be a Class A Member until the Transfer Date. Class A Members shall be entitled to one vote for each Single Family Unit in which they hold the interest required for membership pursuant to Article 2. When more than one person holds such interest in any Single Family Unit, all such persons shall be Members. The vote for such Single Family Unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Single Family Unit. All Members holding any interest in a Single Family Unit shall together be entitled to cast only one vote for the Single Family Unit.

Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to three (3) votes for each Single Family Unit in which it holds the interest required for membership by Article 2; provided that the Class B membership shall cease and be converted to Class A membership on the Transfer Date.

3.2 The provisions of Section 3.1 hereof shall be mandatory. No owner of any interest in any Single Family Unit shall have any right or power to disclaim, terminate or withdraw from his membership in the Association or any of his obligations as such Member, and no purported disclaimer, termination or withdrawal thereof or there from on the part of any such owner shall be of any force or effect for any purpose.

3.3 The Association shall have a Board of five (5) Directors who shall be elected by the Members of the Association at such intervals as the corporate charter and By-laws of the Association shall provide, except that vacancies in the Board occurring between regularly scheduled meetings of the Members may be filled by the Board by majority vote if so provided by the articles of incorporation or By-Laws and that the first Board may be appointed by the Declarant (or its beneficiary or designee) and shall be three (3) in number. The Association shall have such officers as shall be appropriate from time to time, who shall be elected by the Board and who shall manage and conduct the affairs of the Association under the direction of the Board. Except as expressly otherwise provided by the Association's articles of incorporation, this Declaration or the By-Laws, all power and authority to act on behalf of the Association both pursuant to this Declaration and otherwise shall be vested in its Board from time to time and its officers under the direction of the Board, and shall not be subject to any requirement of approval on the part of its Members. The articles of incorporation and By-Laws of the Association may include such provisions for the protection and indemnification of its officers and directors as shall be permissible by law.

3.4 The Association, being a not-for-profit corporation, shall not distribute to its Members any sums in the nature of dividends upon its shares. To the extent that funds shall not be required for current expenditures or for such reserves, the next monthly assessments may, in the discretion of the Board, be eliminated or the amount thereof appropriately reduced. Such reduction shall not prevent reinstatement of or increase in such assessments when required, but such reinstatement or increase shall not be retroactive.

3.5 Whenever possible, the Association shall perform its functions and carry out its duties by entering into agreements for the performance thereof with such persons and business entities regularly engaged in the performance of generally similar functions and duties as the Board shall determine, which agreements shall be for such length of time, at such rates of compensation and upon such other terms and provisions as the Board shall determine from time to time, provided however that if the Association, Declarant or Board shall enter into an agreement or agreements for the professional management of the Property before the Transfer Date, such agreement or agreements shall provide that it is terminable by the Association without cause at any time after the Transfer Date and shall not require the payment of any penalty by the Association and shall not require advance notice of termination of more than ninety (90) days. Such persons or business entities may, but need not, be persons or business entities owning or otherwise directly or indirectly interested in the Property or any part thereof. The Association itself shall also have power to perform its functions and carry out its duties.

3.6 The Association, through the resolutions of the Board, shall have the right to adopt rules and regulations governing the Single Family Units and Common Area and the use thereof provided, however, that no rule or regulation shall conflict with the Declaration or any applicable laws, ordinances or codes.

3.7 A copy of this Declaration, the By-Laws and the Association's books, records and financial statements to be kept by the Board shall be available for inspection by any Owner or any representative of an Owner duly authorized in writing, the Village, or any holder, insurer or guarantor of a first mortgage lien on a Single Family Unit at such reasonable time or times during the normal business hours as may be requested by the Owner or by the holder of said first mortgage lien.

ARTICLE 4

PROVISIONS RELATING TO THE COMMON AREA

4.1 Every Owner shall have a right and easement in, over, upon and to the Common Area for purposes of pedestrian ingress and egress and use of the open spaces and other common facilities and the Common Area shall be held for the use and benefit of each Owner, and such easement shall be appurtenant to and shall pass with the title to every Single Family Unit subject to the following provisions:

(1) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Owners. No such dedication or transfer shall be effective unless an instrument signed by Owners entitled to cast sixty-seven percent (67%) of the votes allocated to the Class B membership, if not yet ceased, has been recorded, agreeing to such dedication or transfer. In the event Class B membership has ceased, then sixty-seven percent (67%) of the votes to the Class A membership shall be required to make such dedication or transfer effective.

(2) As part of the overall program of development of the Property as a residential community and to encourage the marketing and construction thereof, the Developer and its contractors, subcontractors, and their respective agents and employees shall, for sales and construction purposes only, have the right of use of certain Single Family Units and the Common Area and facilities thereof without charge during the sales and construction period on the Property to aid in its construction and marketing.

4.2 Each Owner and his tenants, guests and invitees shall have a right and easement in, over, upon and to any sidewalks located in the Common Area for the purposes of pedestrian ingress and egress.

4.3 There shall be located upon the Common Area such parking areas or portions thereof and walks as shall be necessary to provide ingress and egress to and from the Single Family Units for the use and benefit of the Owners of the Single Family Units and their guests and invitees, such other permitted improvements as set forth in Section 4.4 below, and such additional landscaping and walks, benches and spaces for the parking of motor vehicles as the Declarant or the Association or Board shall from time to time determine and shall be in compliance with such governmental laws, ordinances and regulations as shall be in effect during the development of the Property. There may also be upon the Common Area such facilities for the housing of tools, vehicles and equipment, and such other structures and facilities as shall be reasonably necessary for the carrying out of the duties imposed upon the Association hereunder, or as the Association may determine to erect from time to time.

4.4 An irrevocable license and non-exclusive easement is hereby granted to the Village and police, fire, water, health and other authorized officials, employees and vehicles of the Village, to go upon the Common Area (and, to the same extent granted to the Association pursuant to Section 5.5 below with respect thereto, the Single Family Units) at any time and from time to time for the purpose of performance of official duties and for the purpose of enforcing this Declaration and all Village ordinances, rules and regulations, and the statutes of the State of Illinois and the United States. In addition, duly designated officials and employees of the Village are hereby granted a non-exclusive easement to enter upon, on and over the Common Area for the purposes of maintaining, except as otherwise provided hereunder, all or any part of Common Area and the storm water detention and retention areas, drainage systems, storm and sanitary sewers, water mains, and any other utility or public service and to correct or eliminate nuisances or violations resulting from the failure to exercise maintenance responsibilities by the Developer or its successors and assigns, any Owner or the Association. Except in the event of emergency situations, the Village shall serve written notice upon the Association setting forth the manner in which the Association

has failed to comply with its obligations under this Declaration under any source of law. Said notice shall include a demand that such deficiency be cured within thirty (30) days from the date such notice is received. If such deficiency has not been cured within said thirty (30) days or any extension thereof granted by the Village, the Village may (but shall not be obligated to) exercise said easement by entering the Common Area and performing such maintenance or repair. The Association shall reimburse the Village for all expenses incurred by it in performing such maintenance or repair. If the Association has not reimbursed the Village in full for all such expenses incurred within ninety (90) days after receipt of a bill detailing such expenses, then the cost of such maintenance or repair not so reimbursed, together with interest and all reasonable costs of collections, including attorney's fees, shall be assessed in equal shares against the Single Family Units, and shall become a lien upon such Single Family Units. Such lien may be enforced by all methods generally available for the enforcement of liens including foreclosure by an action brought in a like manner as a mortgage or deed of trust lien on real property. Said easement shall be exercised only to the extent and for such period of time that the maintenance or repair is required to accomplish the purpose hereinabove mentioned and to enforce this Declaration. It is the intention of this Section 4.4 to provide that the obligation for maintenance and repair of certain main utility lines which service the Property (water, sanitary sewer and storm sewer) shall be borne by the Village and that the obligation for maintenance and repair of all other portions of the Common Area shall be borne by the Association. The Association shall be solely responsible for the maintenance and repair of the stormwater management system and its appurtenances in accordance with a stormwater management maintenance plan approved by the Village and attached hereto as Exhibit "E", site landscaping and shall further be responsible for snow removal on public and private sidewalks and private driveways located within the Property and adjacent Rights-of-Way. The Association shall store excess snow in appropriate off-street locations, and shall not in any way impede the Village's snow removal operations on public streets. The Village shall be under no obligation to exercise the rights herein granted except, as it shall determine to be in its best interest. No failure to exercise any right herein granted to the Village shall be construed as a waiver of that or any other rights.

4.5 Any Owner may delegate, in accordance with the By-Laws, his right of ingress and egress to the Common Area to the members of his family, occupants, guests, invitees, or contract purchasers who reside on the Property.

4.6 The Declarant hereby covenants for itself, its successors and assigns, that it will convey to the Association fee simple title to the Common Area to which it is in title prior to the conveyance of any Single Family Unit free and clear of any mortgage liens of record subject, however, to the provisions of Section 4.1(1) hereof. Declarant shall reserve, upon conveyance to the Association of such portions of the Common Area, a perpetual and non-exclusive easement for egress and ingress in, to and from each Single Family Unit as well as for the location, maintenance, repair, reconstruction, operation and restoration of other permitted improvements as set forth above, which it shall grant for the benefit of each Single Family Unit upon the conveyance thereof.

