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DECLARATION FOR SOMERFIELD

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10/27/98

DECLARATION FOR SOMERFIELD

This Declaration is made by The Ryland Group, Inc., a Maryland corporation ("Declarant").

RECITALS

Declarant is the record title holder of a portion of the Development Area which is legally described in Exhibit A hereto. Some or all of the Development Area shall be the subject of a phase Development called "Somerfield" (the "Development").

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

Certain portions of the Premises are designated as Dwelling Units and other portions are designated as Community Area. The Declarant has formed (or will form) the Association under the Illinois General Not-For-Profit Corporation Act. The Association shall have the responsibility for administering and maintaining the Community Area and shall set budgets and fix assessments to pay the expenses incurred in connection with such responsibility. Each Owner of a Dwelling Unit shall be a member of the Association and shall be responsible for paying assessments with respect to the Dwelling Unit owned by such Owner.

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

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

NOW, THEREFORE, the Declarant hereby declares as follows:

ARTICLE ONE
Definitions

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

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

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

1.03 BY-LAWS: The By-Laws of the Association.

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

1.05 COMMUNITY AREA: Those portions of the Premises which are described and designated as "Community Area" in Exhibit B hereto, together with all improvements located above and below the ground and rights appurtenant thereto. The Community Area shall generally include open space, landscaped areas, entry landscape islands within the Dalton Lane right-of-way, detention areas, and all storm sewers in, or under the Community Area, but shall not include any Dwelling Units.

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

1.07 COMMUNITY EXPENSES: The expenses of administration (including management and professional services), operation, maintenance, repair, replacement and landscaping of the Community Area; the cost of insurance for the Community Area; the cost of general and special real estate taxes and assessments levied or assessed against the Community Area owned by the Association; the cost of, and the expenses incurred for, the maintenance, repair and replacement of personal property acquired and used by the Association in connection with the maintenance of the Community Area; and any other expenses lawfully incurred by the Association for the common benefit of all of the Owners.

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

1.09 DECLARANT: The Ryland Group, Inc., a Maryland corporation, its successors and assigns.

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

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

1.12 DWELLING UNIT: As designated on Exhibit B hereto, as Exhibit B may be amended from time to time. A Dwelling Unit may be a single family detached home, a single family attached home or a condominium unit.

1.13 MORTGAGEE: The holder of a bona fide first mortgage, first trust deed or equivalent security interest covering a Dwelling Unit.

1.14 MUNICIPALITY: The Village of Bolingbrook, Illinois or any political entity which may from time to time be empowered to perform the functions or exercise the powers vested in the Municipality as of the Recording of this Declaration.

1.15 NON-OWNER: A person other than an Owner or a Resident.

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

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

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

1.19 RECORD: To record in the office of the Recorder of Deeds for the County.

1.20 RESIDENT: An individual who resides in a Dwelling Unit.

1.21 TURNOVER DATE: The date on which the rights of the Declarant to designate the members of the Board are terminated under Section 9.05.

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

ARTICLE TWO Scope of Declaration

2.01 PROPERTY SUBJECT TO DECLARATION: Declarant, as the owner of fee simple title to the Premises, expressly intends to, and by Recording this Declaration, does hereby subject the Premises to the provisions of this Declaration. Declarant reserves the right to add additional real estate to the terms of this Declaration as more fully provided in Article Twelve.

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

2.03 DURATION: Except as otherwise specifically provided herein the covenants, conditions, restrictions, easements, reservations, liens, and charges, which are granted, created, reserved or declared by this Declaration shall be appurtenant to and shall run with and bind the land for a period of forty (40) years from the date of Recording of this Declaration and for successive periods of ten (10) years each unless revoked, changed or amended in whole or in part by a Recorded instrument executed by the Owner of not less than three-fourths (3/4) of the Dwelling Units then subject to the Declaration.

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

ARTICLE THREE The Community Area

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

3.02 OWNERSHIP: The Community Area shall be conveyed to the Association by Declarant free and clear of any mortgage or trust deed whatsoever on or before the Turnover

Date; provided, that, if any Community Area is made subject to this Declaration after the Turnover Date, such Community Area shall be conveyed to the Association free and clear of any mortgage or trust deed whatsoever simultaneously with such Community Area being made subject to this Declaration. The Association shall be responsible for the payment of any and all Community Expenses in connection with the Community Area, including, without limitation, real estate taxes, if any, and property damage and public liability insurance premiums.