4.7 Developer and Declarant, its beneficiary, agents, employees, guests and invitees shall have the right and easement of ingress and egress in, over, upon, under and across the Common Area for sales and construction purposes until Declarant has conveyed all of the Single Family Units to the purchasers thereof.

4.8

(1) The Association shall have the right and duty to repair and maintain the Common Area and all portions of a Single Family Unit outside the Residential Dwelling Unit and shall have the right of ingress and egress over and upon those portions of the Single Family Unit outside the residential dwelling unit for such purposes.

(2) The Association shall have the right of ingress and egress over and upon the Common Area for any and all purposes in connection with the use, maintenance, construction, operation, repair and reconstruction of the Common Area.

(3) The Association, through resolutions of the Board, shall have the right to adopt rules and regulations governing the use, maintenance and administration of the Common Area and for the health, comfort, safety and general welfare of persons using the Common Area.

4.9 Notwithstanding any provisions herein to the contrary, the easements herein created shall be subject to:

(1) The right of Declarant to execute all documents (including additional easements), and do all other acts and things affecting the Property, which, in the Declarant's sole opinion, are desirable in connection with Declarant's rights hereunder.

(2) Easements of record on the date hereof, including those easements granted on the Plat of Subdivision for the Property and any easements which may hereafter be granted by Declarant or the Association to any public utilities or governmental bodies for the installation and maintenance of electrical and telephone conduit and lines, gas pipes, sewers or water mains and pipes, or any other utility services serving any Single Family Unit and to any provider of cable television service.

4.10 Nothing contained in this Declaration shall be construed or be deemed to constitute a dedication, express or implied, of any part of the Common Area to which Declarant is in title as of the date hereof to or for any public use or purpose whatsoever.

4.11 Easements for serving the Common Area and other properties with public utilities and municipal services are hereby granted to Commonwealth Edison Company, Peoples Energy, AT&T, the Village, and all other suppliers of utilities serving the Common Area and the respective successors and assigns, jointly and severally to install, lay, construct, renew, operate, maintain or remove, from time to time, conduits, cables, pipes, wire transformers, switching apparatus and other facilities and appurtenances used in connection with serving the Common Area and adjacent property with telephone communications, electric, sewer, gas, water, drainage, cable television, or other municipal services, upon, across and under the Common Area as depicted on the Plat of Subdivision for the Property approved by the Village; provided, however, that all such public utilities shall be installed underground. Notwithstanding any code or ordinance provision which may provide otherwise, no public utility shall be installed above-ground and nothing herein shall be deemed or construed as permitting above-ground utilities.

4.12 All areas of and facilities upon the Common Area, including, but not limited to any detention area, all open space, all perimeter fencing, bike paths, recreation areas, gazebos, stormwater detention pond and drainage systems, all parking areas, and all landscaping shall be maintained by the Association in such a manner as to ensure the proper use and functioning of such areas and facilities as originally designated and/or constructed. Such obligation shall include the obligation of the Association to provide for snow removal (and snow storage in appropriate areas of the Common Areas) from all parking areas and public and private sidewalks and private driveways.

4.13 The Association shall pay, as agent and on behalf of the Owners and out of the funds furnished to it by them for such purpose, all tax and other governmental impositions levied upon the Common Area or any part thereof.

4.14 The Common Area shall at all times be used and maintained in compliance with all applicable ordinances, codes and regulations of the Village.

4.15 Declarant and Developer represent that the existing cellular communications tower located on the Property is subject to a lease, which has been extended through May 7, 2009. Said tower and accessory structure shall be allowed to remain on the Property as a non-conforming use until removal at the termination of said lease. In the event that the use of the tower and accessory structure ceases prior to expiration of said lease, said tower and accessory structure shall be removed from the Property immediately. After removal of the cellular tower and accessory structure, the lease area shall be redeveloped as a common open space area including, but not limited to, lawn grasses and parkway trees, in accordance with plans approved by the Village. The Association for the Property shall establish a fund to accomplish said redevelopment.

ARTICLE 5

MAINTENANCE OF SINGLE FAMILY UNITS

5.1 Owner shall be responsible for all maintenance and repair to the interiors and exteriors of the Residential Dwelling Units including, without limitation, roofs, siding and trim, gutters and downspouts. The Association shall determine the need for and shall carry out or cause to be performed all maintenance and repair of only those gas, telephone, cable television and electrical lines located within the Common Area which are incorporated in and forming a part of the Single Family Units as originally constructed that service more than one Single Family Unit (it being expressly understood that an individual Owner shall maintain and repair all water, storm sewer and sanitary lines, gas, electric, telephone, and cable television lines which service only his Single Family Unit) and additionally that such maintenance and repair shall not include the maintenance or repair of any furnaces, water heaters, stoves, refrigerators, washing machines or household appliances, sump pumps, glass surfaces, patio areas, windows and patio doors, front entry and garage doors, electrical fixtures, air conditioners and compressors, or any other portion of said unit which services only one Single Family Unit or the interior of any Residential Dwelling Unit or portion thereof. In the event that the need for maintenance or repair of other exterior repairs which are caused through the willful or negligent act of the Owner, his family, guests or invitees, the cost of such maintenance or repair shall be added to and become a part of the assessment to which such Single Family Unit is subject. The Association shall be responsible for the proper maintenance of all landscaping located on the Common Area and on the Single Family Units including, but not limited to, mowing the grass areas and shall additionally be responsible for the snowplowing of all parking areas and sidewalks in the development serving the Owners and their Single Family Units and the storage of such snow on appropriate areas of the Common Area

5.2 Each Owner shall have the obligation to maintain in good condition and repair his glass surfaces, fireplaces (including the interior and exterior of chimneys), windows, front entry and garage doors, electrical fixtures, patio screens, if any, decks, screened porches, patio on his Single Family Unit, appurtenant service walks and driveway located on or serving his Single Family Unit. Upon the failure of any Owner to maintain those areas not the maintenance responsibility of the Association, the Association, through its agents and employees, is hereby granted the right to enter upon the Single Family Unit and make such reasonable repairs, maintenance, rehabilitation or restoration of the premises as may be necessary, and the costs thereof shall become a lien upon the Single Family Unit in the same manner as provided in Article 6 hereof for nonpayment of maintenance assessments.

5.3 The Association shall provide for the maintenance of the Single Family Unit planting which the Developer in the sale of the Single Family Unit has offered. In the event the Owner installs his own planting within his Single Family Unit in accordance with the provisions as hereinafter set forth in

Section 9.20 hereof, the Association shall have the right to assess each Owner for any additional cost in providing for the maintenance of such planting.

5.4 The Association shall have the right to draw water from the exterior taps of individual Residential Dwelling Units as required for the efficient performance of its duties hereunder and, to the extent such water is separately metered to the Owner of such Single Family Unit, the Association shall reimburse such Owner for any excess cost over the normal customary billing amount.

5.5 An irrevocable license and non-exclusive easement is hereby granted to the Association to enter upon the Single Family Units for purposes of performing its obligations and exercising its rights pursuant to this Article 5.

ARTICLE 6

COVENANTS FOR MAINTENANCE ASSESSMENTS

6.1 Subject to the provisions of Section 6.9, the Declarant, for each Single Family Unit owned within the Property, hereby covenants, and each Owner of any Single Family Unit by acceptance of a deed therefore whether or not it shall be so expressed in such deed or other conveyance, is deemed to covenant and agree to pay to the Association: (1) annual assessments to be fixed, established and collected from time to time as hereinafter provided; and (2) special assessments to be fixed, established and collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the Single Family Unit against which each such assessment is made. Each such assessment, together with such interests, costs and reasonable attorneys' fees shall also be the personal obligation of the person who was the Owner of such Single Family Unit at the time when the assessment fell due. The personal obligation shall not pass to his successors in title unless expressly assumed by them.

6.2 The assessments levied by the Association shall be used exclusively for the purpose of promoting the health, safety, and welfare of the residents in the Property and in particular for the improvement and maintenance of the Property, services and facilities devoted to this purpose and related to the use and enjoyment of such Common Area, and of the Single Family Units situated upon the Property. Such uses shall include, but are not limited to, the cost to the Association of all taxes, insurance, repair, replacement and maintenance of the Common Area and, as provided herein, of the maintenance and repair of the Single Family Units as may from time to time be authorized by the Board, and other facilities and activities including, but not limited to, caring for the grounds, landscaping, equipment, non-dedicated portions of the storm water management system, monument signage, subdivision signage at the entrance to the Property in accordance with applicable Village codes, all fencing, structures and appurtenances (other than facilities and activities maintained by any governmental authority or utility company), and other charges required by this Declaration or that the Board shall determine to be necessary or desirable to meet the primary purpose of the Association, including the establishment and maintenance of a reserve fund for repair, maintenance, replacements, taxes, and other charges as specified herein. In addition, the Association shall pay for water, waste removal and/or any utilities, which are not separately metered or otherwise directly charged to individual Owners, from the assessments levied hereunder. The Board reserves the right to levy additional assessments against any Owner to reimburse it for excessive use by such Owner of any utility service, the expense of which is charged to the maintenance fund. At the time of closing of the sale of each Single Family Unit by the Declarant, the Owner shall pay (in addition to the first monthly assessment) to the manager or managing agent, or as otherwise directed by the Board, an amount equal to One Thousand Dollars (\$1,000.00), which amount shall be used and applied as a working capital fund in the manner herein provided.

6.3 The Board shall be authorized to fix the annual assessment in an amount sufficient to meet the costs and expenses as contained in Section 6.2 hereof. Until December 31, 2007, the annual assessment for each Single Family Unit shall be fixed at One Hundred Forty Five Dollars (\$145.00) per month. Developer shall not be subject to such charge and shall pay all expenses of the Association not covered by such assessment

6.4 In addition to the annual assessments authorized above, the Association may levy in any assessment year a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair, maintenance or replacement (including those items of maintenance and repair set forth in Section 5.1 hereof) of a described capital improvement upon the common Area, including the necessary fixtures and personal property related thereto, if any.

6.5 Both annual and special assessments shall be fixed at a uniform rate for all Single Family Units, except for certain Single Family Units as provided in Section 6.9 hereof, and shall be collected on a monthly basis.

6.6 The annual assessments provided for herein shall commence for all Single Family Units within the Property on the first day of the month following the conveyance of the first Single Family Unit from the Declarant, except as otherwise provided in Section 6.9 hereof. The Board shall fix the amount of the annual assessment against each Single Family Unit at least thirty (30) days in advance of each annual assessment period and in lieu thereof, the amount of the prior year's annual assessment shall be the fixed amount. Written notice of any changed amount of annual assessment shall be due on the first day of the month immediately preceding the effective date of the changed assessment. An Owner shall first be liable for payment of the full monthly assessment on the 1st day of the month following conveyance of title to him. This payment shall be in addition to the prorated portion of the monthly assessment which Owner shall pay as of the date title to his Single Family Unit is conveyed. The Association shall upon demand at any time furnish a certificate in writing signed by an officer or agent of the Association setting forth whether the assessments on a specified Single Family Unit have been paid and, if not paid, the amount of any such deficiency. Such certificate shall be conclusive evidence of payment of any assessment therein.

6.7 Any assessments, which are not paid when due, shall be delinquent. Such assessments, interest and all costs of collection shall be a continuing lien upon the Single Family Unit against which each such assessment was made. If the assessment is not paid within thirty (30) days after the due date, then (i) the amount of the assessment shall bear interest from the date of delinquency at the rate one and one-half (1.5%) percent per month, and (ii) in addition to said interest, the delinquent Owner shall pay to the Association a late charge of Fifty Dollars (\$50.00) for the first month delinquent, Seventy-Five Dollars (\$75.00) for the second month delinquent, One Hundred Dollars (\$100.00) for the third month delinquent and One Hundred Fifty Dollars (\$150.00) for each subsequent month or portion thereof that said amount remains delinquent, said late charge to cover the Association's administrative costs in monitoring and collecting such amount. The Association may bring an action at law or in equity against the Owner personally obligated to pay the same, or foreclose the lien against the respective Single Family Unit and interest, late charges, costs and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. Each Owner, by his acceptance of a deed to a Single Family Unit, hereby expressly vests in the Association, or its agents, the right and power to bring all actions against such Owner personally for the collection of such charges as a debt, and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in a like manner as a mortgage or deed of trust lien on real property.

6.8 The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage now or hereafter placed on the Single Family Units and recorded prior to the due date of the

delinquent assessment provided, however, that such prior recorded mortgage shall be subject to the lien of all unpaid assessments with respect to such Single Family Unit which became due and payable subsequent to the date the holder of said mortgage takes possession of the Single Family Unit, accepts a conveyance of any interest in the Single Family Unit or has a receiver appointed in a suit to foreclose his lien. The sale or transfer of the corresponding Single Family Unit shall not affect the lien of the assessments unless the sale or transfer is pursuant to the foreclosure of the first mortgage thereon. In such a case, the transfer of title pursuant to the foreclosure shall extinguish the lien. However, neither the personal obligation of the transferor, if any, nor the resulting pro rata share of the burden of such non-payment or non-enforcement, imposed through a subsequent assessment, shall be affected.

6.9 With regard to any Single Family Units to which title has not been conveyed by Declarant, the assessment respecting any such Single Family Unit shall be limited to the aggregate amount of actual operating expenses from time to time required to be paid with respect to such Single Family Unit which Declarant may pay directly; provided, however, that in the event Declarant enters into a lease or installment contract for any Single Family Unit, then Declarant shall, as of the first day of such lease or contract, be responsible for the payment of all assessments on those Single Family Units on the same basis as any other Owner as provided in this Article. Actual operating expenses shall mean those ordinary expenses attributable only to the period in question covering the maintenance and operation of the Property and shall not include capital expenditures, amounts set aside as a reserve for contingencies or replacements, repair items or inventory items to the extent attributable to subsequent periods. The Declarant hereby agrees to satisfy any deficit or shortage in the Association's operating budget for any period in which the Declarant has paid reduced assessments pursuant to this Section 6.9; provided, however, that the Declarant's liability hereunder shall not exceed the amount by which the Declarant's assessments have been reduced below the assessments of each other Owner by reason of this Section 6.9. Until such time as the Transfer Date has occurred, amounts due from the Declarant may be paid on a monthly basis or, at its option, paid to the Association at the close of each calendar year without interest.

ARTICLE 7

INSURANCE

7.1 The Association shall be responsible for procuring and maintaining comprehensive public liability insurance, including liability for injuries to and death of persons, in an amount not less than One Million Dollars (\$1,000,000.00) per occurrence and property damage in such limits as it shall deem desirable, and other liability insurance as it may deem desirable, insuring the Association from liability in connection with the ownership and/or use of the Common Area. In addition, the Association shall be further responsible for maintaining such policies of insurance for the improvements from time to time located in the Common Area against loss or damage by fire and such other hazards contained in a customary "all risk" policy provided that such policies shall (i) state that such policies may not be cancelled or substantially modified without at least thirty (30) days written notice to the Association; and (ii) provide for coverage in the amount of one hundred percent (100%) of current full replacement value of said improvements. The aforesaid liability insurance policies shall also name as insured the Directors, agents, officers, employees, and all Owners.

7.2 The Association shall be responsible for procuring and maintaining a fidelity bond insuring the Association and its Board and the Owners against loss of funds as a result of the fraudulent or dishonest acts of any employee of the Association or its management agents, if any, or of any other person handling the funds of the Association or its Board or the Owners, in such amounts as the Board shall deem necessary, but not less than 150% of the annual operating expenses of the Association, including amounts collected for reserves. Such bonds shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar expression. Such bonds shall provide

that they may not be cancelled for non-payment of any premiums or otherwise substantially modified without thirty (30) days prior written notice to the Association.

7.3 The Association may also obtain such other kinds of insurance as the Board shall from time to time deem prudent or necessary, in such amounts as shall be deemed to be desirable, including, but not limited to, the following: flood risk; Directors and Officers Liability; Workman's Compensation and Employer Liability; and Non-Owned or Hired Automobile Insurance.

ARTICLE 8

INTERIM PROCEDURE

8.1 Until each of the various Single Family Units shall have been conveyed by the Declarant to the first Owner thereof (or to such Owners nominee), the Developer, with respect to each such unsold Single Family Unit and as specified herein, shall have all the rights granted to and obligations imposed upon the Owners except as set forth in Section 6.3.

8.2 Until the initial meeting of the Members, the Declarant (or its beneficiary or designees) may appoint the Board which shall have the same powers and authority as given to the Board generally.

8.3 The powers granted to the Developer by Section 8.2 hereof shall include, without limitation, the power to assess upon and collect from the individual Owners, their respective proportionate shares of the funds required for the carrying out of all the duties and obligations of the Association.

ARTICLE 9

RESTRICTIONS RELATING TO PROPERTY

9.1

(1) The Owners shall comply with all applicable ordinances (including the Ordinances approving the Residential Planned Unit Development and the Annexation Agreement), codes and regulations of the Village in connection with the use of any Single Family Unit.

(2) All buildings or structures on the Property shall be of new construction

9.2 Each Single Family Unit conveyed shall be designated by a separate single family unit number as set forth on the Plat of Subdivision of the Property and shall constitute a freehold estate subject to the terms, conditions and provisions hereof.

9.3 The Single Family Units shall be used only for residential purposes, as a private residence, and no professional business or commercial use shall be made of the same, or any portion thereof or resident's use of a Single Family Unit endanger the health or disturb the reasonable enjoyment of any other Owner or resident, except as provided in Sections 4.1(2) and 9.6 herein and provided further, that the Single Family Unit restrictions contained in this Section shall not be construed in such a Manner as to prohibit an Owner from (a) maintaining his personal professional library therein; (b) keeping his personal, business or professional records or accounts therein; or (c) handling his personal, business or professional telephone calls or correspondence therefrom.

9.4 Except as hereinafter provided in Section 9.6 hereof, no structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuildings shall be used as a residence at any time, either temporarily or permanently.

9.5 No advertising sign (except one "For Rent" or "For Sale" sign of not more than five (5) square feet per Single Family Unit), billboards, unsightly objects, or nuisances shall be erected, placed or permitted to remain on the Single Family Unit except as provided in Section 9.6 hereof. Any sign shall be in compliance with all applicable Village ordinances.

9.6 The covenants contained in this Article 9 shall not apply to the activities of the Association. The Developer may maintain, while engaged in construction and sales activities, in or upon such portions of the Property as Developer determines, such temporary facilities as in its sole discretion may be necessary or convenient, including, but without limitation, offices, storage areas, temporary toilets, model units, signs and construction and storage trailers.