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

3.04 DELEGATION OF USE: Subject to the provisions of this Declaration, the By-Laws, and the reasonable rules and regulations from time to time adopted by the Association, any Owner may delegate his right to use and enjoy the Community Area and the Owner's Dwelling Unit to Residents of his Dwelling Unit. An Owner shall delegate such rights to tenants and contract purchasers of the Dwelling Unit who are Residents.

3.05 MAINTENANCE, REPAIR AND REPLACEMENT BY ASSOCIATION:

(a) Maintenance, repairs and replacements of the Community Area, including, without limitation, those areas designated on the applicable Plat as Landscape Easements, shall be furnished by the Association, and shall include, without limitation, the following:

- (i) added planting, replanting, care and maintenance of trees, shrubs, flowers, grass and all other landscaping on the Community Area;
- (ii) maintenance, repair and replacement of detention areas and improvements on the Community Area.; and
- (iii) maintenance, repair and replacement of monument signs and other improvements on and to the Community Area.

(b) The cost of any maintenance, repairs and replacement furnished by the Association pursuant to this Section shall be Community Expenses.

3.06 ALTERATIONS, ADDITIONS OR IMPROVEMENTS TO THE COMMUNITY AREA: No alterations, additions or improvements shall be made to the Community Area without the prior approval of the Board. Any such alteration, addition or improvement may also be subject to the review and approval of the Village of Bolingbrook. The Association may cause alterations, additions or improvements to be made to the Community Area, and the cost thereof shall be paid from a special assessment, as more fully described in Section 6.05; except, that, any such alteration, addition or improvement which shall cost more than four (4) months assessments

then in effect under the then current budget shall be approved in advance at a special meeting of the Owners.

ARTICLE FOUR
Insurance/Condemnation

4.01 COMMUNITY AREA INSURANCE:

(a) The Association shall have the authority to and shall obtain fire and all risk coverage insurance covering the improvements, if any, to the Community Area (based on current replacement cost for the full insurable replacement value) of such improvements.

(b) The Association shall have the authority to and shall obtain comprehensive public liability insurance, including liability for injuries to and death of persons, and property damage, in such limits as it shall deem desirable, and workmen's compensation insurance and other liability insurance as it may deem desirable, insuring each Owner, the Association, its directors and officers, the Declarant, the managing agent, if any, and their respective employees and agents, as their interests may appear, from liability resulting from an occurrence on or in connection with, the Community Area. The Board may, in its discretion, obtain any other insurance which it deems advisable including, without limitation, insurance covering the directors and officers from liability for good faith actions beyond the scope of their respective authorities and covering the indemnity set forth in Section 5.06. Such insurance coverage shall include cross liability claims of one or more insured parties.

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

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

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

ARTICLE FIVE

The Association

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

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

5.03 VOTING MEMBERS: Subject to the provisions of Section 9.05, voting rights of the members of the Association shall be vested exclusively in the Voting Members. One individual shall be designated as the "Voting Member" for each Dwelling Unit. The Voting Member or his proxy shall be the individual who shall be entitled to vote at meetings of the Owners. If the Record ownership of a Dwelling Unit shall be in more than one person, or if an Owner is a trustee, corporation, partnership or other legal entity, then the Voting Member for the Dwelling Unit shall be designated by such Owner or Owners in writing to the Board and if in the case of multiple individual Owners no designation is given, then the Board at its election may recognize an individual Owner of the Dwelling Unit as the Voting Member for such Dwelling Unit.

5.04 BOARD: Subject to the rights retained by the Declarant under Section 9.05, the Board shall consist of that number of members provided for in the By-Laws, each of whom shall be an Owner or Voting Member.

5.05 VOTING RIGHTS: Prior to the Turnover Date, all of the voting rights at each meeting of the Association shall be vested exclusively in the Declarant and the Owners shall have no voting rights. From and after the Turnover Date, all of the voting rights at any meeting of the Association shall be vested in the Voting Members and each Voting Member shall have one vote for each Dwelling Unit which the Voting Member represents. From and after the Turnover Date any action may be taken by the Voting Members at any meeting at which a quorum is present (as provided in the By-Laws) upon an affirmative vote of a majority by the Voting Members present at such meeting, except as otherwise provided herein or in the By-Laws.