9.7 No animals, livestock or poultry of any kind shall be raised, bred, or kept on the Property, except dogs, cats or other common household pets (not to exceed a total of two (2) pets) which may be kept on any Single Family Unit, provided, that they are not kept, bred, or maintained for any commercial purposes.

9.8 All rubbish, trash, recycling or garbage shall be kept in the garage so as not to be seen from neighboring Single Family Units and streets, and shall be moved to the street only on the day scheduled for pick-up and shall be returned to the garage within twenty-four (24) hours after pick-up. Garbage shall regularly be removed from the Property, and shall not be allowed to accumulate thereon.

9.9 Drying of clothes shall be confined to the interior of the Residential Dwelling Units.

9.10 Without prior written authorization of the Board, no television, radio or ham radio antennas, or of any other sort shall be placed, allowed or maintained on the exterior of any Single Family Unit or any portion of the exterior of the improvements located on the Property, nor upon any structure situated upon the Property. Satellite dishes may be installed in accordance with FCC Regulations, subject to the permitted rules governing the placement, screening, color of the dishes and size as enacted by the Association in accordance with FCC Regulations.

9.11 An Owner shall do no act, nor any work that will impair any easement or hereditament, nor do any act nor allow any condition to exist which will adversely affect the other properties or their owners.

9.12 There shall be no change in any exterior color of any Single Family Unit from the color scheme in place at the time of the initial conveyance of the Single Family Unit from Declarant without the prior written approval of the Association.

9.13 There shall be no fences, screened porches, patios, decks, sheds, outbuildings, swing sets or similar improvements commenced, erected, or maintained upon any Single Family Unit, other than those constructed by the Developer, if any, without an Owner first obtaining the prior written approval of the Association and thereafter (but only thereafter) seeking and obtaining, as required, the issuance of any appropriate permit or variation from the Village. No such improvements, other than those constructed by the Developer, if any, shall encroach upon any portion of the Common Area without the express prior written consent of the Association except as otherwise provided herein. No fencing shall be allowed except for the perimeter fencing depicted on the Final Landscape Plan approved by the Village, other than privacy screening for patios and decks pursuant to the Village fence code.

9.14 No nuisance, noxious or offensive activity shall be carried on the Property nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the Owners or Occupants.

9.15 Each Single Family Unit (but not the interior of the Residential Dwelling Unit) is hereby declared to be subject to an easement and right to and in favor of the Association and Village and each and all of its employees, agents and instrumentalities to go upon such Single Family Unit for reasonable inspection thereof from time to time and for the purpose of carrying out any and all of the obligations and functions with respect to such Single Family Unit (but not the interior of the Residential Dwelling Unit) and the Single Family Unit located thereon as are herein imposed upon or permitted to the Association. Each Single Family Unit is further declared to be subject to an easement in favor of any adjoining Single Family Unit to the extent and only to the extent necessary to permit the maintenance, supply, repair, and servicing of utility services to the various Single Family Units located thereon, if any.

9.16 The Owner of each Single Family Unit shall from time to time grant such additional easements and rights over, across, on, under and upon his Single Family Unit as may be reasonably necessary in connection with the supply of any of the utilities described in Article 4 hereof to any part of the Property.

9.17 The Board may adopt such other rules and regulations from time to time governing the use and enjoyment of the Common Area and the use of the Single Family Units as the Board, in its sole discretion, deems appropriate or necessary.

9.18 Subject to applicable Village ordinances, parking areas and driveways shall be used for parking operable automobiles and private vans only and shall not be used for campers, recreational vehicles, trucks, buses, motorcycles, trailers, commercial vans, snowmobiles, boats, and vehicles with lettering or signs or for any other purpose. The Board may authorize such vehicles parked in violation of this provision to be towed away and any such towing charge shall become a lien upon the Single Family Unit of the owner of the vehicle in the same manner as provided in Article 6 hereof for nonpayment of maintenance assessments. All parking areas located in the Common Area and not serving exclusively a Single Family Unit shall be restricted to guest parking only by the posting of appropriate signage.

9.19 The Common Area is hereby subjected to a permanent easement appurtenant to any adjoining Single Family Unit and any adjoining portion of the Common Area, as applicable, to permit the construction, existence, maintenance, repair and restoration of structures located on such adjoining portion of the Common Area, including roof structures which overhang and encroach upon the Common Area provided that the construction of such structure is permitted and approved as elsewhere herein provided. The owner of the dominant tenement shall have the right, at all reasonable times, to enter the easement area in order to maintain, repair and restore any improvements located on the dominant tenement; provided, however, that such entry shall be allowed only during daylight hours and with the prior knowledge of the owner of the servient tenement. In case of emergency, such right of entry shall be immediate, not restricted as to time and not be conditioned upon prior knowledge of the owner of the servient tenement. The owner of the servient tenement shall not place any improvement, material or obstacle in or over the easement area on the servient tenement which would unreasonably interfere with the rights of the owner of the dominant tenement granted by this Section 9.19. Any such improvement, material or obstacle shall be promptly removed by the owner of the servient tenement at that owner's expense when requested by the owner of the dominant tenement or Declarant notwithstanding any lapse of time since such improvements, material or other obstacle was placed in or over the easement area.

9.20 No building, wall or other structure or landscaping shall be commenced, erected or maintained upon the Property except such as are installed or approved by the Developer in connection with the initial construction of the Single Family Units upon the Property, nor shall any exterior addition to or change or alteration or, in the event of a casualty loss, any restoration made to the exterior portion of any Single Family Unit, therein be made until the plans and specifications showing the nature, kind, shape,

height, materials, and location of the same, and the grading plan and landscape plan shall have been submitted in writing as to harmony of external design and location in relation to surrounding structures and topography to an architectural committee of three (3) or more persons appointed by the Board which committee shall refer their recommendation to the Board for the Board's approval. In the event the Board fails to approve or disapprove such design and location within forty (40) days after said plans and specifications have been submitted to it; or in the event no suit to enjoin the addition, alteration or change has been commenced prior to the completion thereof, express approval will not be required and the terms and conditions contained in this Section 9.20 shall be deemed to have been fully complied with. Any work performed in accordance with this Section 9.20 shall be undertaken only upon the issuance of any appropriate permit by the Village.

9.21 Until such time as title to any Single Family Unit is conveyed to a bona fide purchaser, the Declarant reserves the right to lease such Single Family Units upon such terms and conditions as the Declarant may, in its sole discretion, approve.

ARTICLE 10

MISCELLANEOUS

10.1 The Association, the Village or any Owner, their successors or assigns, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, easements, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Any Owner found to be in violation by a court of competent jurisdiction of any of the foregoing shall also be liable for reasonable attorneys' fees incurred by the Association or the Village in prosecuting such action. The amount of such attorneys' fees together with court costs, if unpaid, shall constitute an additional lien against the defaulting Owner's lot, enforceable as other liens herein established. Failure by the Association, the Village or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The Association shall use its best efforts to assist the Village in connection with the enforcement of any provisions hereunder, the violation of which shall also be considered a violation of any applicable Village ordinance.

10.2 Invalidation of any of these covenants or restrictions by judgment or order shall in no way affect any other provisions, which shall remain in full force and effect.

10.3 The covenants and restrictions of this Declaration shall run with and bind the land and shall inure to the benefit of and be enforceable by the Association, the Village, the Owner of any Single Family Unit subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of fifty (50) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years, subject to amendment as hereinafter set forth. The covenants and restrictions of this Declaration may be amended during the first fifty (50) year period or within any successive ten (10) year period by an instrument signed by those Members (Class A and Class B) entitled to cast seventy-five percent (75%) of the total votes as provided in Article 3, Section 3.1 hereof and then properly recorded, provided, however, that, except as set forth in Section 10.17(iv) below, no Material Amendment to this Declaration, the By-Laws or the Association's articles of incorporation shall be effective unless approval thereof is obtained from Eligible Mortgage Holders representing at least fifty-one percent (51%) of the Single Family Units and Single Family Units that are subject to mortgages held by Eligible Mortgage Holders and no amendment may affect the rights of the Village without first obtaining the written consent of the Village, and in conformance with Section 10.19. These covenants and restrictions may also be cancelled or amended by an instrument signed by sixty percent (60%) of Owners executed and recorded within ninety (90) days of the expiration of any successive ten (10) year period, such cancellation or amendment to be effective on the date of commencement of the

ten (10) year period in question; provided, however, that no termination or alteration of the legal status of the Association or the Property for reasons other than substantial destruction or condemnation of the Property shall be effective unless approval thereof is obtained from Eligible Mortgage Holders representing at least sixty-seven percent (67%) of the Single Family Units that are subject to mortgages held by Eligible Mortgage Holders. Any instrument executed pursuant to the provisions contained in this Section 10.3 shall be filed for record in the Recorder's Office and a true, complete copy of such instrument promptly shall be transmitted to each Owner.

10.4 If and to the extent that any of the covenants would otherwise be unlawful or void for violation of (a) the rule against perpetuities, (b) the rule restricting restraints on alienation, or (c) any other applicable statute or common law rule analogous thereto or otherwise imposing limitations upon the time for which such covenants may be valid, then the provision concerned shall continue and endure only after the expiration of a period of twenty-one (21) years after the death of the last to survive of the class of persons consisting of all of the lawful descendants of George W. Bush, the 43rd President of the United States of America, living at the date of this Declaration.

10.5 Any notices required under the provisions of this Declaration to be sent to any member, Owner, or to any holder, insurer or guarantor of a first mortgage secured by any portion of the Property shall be deemed to have been properly sent when mailed, postage prepaid, to the last known address of such Member, Owner or holder, insurer or guarantor as it appears on the records of the Association at the time of such mailing.

10.6 If at any time or times the Board shall deem it necessary or advisable to re-record this Declaration or any part hereof in the Recorder's Office in order to avoid the expiration hereof or of any of the covenants, easements, agreements or other provisions herein contained under any of the provisions of any applicable law or statute, they shall submit the matter to a meeting of the Members called upon not less than ten (10) days notice, and unless at such meeting at least two-thirds (2/3) of Members shall vote against such re-recording, the Association shall have, and is hereby granted, power to so re-record this Declaration or such part thereof, and such re-recording shall be binding upon all Owners of any part of the Property in every way and with all the full force and effect as though such action were taken by each of said Owners and the re-recorded document executed and acknowledged by each of them.

10.7 All the easements, rights, covenants, agreements, reservations, restrictions and conditions herein contained shall run with the land and shall inure to the benefit of and be binding upon Declarant and each subsequent holder of any interest in any portion of the Property and their grantees, heirs, successors, personal representatives and assigns with the same full force and effect for all purposes as though set forth at length in each and every conveyance of the Property or any part thereof. Reference in the respective deeds of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the easements and covenants herein described shall be sufficient to create and reserve such easements and covenants to the respective grantees, mortgagees or trustees of such parcels as fully and completely as though said easements and covenants were fully recited and set forth in their entirety in such documents.

10.8 In amplification of and in addition to the provisions contained in Article 6, Section 6.6, in the event of any default of any Owner, the Association, all other Owners and the Village may and shall have all rights and remedies as shall otherwise be provided or permitted by law or in equity.

10.9 In the event that any part of any Single Family Unit (including any service walk or driveway appurtenant thereto) encroaches or shall hereafter encroach upon any part of the Common Area by no more than six (6) inches, valid easements for the maintenance of such encroachments are hereby established and shall exist so long as all or any part of the same shall remain standing; provided, however, that in no event shall a valid easement for any encroachment be created in favor of any Owner if such

encroachment or use is detrimental to or interferes with the reasonable use and enjoyment by the other Owners of the Common Area or if to have occurred due to the willful conduct of any Owner.

10.10 Declarant reserves to itself the right to re-record the Plat of Subdivision to correct any inaccuracies, errors or mistakes contained therein, subject to the prior review and approval of the Village.

10.11 Any aggrieved Owner may enforce the provisions of this Declaration, the By-Laws, or any rules and regulations promulgated by the Board, by an action at law or in equity against the defaulting Owner (or occupant of his Single Family Unit).

10.12 No Owner shall lease or rent his or her Single Family Unit for a term less than thirty (30) days. Every lease of a Single Family Unit shall be in writing and shall be made expressly subject to the requirements, rights, covenants, conditions, restrictions and easements of this Declaration and of the By-Laws.

10.13 The following provisions are intended for the benefit of each Eligible Mortgage Holder and to the extent, if at all, that any other provisions of this Declaration conflict with the following provisions, the provisions of this Section 10.13 shall control:

(1) Upon request in writing to the Association identifying the name and address of the Eligible Mortgage Holder or the insurer or guarantor of a recorded first mortgage or trust deed on a Single Family Unit ("Insurer or Guarantor") and the unit number, the Association shall furnish each Eligible Mortgage Holder, Insurer or Guarantor a written notice of the default of any Owner's obligations under this Declaration which is not cured within thirty (30) days. Any Eligible Mortgage Holder of a Single Family Unit who comes into possession of the said Single Family Unit pursuant to the remedies provided in the mortgage, foreclosure of the mortgage, or deed (or assignment) in lieu of foreclosure shall, to the extent permitted by law, take such property free of any claims for unpaid assessments or charges in favor of the Association against the mortgaged Single Family Unit which become due prior to (i) the date of the transfer of title or (ii) the date on which the holder comes into possession of the Single Family Unit, whichever occurs first.

(2) Upon request in writing, each Eligible Mortgage Holder, insurer or Guarantor shall have the right:

- (i) to examine current copies of this Declaration, the By-Laws, rules and regulations and the books and records of the Association during normal business hours;
- (ii) to receive, without charge and within a reasonable time after such request, an audited financial statement prepared by the Association at the end of each of its respective fiscal years;
- (iii) to receive written notices of all meetings of the Association and to designate a representative to attend all such meeting;
- (iv) to receive written notice of any decision by the Association or Owners to make a Material Amendment to the Declaration, By-Laws or the articles of incorporation of the Association;
- (v) to receive written notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

- (vi) to receive written notice of any proposed action which would require the consent of a specified percentage of Eligible Mortgage Holders; and
- (vii) to receive written notice of any condemnation or casualty loss that affects either a material portion of the Property or the Single Family Unit on which it holds, insures or guarantees the mortgage.

(3) No provision of this Declaration, the By-Laws or the articles of incorporation of the Association or any similar instrument pertaining to the Property or the Single Family Units therein shall be deemed to give an Owner or any other party priority over the rights of the Eligible Mortgage Holders pursuant to their mortgages in the case of distribution to Owners of insurance proceeds or condemnation awards for losses to or a taking of the Single Family Units, and/or the Common Area, or any portion thereof or interest therein. In such event, the Eligible Mortgage Holders, Insurers or Guarantors of the Single Family Units affected shall be entitled, upon specific written request, to timely written notice of any such loss.

(4) Upon specific written request to the Association, each Eligible Mortgage Holder, Insurer or Guarantor of a Single Family Unit shall be furnished notice in writing by the Association of any damage to or destruction or taking of the Common Area if such damage or destruction or taking exceeds Ten Thousand Dollars (\$10,000.00), or if damages shall occur to a Single Family Unit in excess of One Thousand Dollars (\$1,000.00), notice of such event shall also be given.

(5) If any Single Family Unit or portion thereof or the Common Area or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the Eligible Mortgage Holder, Insurer or Guarantor of said Single Family Unit will be entitled to timely written notice, upon specific written request, of any such proceeding or proposed acquisition and no provisions of any document will entitle the owner of a Single Family Unit or other party to priority over such Eligible Mortgage Holder with respect to the distribution to such Single Family Unit of the proceeds of any award or settlement.

10.14 The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of a first class detached single-family housing development.

10.15 If all or any part of the Common Area only shall be taken through condemnation by any governmental authority having power so to do, the net proceeds of such taking shall be paid to and retained by the then owner of the Common Area subject, however, to the rights of the holders of first mortgage liens on the Single Family Units. If any part of the Property, including one or more Single Family Units shall be taken by one or more concurrent condemnation proceedings, the entire net proceeds of such taking or takings, including (without limitation) all proceeds received on account of such taking of any part of the Common Area, shall be divided equitably among, and retained by, the Owners of the Single Family Units wholly or partially taken in such condemnation proceedings, subject to the rights of the holders of first mortgage liens on the Single Family Units. If the effect of such condemnation shall be to isolate any part of the Property from the remainder of the Property, and if no residential structures shall then have been constructed or be situated within the portion of the Property so isolated, then all the Single Family Units lying wholly or partly within the portion of the Property so isolated shall be deemed to have been and shall be removed from and released from all of the terms and provisions of this Declaration and this Declaration shall be of no further force or effect with respect thereto. For purposes of this Section 10.15, the term "condemnation" shall include also any sale under threat of condemnation to any governmental authority having condemnation power.

10.16 Upon any dissolution of the Association, its assets shall be transferred to another homeowner's association having similar purposes.

10.17 Declarant reserves the right and power, to be exercised without the consent of any Owner or his Eligible Mortgage Holder, to record a special amendment ("Special Amendment") to this Declaration and to the Plat of Subdivision at any time and from time to time which causes this Declaration or the Plat of Subdivision (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 Single Family Unit, (iii) to correct clerical or typographical errors in this Declaration or any Exhibit hereto or any supplement or amendment thereto, or (iv) notwithstanding that such change or modification could otherwise be considered a Material Amendment, to change or modify any of the terms or conditions of this Declaration and the Plat of Subdivision based upon Declarant's determination, made in good faith, that such change or modification is in the best interests of the Premises and is consistent with the intent and purposes of this Declaration and the Plat of Subdivision. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to the Declarant to vote in favor of, make, or consent to a Special Amendment on behalf of each Owner as proxy or attorney-in-fact, as the case may be. Each deed, mortgage, trust deed, other evidence of obligation, or other instrument affecting a Single Family Unit, and the acceptance thereof shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of, the power of the Declarant to vote in favor of, make, execute and record Special Amendments. The right of the Declarant to act pursuant to rights reserved or granted under this Section 10.17 shall terminate at such time as the Declarant no longer holds or controls title to any Single Family Unit.

10.18 Each Owner shall notify the Association of the name and address of the Eligible Mortgage Holder relating to his respective Single Family Unit.