5.06 DIRECTOR AND OFFICER LIABILITY: Neither the directors nor the officers of the Association shall be personally liable to the Owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such directors and officers except for any acts or omissions found by a court to constitute criminal conduct, gross negligence or fraud. The Association shall indemnify and hold harmless the Declarant, Declarant and each of the directors

and officers, his heirs, executors or administrators, against all contractual and other liabilities to others arising out of contracts made by or other acts of the directors and officers on behalf of the Owners or the Association or arising out of their status as directors or officers unless any such contract or act shall have been made criminally, fraudulently or with gross negligence. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses (including, but not limited to, counsel fees, amounts of judgments paid and amounts paid in settlement) actually and reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative, or other in which any such director may be involved by virtue of such person being or having been such director or officer; provided, however, that such indemnity shall not be operative with respect to (i) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for criminal conduct, gross negligence or fraud in the performance of his duties as such director or officer, or (ii) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Board, there is not reasonable ground for such person being adjudged liable for criminal conduct, gross negligence or fraud in the performance of his duties as such director or officer.

5.07 MANAGING AGENT: The Declarant (or an entity controlled by the Declarant) may be engaged by the Association to act as the managing agent for the Association and as managing agent shall be paid a reasonable fee for its services as fixed by a written agreement between the Association and the Declarant (or an entity controlled by the Declarant). Any management agreement entered into by the Association prior to the Turnover Date shall have a term of not more than two years and shall be terminable by the Association without payment of a termination fee on 90 days written notice.

5.08 DISSOLUTION. Although it is currently anticipated that the Association will own and maintain the Community Area, it is possible that a governmental agency may accept a dedication or conveyance of all of the Community Area and accept responsibility for maintenance of the Community Area. If that occurs and the Association has no maintenance responsibilities, then at the option of the Declarant (which may be exercised at any time prior to the Turnover Date) or at the option of the members of the Association (which may be exercised by action of the members after the Turnover Date), the Association shall be dissolved and liquidated and thereafter the provisions of this Declaration which deal with the powers and duties of the Association shall be null and void and of no further force and effect. Any distribution of assets of the Association shall be made to the Owners of Dwelling Units in equal amounts for each Dwelling Unit owned.

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

5.10 ATTENDANCE AT BOARD MEETINGS BY OWNERS: Owners may attend meetings of the Board only if, and to the extent, permitted by the Board in its discretion. It is not the intention that Owners shall have the right to attend meetings of the Board in the same manner as provided for members of condominium associations under the Illinois Condominium Property Act.

ARTICLE SIX
Assessments

6.01 PURPOSE OF ASSESSMENTS: The assessments levied by the Association shall be limited to the purposes of maintaining the Community Area, administering the affairs of the Association, paying the Community Expenses, and accumulating reserves for any such expenses.

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

- (1) The estimated Community Expenses;
- (2) The estimated amount, if any, to maintain adequate reserves for Community Expenses including, without limitation, amounts to maintain the Capital Reserve;
- (3) The estimated net available cash receipts from the operation and use of the Community Area, plus estimated excess funds, if any, from the current year's assessments;
- (4) The amount of the "Community Assessment" payable by the Owners, which is hereby defined as the amount determined in (1) above, plus the amount determined in (2) above, minus the amount determined in (3) above;
- (5) That portion of the Community Assessment which shall be payable with respect to the ensuing calendar year by the Owner of each Dwelling Unit which is subject to assessment hereunder, which shall be equal to the Community Assessment divided by the number of Dwelling Units, so that each Owner shall pay equal Community Assessments for each Dwelling Unit owned. The Community Assessment shall be paid in periodic installments as determined by the Board from time to time, but no less frequently than once each calendar year.

Anything in this Section to the contrary notwithstanding, during the Initial Development Period the assessment procedure set forth in Section 6.08 shall apply and the budget provided for in this Section need not disclose the information called for in Subsection (5) above, although the budget shall disclose the portion of each owner's share of the Community Assessment which shall be added to the Capital Reserve.

6.03 PAYMENT OF COMMUNITY ASSESSMENT: Each Owner of a Dwelling Unit which is subject to assessment shall pay to the Association, or as the Board may direct, that portion of the Community Assessment which is payable by each Owner of a Dwelling Unit under Section 6.02(5) or Section 6.08, as applicable, at such times as the Board shall determine from time to time.

6.04 REVISED ASSESSMENT: If after the Turnover Date the Community Assessment proves inadequate for any reason (including nonpayment of any Owner's assessment) or proves to exceed funds reasonably needed, then the Board may increase or decrease the assessment payable under Section 6.02(5) by giving written notice thereof (together with a revised budget and explanation for the adjustment) to each Owner not less than ten (10) days prior to the effective date of the revised assessment.

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

6.06 CAPITAL RESERVE: The Association shall segregate and maintain special reserve accounts to be used solely for making capital expenditures in connection with the Community Area (the "Capital Reserve"). Upon the closing of the first sale of a Dwelling Unit by the Declarant to a purchaser for value, the purchasing Owner shall make a capital contribution to the Capital Reserve in an amount equal to the lesser of (i) \$75.00, or (ii) one-fourth (three months) of the Community Assessment at the rate which shall become effective with respect to the Dwelling Unit as of the closing. The Board shall determine the appropriate level of the Capital Reserve based on a periodic review of the useful life of improvements to the Community Area and other property owned by the Association and periodic projections of the cost of anticipated major repairs or replacements to the Community Area and the purchase of other property to be used by the Association in connection with its duties hereunder. Each budget shall disclose that percentage of the Community Assessment which shall be added to the Capital Reserve and each Owner shall be deemed to make a capital contribution to the Association equal to such percentages multiplied by each installment of the Community Assessment paid by such Owner.

6.07 INITIAL CAPITAL CONTRIBUTION: Upon the closing of the first sale of a Dwelling Unit by the Declarant to a purchaser for value, the purchasing Owner shall make a capital contribution to the Association in an amount equal to one year (twelve months) of the Community Assessment at the rate which shall become effective with respect to the Dwelling Unit as of the closing. Said amount shall be held and used by the Association for its working capital needs.

6.08 ASSESSMENTS DURING INITIAL DEVELOPMENT PERIOD: Anything herein to the contrary notwithstanding, until the Turnover Date (the "Initial Development Period"), the assessment procedure set forth in this Section shall apply.

(a) Fully Built-Out Budget. Each Budget prepared by the Board for a period during the Initial Development Period shall be based on the assumptions that (i) the Development has been fully constructed as shown on Declarant's plan for the Development and (ii) all proposed dwelling units have been sold and are occupied. The Declarant's plan for the Development shall be kept on file with the Association and may be modified from time to time by the Declarant.

(b) Owner's Obligation. Each month during the Initial Development Period each Owner (other than the Declarant) shall pay as the monthly Community Assessment with respect to each Dwelling Unit owned by the Owner, the amount provided for in the budget from time to time in effect pursuant to Subsection (a) above divided by the proposed number of dwelling units as shown on the Declarant's plan for the Development; provided, however, such amount payable during the Initial Development Period shall not exceed \$25.00 per month. Out of each such payment, the Association shall add that portion of the payment which is designated in the Budget as a capital contribution under Section 6.06 to the Capital Reserve. The balance of each such payment shall be used by the Association to pay the Community Expenses.

(c) Declarant's Obligation. During the Initial Development Period, the Declarant shall not be obligated to pay any amounts to the Association as a Community Assessment except as provided in this Subsection. During the Initial Development Period, the Declarant shall pay to the Association ("Subsidy Payments") an amount equal to the aggregate excess, if any, of (i) the Community Expenses incurred and paid over (ii) the aggregate amounts assessed to the Owners (other than Declarant) under Subsection (b). The Declarant shall make Subsidy Payments as needed during such period. A final accounting shall be made between Declarant and the Association with respect to the Subsidy Payments as soon as practicable after the end of the Initial Development Period. The Declarant shall not be responsible for the payment of any amounts to the Capital Reserve during the Initial Development Period.