10.19 Notwithstanding anything to the contrary contained in the Declaration (including, without limitation, Section 10.17(iv) and Section 10.3), neither the Declarant nor the Association shall make any change or modification to this Declaration without the express prior written consent of the Village which amends the terms and provisions concerning: (i) the Village's right of entry onto and maintenance of the Property and its right to place liens thereon as provided in Section 4.4 above; (ii) the obligation of Declarant or the Association to own and maintain the non-dedicated portions of any storm water management facilities and drainage systems located on the Property; (iii) the obligation of the Association prior to seeking approval and obtaining the issuance of any appropriate permits or variations from the Village as set forth in Section 9.13 above; (iv) the obligation that Owners comply with all applicable ordinances, codes and regulations of the Village; (v) the obligations of the Association as set forth in Section 4.4 and Section 4.12; (vi) the provisions of Sections 3.7, 9.15, 9.18, and Section 10.19; and (vii) or otherwise affect the rights of the Village granted herein.

IN WITNESS WHEREOF, the said Declarant as aforesaid, has caused its corporate seal to be affixed hereunto and has caused its name to be signed to these presents by its Vice President - Trust Officer and attested by its Assistant Trust Officer,

Day of AUGUST, 2006.



By: [Signature]
Its: Assistant Trust Officer

PARKWAY BANK AND TRUST COMPANY,
As Trustee under Trust Agreement dated February 7, 2006
and known as Trust Number 14116, and not individually

By: [Signature]
Its: Vice President - Trust Officer

PARKWAY BANK & TRUST COMPANY IS EXECUTING THIS DOCUMENT SOLELY IN IT'S CAPACITY AS LAND TRUSTEE WITH THE AUTHORIZATION OF ITS BENEFICIARY AND HAS NO PERSONAL KNOWLEDGE OF ANY OF THE STATEMENTS CONTAINED HEREIN NOR THE ABILITY TO PERFORM ANY OF THE ACTS ASSOCIATED THEREWITH.

This agreement is signed by Parkway Bank & Trust Co. not individually but solely as Trustee. Said Trust Agreement is hereby made a part hereof and any claims against said Trustee which may result from the signing of this Agreement shall be payable only out of any trust property which may be held thereunder, and said Trustee shall not be personally liable for the performance of any of the terms and conditions of this agreement or for the validity or condition of the title of said property or for any agreement with respect thereto. Any and all personal liability of Parkway Bank & Trust Co. is hereby expressly waived by the parties herein and their respective successors and assigns.

STATE OF ILLINOIS }
COUNTY OF COOK }

I, Luba Kohn a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY THAT Diane Y. Peszynski the Vice President - Trust Officer and Jo Ann Kubinski, the Assistant Trust Officer thereof, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such Vice President - Trust Officer and Assistant Trust Officer respectively, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act, and as the free and voluntary act of said Corporation, for the uses and purposes therein set forth; and the said 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 Notary Seal this 28th day of AUGUST, 2006

My Commission Expires _____



[Signature]
Notary Public

The Trustee in executing this document SPECIFICALLY EXCLUDES all references to any environmental condition of the premises whether under the ILLINOIS ENVIRONMENTAL PROTECTION ACT or otherwise. The Beneficiary of this Trust, as management and control of the premises and as such, has the authority on its/their own behalf to execute as environmental representative but not as agent for or on behalf of the Trustee.

EXHIBIT "A"
THE PROPERTY

VILLAS OF CHESTNUT RIDGE, BEING A SUBDIVISION OF PART OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 21, TOWNSHIP 43 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, TOGETHER WITH LOTS 1 AND 2 IN BAUER'S ACRES, A SUBDIVISION OF PART OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 21, TOWNSHIP 43 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, AS RECORDED ON AUGUST 20, 1956 AS DOCUMENT 920084, IN LAKE COUNTY, ILLINOIS, AS RECORDED ON JUNE 30, 2006 AS DOCUMENT 6020124, IN LAKE COUNTY, ILLINOIS.

EXHIBIT "B"
THE COMMON AREA

OUTLOTS 1, 2 AND 3 IN THE VILLAS OF CHESTNUT RIDGE, BEING A SUBDIVISION OF PART OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 21, TOWNSHIP 43 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, TOGETHER WITH LOTS 1 AND 2 IN BAUER'S ACRES, A SUBDIVISION OF PART OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 21, TOWNSHIP 43 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, AS RECORDED ON AUGUST 20, 1956 AS DOCUMENT 920084, IN LAKE COUNTY, ILLINOIS, AS RECORDED ON JUNE 30, 2006 AS DOCUMENT 6020124, IN LAKE COUNTY, ILLINOIS.

EXHIBIT "C"
INDIVIDUAL LOTS

LOTS 1 THROUGH 21 IN THE VILLAS OF CHESTNUT RIDGE, BEING A SUBDIVISION OF PART OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 21, TOWNSHIP 43 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, TOGETHER WITH LOTS 1 AND 2 IN BAUER'S ACRES, A SUBDIVISION OF PART OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 21, TOWNSHIP 43 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN, AS RECORDED ON AUGUST 20, 1956 AS DOCUMENT 920084, IN LAKE COUNTY, ILLINOIS, AS RECORDED ON JUNE 30, 2006 AS DOCUMENT 6020124, IN LAKE COUNTY, ILLINOIS.

EXHIBIT "D"

**BY-LAWS OF
VILLAS OF CHESTNUT RIDGE OF BUFFALO GROVE
HOMEOWNERS' ASSOCIATION**

ARTICLE I

Purposes and Powers

The Association shall be responsible for the general management and supervision of the Property and the ownership of the Common Area and Storm Water Management system thereof and shall have all of the powers to perform, and shall be responsible to perform, all of the obligations provided in the Declaration. Further, the Association shall have all powers now or hereafter granted by the General Not-For-Profit Corporation Act of the State of Illinois, which shall be consistent with the purposes, specified herein and in the Declaration. Any defined terms used in these By-Laws shall have the same meaning as set forth in the Declaration, except as otherwise provided herein.

ARTICLE II

Offices

2.1 The Association shall have and continuously maintain in the State of Illinois a registered office and a registered agent whose office shall be identical with such registered office. The Association may have other offices within or without the State of Illinois as the Board of Directors may from time to time determine.

2.2 The principal office of the Association shall be maintained in Lake County, Illinois.

ARTICLE III

Membership

3.1

(a) Every Owner shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Nothing herein contained shall be interpreted to exclude Declarant or Developer from membership while it or any of its successors in interest owns one or more lots.

(b) From and after the Transfer Date, each Member shall be entitled to one (1) vote for each Lot owned by him on each matter submitted to a vote of Members; provided, however, that where there is more than one Owner of a Lot, such co-owners of a Lot shall only be entitled to one vote.

3.2

(a) Meetings of the Members shall be held at the principal office of the Association or at such other place in Lake County, Illinois, as may be designated in any notice of a meeting. The presence at any meeting, in person or by proxy, of a majority of the total votes determined pursuant to Section 3.1 above shall constitute a quorum. Unless otherwise expressly provided herein, any action may be taken at any meeting of the Members at which a quorum is present upon the

affirmative vote of the Members having a majority of the total votes present at such meeting. Any Member in writing may waive notice of a meeting, or consent to any action of the Association without a meeting.

(b) The initial meeting of the Members shall be held at such time as may be designated upon not less than ten (10) days written notice given by the Declarant or Developer, provided that such initial meeting shall be held no later than sixty (60) days after the Transfer Date. Thereafter, there shall be an annual meeting of the Members on the third Tuesday of November of each succeeding year, at 7:30 o'clock P.M. If the date for the annual meeting of Members is a legal holiday, the meeting will be held at the same hour on the first day next succeeding such date, which is not a legal holiday.

(c) Special meetings of the Members may be called at any time for the purpose of considering matters which, by the terms of the Declaration or these By-Laws, require the approval of all or some of the Members, or for any other reasonable purpose. Said meetings shall be called by written notice, authorized by a majority of the Board or by the Members having one-fourth (1/4) of the total votes, and delivered not less than five (5) 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.

3.3 Notices of meetings required to be given herein may be delivered either personally or by mail to the persons entitled to vote thereat, addressed to each such person at the address given by him to the Board for the purpose of service of such notice, or to the Dwelling of the Owner with respect to which such voting right appertains, if no address has been given to the Board.

3.4 At any meeting of the Members, a Member entitled to vote may either vote in person or by proxy executed in writing by the Member or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy.

ARTICLE IV

Board of Directors

4.1 The direction and administration of the Property in accordance with the provisions of the Declaration shall be vested in the Board consisting of five (5) persons who shall be elected in the manner hereinafter provided, except that until the Transfer Date the first and each subsequent Board shall be appointed by the Developer. From and after the Transfer Date, the Members having at least two-thirds (2/3) of the total votes may from time to time increase or decrease the number and term of the office of the Board members at any annual meeting, provided that such number shall not be less than five (5), and the terms of at least two-fifths (2/5) of the persons on the Board shall expire annually. Each member of the Board, with the exception of the Board members initially appointed by the Developer shall be an Owner; provided, however, that in the event an Owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, then any director or officer of such corporation, partner of such partnership, individual trustee or beneficiary of such trust or agent or employee of a beneficiary of such trust, or manager of such legal entity, shall be eligible to serve as a member of the Board.