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

ARTICLE SEVEN

Collection of Charges and Remedies for Breach or Violation

7.01 CREATION OF LIEN AND PERSONAL OBLIGATION: The Declarant hereby covenants, and each Owner of a Dwelling Unit by acceptance of a deed therefor (whether or not it shall be so expressed in any such deed or other conveyance) shall be and is deemed to covenant and hereby agrees to pay to the Association all Charges made with respect to the Owner on the Owner's Dwelling Unit. Each Charge, together with interest thereon and reasonable costs of collection, if any, as hereinafter provided, shall be a continuing lien upon the Dwelling Unit against which such Charge is made and also shall be the personal obligation of the Owner of the Dwelling Unit at the time when the Charge becomes due. The lien or personal obligation created under this Section shall be in favor of and shall be enforceable by the Association.

7.02 COLLECTION OF CHARGES: The Association shall collect from each Owner all Charges payable by such Owner under this Declaration.

7.03 NON-PAYMENT OF CHARGES: Any Charge which is not paid to the Association when due shall be deemed delinquent. If a Charge is not paid within ten (10) days after the due date, a late fee in such reasonable amount as may be set from time to time by action of the Board ("Late Fee") may be charged. In addition, any Charge which is delinquent for thirty (30) days or more shall bear interest at the rate of eighteen percent (18%) per annum or the maximum rate permitted by law, whichever is less, from the due date to the date when paid. The Association may (i) bring an action against the Owner personally obligated to pay the Charge to recover the Charge (together with the Late Fees, interest, costs and reasonable attorney's fees for any such action, which shall be added to the amount of the Charge and included in any judgment rendered in such action), and (ii) enforce and foreclose any lien which it has or which may exist for its benefit. In addition, the Board may add a reasonable late fee to any installment of an assessment which is not paid within thirty (30) days of its due date. No Owner may waive or otherwise escape personal liability for the Charges hereunder by nonuse of the Community Area or by abandonment or transfer of his Dwelling Unit.

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

7.05 SELF-HELP BY BOARD: In the event of a violation or breach by an Owner of the provisions, covenants or restrictions of the Declaration, the By-Laws, or rules or regulations of the Board, where such violation or breach may be cured or abated by affirmative action, then the Board, upon not less than ten (10) days' prior written notice to the Owner, shall have the right to enter upon that part of the Premises where the violation or breach exists to remove or rectify the violation or breach; provided, that, if the violation or breach exists within a Dwelling Unit, judicial proceedings must be instituted before any items of construction can be altered or demolished.

7.06 OTHER REMEDIES OF THE BOARD: In addition to or in conjunction with the remedies set forth above, to enforce any of the provisions contained in this Declaration or any rules and regulations adopted hereunder the Board may levy a fine or the Board may bring an action at law or in equity by the Association against any person or persons violating or attempting to violate any such provision, either to restrain such violation, require performance thereof, to recover sums due or payable or to recover damages or fines, and against the land to enforce any lien created hereunder; and failure by the Association or any Owner to enforce any provision shall in no event be deemed a waiver of the right to do so thereafter.

7.07 COSTS AND EXPENSES: All costs and expenses incurred by the Board in connection with any action, proceedings or self-help in connection with exercise of its rights and remedies under this Article, including, without limitation, court costs, attorneys' fees and all other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon at the rate of eighteen percent (18%) per annum or the maximum rate permitted by law, whichever is less, until paid, shall be charged to and assessed against the defaulting Owner, and the Association shall have a lien for all the same, upon his Dwelling Unit as provided in Section 7.01.

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

ARTICLE EIGHT Use Restrictions

8.01 INDUSTRY/SIGNS: No industry, business, trade, occupation or profession of any kind shall be conducted, maintained or permitted on any part of the Community Area nor shall any "For Sale" or "For Rent" signs or any other advertising be maintained or permitted on any part of the Community Area, except as permitted by the Board or as permitted under Article Nine. However, one (1) temporary real estate sign of not more than six (6) square feet may be posted from time to time in the yard or window of a Dwelling Unit advertising that the Dwelling Unit is for sale.