4.2 All matters of dispute or disagreement between Owners or with respect to interpretation or application of the provisions of the Declaration or these By-Laws shall be determined by the Board as hereinafter provided, which determination shall be final and binding on the Association and on all Owners.

4.3 At the initial meeting of the Members as provided in Section 3.2 (b) hereof, and at all subsequent annual meetings of the Members there shall be elected members of the Board. In all elections for members of the Board, each Member shall be entitled to vote on a cumulative voting basis and the candidates receiving the highest number of votes with respect to the number of offices to be filled shall be deemed to be elected. Five (5) Board members shall be elected at the initial meeting and shall serve until the first annual meeting. The three (3) persons receiving the highest number of votes at the first annual meeting shall be elected to the Board for a term of two (2) years and the two (2) persons receiving the next highest number of votes at the first annual meeting shall be elected to the Board for a term of one (1) year. In the event of tie votes, the members of the Board shall determine which members shall have the two (2) year terms and which members shall have the one (1) year terms. Upon the expiration of the terms of office of the Board members so elected at the first annual meeting and thereafter, successors shall be elected for a term of two (2) years each. Notwithstanding the aforesaid election procedure the Developer may appoint a Board which shall have the same powers and authority as given to the Board generally, as provided hereinafter, and such appointed Board shall function until such time as the initial meeting of the Members is held.

4.4 Members of the Board shall receive no compensation for their services, unless expressly allowed by the Board at the direction of the Members having two-thirds (2/3) of the total votes. However, any director may be reimbursed for reasonable expenses incurred in the performance of duties.

4.5 Vacancies in the Board, other than as a result of removal pursuant to Paragraph 4.7, including vacancies due to any increase in the number of persons on the Board, shall be filled by majority vote of the remaining members of the Board or of the Members present at the next annual meeting or at a special meeting of the Members called for such a purpose.

4.6 The board shall elect from among its members: (i) a President who shall preside over both its meetings and those of the Members, and who shall be the chief executive officer of the Board and Association, (ii) a Secretary who will keep the minutes of all meetings of the Members and of the Board and who shall, in general, perform all the duties incident to the office of Secretary, and (iii) a Treasurer to keep the financial records of account, and such additional officers as the Board shall see fit to elect. All officers shall be elected at each annual meeting of the Board and shall hold office at the pleasure of the Board.

4.7 Any Board member may be removed from office by affirmative vote of the Members having at least two-thirds (2/3) of the total votes, at any special meeting called for the purpose in the manner aforesaid. A successor to fill the unexpired term of a Board member removed may be elected by the Members at the same meeting or any subsequent meeting called for that purpose.

4.8 The initial meeting of the Board shall be held immediately following the initial meeting of the Members and at the same place. At such meeting the Board shall elect its officers to serve until the first annual meeting, which shall be held immediately following the first annual meeting of the Members, and at the same place. All subsequent annual meetings of the Board shall be held immediately after, and at the same place as, the annual meeting of Members. Special meetings of the Board shall be held upon call by the President or by a majority of the Board on not less than forty-eight (48) hours notice in writing to each member of the Board, delivered personally or by mail or telegram. Any member of the Board, may in writing waive notice of a meeting or consent to the holding of a meeting without notice, or consent to any action of the Board without a meeting. A majority of the number of Board members shall constitute a quorum for the transaction of business. Unless otherwise expressly provided herein, any action may be taken by the Board upon the affirmative vote of those present at its meetings when a quorum is present.

4.9 All agreements, contracts, deeds, leases, vouchers for payment of expenditures, and other instruments shall be signed by such officer or officers, agent or agents of the Board and in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board, such documents shall be signed by the President and countersigned by the Secretary.

ARTICLE V

Powers of the Board

5.1 Without limiting the general powers, which may be provided by law, the Declaration or these By-Laws, the Board shall have the power and duty to:

(a) Own, maintain and otherwise manage the Common Area and Storm Water Management system and all Improvements thereon and all other property acquired by the Association or which the Association agrees to maintain.

(b) Have the authority to employ a manager or other persons and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association, provided that any contract with a person or firm appointed as a manager or managing agent by Developer shall give the Association the right to terminate without cause or penalty not later than ninety (90) days after the date the initial meeting of the Members of the Association is held as provided in these By-Laws.

(c) Establish and maintain a Contingency and Replacement Reserve in an amount to be determined by the Board.

(d) Maintain, at the expense of the defaulting owner, all drainage areas and facilities located on the Property in accordance with the reasonable and acceptable engineering requirements of the Village in the event that one or more Owners fail to do so.

(e) At its option, mow, care for, maintain and remove rubbish from any vacant or unimproved portions of the Property and to do any other things necessary or desirable in the judgment of the Board to keep any vacant or unimproved portions of the Property neat in appearance and in good order. The foregoing rights shall not apply to any Lot or other portion of the Property owned by Declarant or Developer.

(f) Make such improvements to the Common Area and Storm Water Management system and provide such other facilities and services as may be authorized from time to time by the affirmative vote of two-thirds (2/3) of the Members of the Association acting in accordance with its Articles of Incorporation and these By-Laws, provided, however, that any such action so authorized shall always be for the express purpose of keeping The Villas of Chestnut Ridge a highly desirable residential community; and

(g) Exercise all other powers and duties vested in or delegated to the Association, and not specifically reserved to the Members by the Declaration, the articles of incorporation or these By-Laws.

5.2 The Board shall have the power to seek relief from or in connection with the assessment or levy of any general real estate taxes, special assessments and any other special taxes or charges of the State of Illinois or any political subdivision thereof, or any other lawful assessing body, which are authorized by

law to be assessed and levied on the Common Area and Storm Water Management system and to charge all expenses incurred in connection therewith to the maintenance fund.

5.3 (a) The Board may adopt such reasonable rules and regulations, as it may deem advisable for the maintenance, conservation and beautification of the Property, and for the health, comfort, safety and general welfare of the Owners and occupants of the Property. Written notice of such rules and regulations shall be given to all Owners and occupants, and the entire Property shall be, at all times, maintained subject to such rules and regulations.

(b) The Developer or Board may engage the initial management organization under contracts expiring not later than ninety (90) days after the date the initial meeting of Members is held. Thereafter, the Board may engage the services of an agent to manage the Property to the extent deemed advisable by the Board.

(c) Nothing hereinabove contained shall be construed to give the Board authority to conduct an active business for profit on behalf of all of the Owners or any of them.

5.4 The members of the Board and the officers of the Association shall not be personally liable to the Owners or others for any mistake of judgment or for any acts or omissions made in good faith by such officers or Board members.

ARTICLE VI

Assessments-Maintenance Fund

6.1 Each year on or before November 1, the Board will estimate the total amount of maintenance expenses necessary to pay the cost of wages, materials, taxes, insurance, services, supplies and any other necessary or desirable items which will be required during the ensuing calendar year (January 1 - December 31) for services authorized by the Board, together with a reasonable amount necessary to fund the Contingency and Replacement Reserve, and shall, on or before December 1, notify each Owner in writing of the amount of such estimate ("Estimated Cash Requirement"). Such Estimated Cash Requirement shall be prepared on a line-item basis. The Estimated Cash Requirement shall be assessed equally among all of the Owners, excluding the Declarant or Developer. On or before January 1 of the ensuing fiscal year, each Owner shall be obligated to pay to the Board, or as it may direct, the annual assessment made pursuant to this Section 6.1. On or before the date of the annual meeting of each calendar year, the Board shall furnish to all Owners an itemized accounting of the maintenance expenses for the preceding fiscal year actually incurred and paid, together with a tabulation of the amounts collected from the owners pursuant to assessments made during such year and showing the net amount over or short of the actual expenditures, plus reserves. The Board shall, upon demand at any time, furnish a certificate in writing signed by an officer or agent of the Association, setting forth whether the assessments on a specified Lot have been paid. Such certificates shall be conclusive evidence of payment or nonpayment of any assessment thereon.

6.2 The Board shall build up and maintain a reserve for the replacement of capital improvements, other authorized capital expenditures and for unforeseen expenditures (the "Contingency and Replacement Reserve"). Capital improvements and expenditures that may become necessary during the year shall be charged first against the Contingency and Replacement Reserve. Any expenditure from the Contingency and Replacement Reserve having a cost in excess of Ten Thousand (\$10,000.00) Dollars shall require the prior approval of the Members holding two-thirds (2/3) of the votes of the Association.

If the Contingency and Replacement Reserve proves inadequate for any reason, including nonpayment of any Owner's assessment, the Board may, at any time, levy a special assessment, which shall be assessed equally among the Owners, excluding the Declarant or Developer. The Board shall serve notice of any such special assessment on all such Owners by a statement in writing giving the amount and reasons therefor, and such special assessment shall become effective and fully payable the (10) days after the delivery or mailing of any such notice of assessment.

6.3 When the first Board elected by the Members hereunder takes office, it shall determine the Estimated Cash Requirement for the period commencing on the first day of the month following the Transfer Date and ending on December 31 of the calendar year in which the Transfer Date occurs. The initial Estimated Cash Requirement shall be assessed equally among the owners, excluding the Declarant or Developer.

6.4 The failure or delay of the Board to prepare or serve the Estimated Cash Requirement on any Owner shall not constitute a waiver or release in any manner of any Owner's obligation to pay his share of such Estimated Cash Requirement as herein provided, as and when the Estimated Cash Requirement shall be determined, and, in the absence of the preparation of the Estimated Cash Requirement, the Owner shall continue to pay his share of such Estimated Cash Requirement at the then existing annual rate established for the previous calendar year, subject to adjustment at such time as the Estimated Cash Requirement has been prepared and the Owners have been notified thereof.

6.5 The Board shall keep full and correct books of account in chronological order of the receipts and expenditures pertaining to the Common Area and Storm Water Management system, specifying and itemizing the maintenance and repair expenses of the Common Area and Storm Water Management system and any other expenses so incurred. Such records and the vouchers authorizing the payments described therein shall be available for inspection by any Owner or any representative of an Owner duly authorized in writing, or any holder of a Mortgage at such reasonable time or times during normal business hours when requested by an Owner or by the holder of a Mortgage. Upon five (5) days' prior written notice to the Board, any Owner shall be furnished a statement of his account, which statement shall set forth the amount of any unpaid assessments or other charges due and owing from such Owner.

6.6 All funds collected hereunder shall be held and expended for the purposes designated herein, and are hereby held in trust for the benefit, use and account of all Owners. All funds not otherwise employed shall be deposited from time to time to the credit of the association in such banks, trust companies or other depositories as the board may select.

6.7 Any assessments or other charges which are not paid when due shall be delinquent. If the assessment or charge is not paid within thirty (30) days after the due date, the assessment shall bear interest from and after the due date at the lesser of the rate of one and one-half percent (1.5%) per month or the highest rate allowed by law, and the Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Owner's Lot, and interest, costs and reasonable attorneys' fees incurred in any such action shall be added to the amount of any such overdue assessment. To the extent permitted by any decision or any statute or law now or hereafter effective, the amount of any delinquent and unpaid charges or assessments, and interest, costs and fees as above provided, shall be and become a lien or charge against the Lot of any such Owner when payable and may be foreclosed by an action brought in the name of the Board as in the case of foreclosure of mortgage liens against real estate. The directors of the Board and their successors in office, acting on behalf of the other Owners, shall have the power to bid in the interest so foreclosed at foreclosure sale, and to acquire and hold, lease, mortgage and convey any interest so acquired. To the fullest extent permitted by law, any court shall be authorized to restrain the defaulting Owner from reacquiring his interest at such foreclosure sale.

6.8 In addition to the rights and remedies set forth in Section 6.7 of these By-Laws, if any Owner shall default in the payment, when same shall be due, of the aforesaid charges or assessments and said default shall continue for thirty (30) days after written notice to said Owner by the Board, of the amount of unpaid charges or assessments and a demand for payment thereof, the Board shall have the right to declare said default a forcible detainer of the Dwelling and shall have the right, on behalf of the other Owners, to enter and take possession of the Dwelling from any defaulting Owner, to put out said Owner, using such reasonable force as the Board shall deem necessary under the circumstances and, in addition, to exercise any other rights or remedies provided in Article IX of The Code of Civil Procedures.

ARTICLE VII

Covenants and Restrictions as to Use and Occupancy

All Owners shall maintain, occupy and use their Dwelling and the Common Area only in accordance with the terms of the Declaration and any additional rules and regulations adopted by the Board or by the Members. The board shall have full authority to enforce all such rules and regulations by taking all action as may be necessary.

ARTICLE VIII

Committees

8.1 The Board, by resolution, adopted by a majority of the Board, may designate one (1) or more committees, each of which shall consist of one (1) or more members of the Board; said 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 the delegation thereof of authority shall not operate to relieve the Board, or any individual member of the Board, of any responsibility imposed upon it or him by law.

8.2 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 members of the Board present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, members of each such committee shall be Members of the Association, and the President of the Association shall appoint the members thereof. Any member thereof may be removed whenever in the judgment of the Board the best interests of the Association shall be served by such removal.

8.3 Each member of a committee shall continue as such until the next annual meeting of the Board and until his successor is appointed and shall have qualified, unless the committee shall be sooner terminated, or unless such member shall cease to qualify as a member thereof.

8.4 One (1) member of each committee shall be appointed chairman.

8.5 Vacancies in the membership of any committee may be filled by appointment made in the same manner as provided in the case of the original appointment.

8.6 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.

8.7 Each committee may adopt rules for its own governance not inconsistent with these By-Laws or with rules adopted by the Board.

ARTICLE IX

Interim Procedure

Until the initial meeting of the Members as provided in Section 3.2(b) hereof, the Declarant or Developer may appoint the Board which shall have the same powers and authority as given to the Board generally.

ARTICLE X

Amendments

These By-Laws may be amended or modified from time to time by action or approval of the Members entitled to cast two-thirds (2/3) of the total votes computed as provided in Section 3.2 and the Developer so long as Declarant owns any Lots. Such amendments shall be recorded in the Office of the Recorder of Deeds of Lake County, Illinois.

ARTICLE XI

Interpretation

In the case of any conflict between the articles of incorporation of the Association and these By-Laws, the articles of incorporation shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

EXHIBIT "E"

VILLAS OF CHESTNUT RIDGE OF BUFFALO GROVE HOMEOWNERS' ASSOCIATION

Stormwater Management System Maintenance Plan

Purpose and Objective:

Adequate drainage must be maintained to keep water away from the roadway, residences and common areas.

Responsibilities:

The VILLAS OF CHESTNUT RIDGE OF BUFFALO GROVE HOMEOWNERS' ASSOCIATION ("Association") shall be responsible for the maintenance of the stormwater management system.

Maintenance Considerations:

Cleaning, maintaining and repairing ("maintenance") of stormwater inlets, overland flow routes, swales outflow pipes and the areas around each of these elements is particularly important because these elements are not visually obvious. If these elements become clogged, then water may flood the pavement surface and may cause extensive erosion damage or water flow blockage.

Cost Considerations

All maintenance costs shall be paid by or on behalf of the VILLAS OF CHESTNUT RIDGE OF BUFFALO GROVE HOMEOWNERS' ASSOCIATION. The Association shall keep records of all maintenance costs in order to determine typical annual costs that would be the basis for the annual maintenance fund. The maintenance provisions, as set forth herein, may need to be adjusted based on site specific experiences.

Maintenance of Drainage System

The Association shall insure that frequent walk-through inspections are conducted to see if any obstructions are present including garbage, wood, branches, cut grass, dirt, leaves, etc. Remember that these drainage structures can only operate as designed if they are properly maintained.

Vegetative Growth:

One of the most common maintenance problems is that of dying vegetation. The Association shall determine the cause of any problem and correct it either by modifying the environment so the selected vegetation can grow or changing the type of vegetation planted to meet environmental requirements.

Portions of the site have been planted with native vegetation. Native vegetation is not like turf grass and should be maintained as follows:

- do not mow frequently. Mowing should be conducted either in early spring to control invasive vegetation before the desired native species are growing, or in the fall after native vegetation has flowered and gone to seed. **DO NOT MOW NATIVE VEGETATION WHILE IT IS FLOWERING.**
- Use periodic controlled burns to help maintain the health of the native vegetation. Do not attempt controlled burns without professional assistance.
- Fertilizer and pesticide usage is NOT normally required.
- Always re-seed or re-plant using the same mix as originally permitted.

Pest Control

The most common pest in stormwater management facilities is a mosquito. Poorly designed stormwater management facilities can result in stagnant water in which mosquitoes lay their eggs. Mosquito populations can be reduced by the following measures:

- Ensure that standing water is drained within 72-hours
- Maintain flowing or moving water conditions (aerators and fountains may help)
- Encourage natural mosquito predators, such as dragonflies, by maintaining native vegetation along waterlines
- Populate standing water bodies (i.e. detention ponds) with mosquito fish or fathead minnows to eat the mosquito larva.

Record Keeping:

Distinct records shall be maintained by the Homeowners' Association to record the specific activities and costs of implementing the maintenance plan. The records shall include the dates of maintenance visits and the specific work performed.

Long Term Maintenance Program – Significant Elements and Aspects

Stormwater Conveyance Elements	Periodic Inspection	Significant Aspects
Grassy areas – Swales	Seed or Sod	5 year intervals
Erosion Prone Areas	Ditch Checks to reduce flow velocities or plant native vegetation	Plant as required
Grassy areas	Groom Seed	Annually 5 year intervals
Tree Trimming	Cut Back	5 year intervals
Native Vegetation Areas	Controlled Burn	2 to 3 year intervals
Swales, Outfalls, Detention Pond	Remove Siltation, Reseed and Restore Riprap	5 year intervals

Short Term Maintenance Program – Significant Elements and Aspects

Stormwater Conveyance Elements	Periodic Inspection	Significant Aspects	Repair Work
General – All Areas	March through November	Disturbed Surface Areas	Seed Area with grass Or native vegetation
Residential Lot Area	Weekly	Floatable items that Could wash into Stormwater system	Dispose of Refuse
Swales on site	March, June & October	Branches and Leaves/Trash	Collect and Dispose
Emergency Outflow	March through November	Branches and Leaves/Trash Pipe Condition	Collect and Dispose Repair/Replace
Stormwater Inlets	March, June and October	Branches and Leaves/Trash Manhole Condition	Collect and Dispose Repair/Replace
Stormwater Storage Area	March, June, July, August, September, October and November	Mow non-native Vegetation	Remove/Dispose Refuse/Grass clippings