8.02 UNSIGHTLY USES: No clothes, sheets, blankets, laundry of any kind or other articles shall be hung out on any portion of the Dwelling Unit or the Community Area; except, that laundry may be hung in the back yard of a Dwelling Unit. The Premises shall be kept free and clear of all rubbish, debris and other unsightly materials and no waste shall be committed thereon. All rubbish shall be deposited in such areas and such receptacles as shall be designated by the Board.

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

8.04 PARKING: Unless expressly permitted by the Board, no boats, trucks (which have "D" or equivalent plates and/or a gross weight when fully loaded in excess of 8,000 pounds), recreational vehicles, trailers or other similar vehicles shall be parked or stored on a Dwelling Unit outside of the garage on the Dwelling Unit for more than twenty-four (24) hours at a time. No portion of the Premises, other than a garage, may be utilized for parking or storing a boat.

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

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

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

8.08 FENCES: Subject to the provisions of Section 9.06 and the issuance of a permit by and compliance by the Owner with the applicable rules and regulations of the Village of Bolingbrook, a fence may be installed by an Owner on his Dwelling Unit, provided, that any fence so installed shall be of the type of construction commonly known as "board on board" and shall have a maximum height of five feet. Notwithstanding the foregoing, no fencing or other structure of any type shall be constructed or installed on any portion of a Lot which is designated on the applicable Plat of Subdivision as a "Landscape Easement."

8.09 HAZARDOUS ACTIONS OR MATERIALS. Nothing shall be done or kept in any Dwelling Unit or in or on any portion of the Community Area that is unlawful or hazardous, or that might reasonably be expected to increase the cost of casualty or public liability insurance covering the Community Area, or that might unreasonably disturb the quiet occupancy of any person residing on any other Dwelling Unit.

8.10 ANTENNAE. Without the prior written approval of the Board and the receipt by Owner of a permit from the Village of Bolingbrook, no outside television or radio aerial or antenna, or other aerial or antenna, including satellite receiving dishes which exceed thirteen (13) inches in diameter for reception or transmission, shall be maintained on the Property.

8.11 STORAGE. No open storage of any kind shall be permitted on the Premises. All storage must be in enclosed structures approved by the Board. Construction of any such structure is subject to the restrictions set forth herein and receipt by Owner of a permit from the Village of Bolingbrook.

8.12 RECREATIONAL DEVICES. No above-ground swimming pool, tennis court, fence or other recreational device shall be permitted on the Property, without the prior written approval of the Board and receipt by Owner of a permit from the Village of Bolingbrook.

8.13 OUTBUILDINGS. Not more than one animal house shall be constructed on each lot which is designed and intended to be improved with a single family home; provided that any such animal house shall be constructed adjacent to the residence and shall not be visible from the street. No structure of a temporary character, trailer, tent, shack, shed, garage, barn or other outbuilding shall be used as a residence or for any other purpose, either temporarily or permanently. Construction of any such outbuilding is subject to the restrictions set forth herein and receipt by Owner of a permit from the Village of Bolingbrook.

8.14 COLOR. There shall be no change in any exterior color of any Dwelling Unit which is inconsistent with the general harmony and design of the Dwelling Units on the Premises without the prior written approval of the Board.

ARTICLE NINE

Declarant's Reserved Rights and Special Provisions Covering Development Period

9.01 IN GENERAL: In addition to any rights or powers reserved to the Declarant under the provisions of this Declaration or the By-Laws, the Declarant shall have the rights and powers set forth in this Article. Anything in this Declaration or the By-Laws to the contrary notwithstanding, the provisions set forth in this Article shall govern. Except as otherwise provided in this Article, the rights of Declarant under this Article shall terminate at such time as the Declarant no longer holds or controls title to any portion of the Development Area.

9.02 PROMOTION OF PROJECT: In connection with the promotion, sale or rental of any improvements upon the Development Area: (i) the Declarant shall have the right and power,

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

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

9.04 GRANT OF EASEMENTS AND DEDICATIONS: Declarant shall have the right to dedicate portions of the Community Area to the County, the Municipality or any municipality or other governmental authority which has jurisdiction over such portions. Declarant shall also have the right to reserve or grant easements over the Community Area to any governmental authority, public utility or private utility for the installation and maintenance of cable TV, electrical and telephone conduit and lines, gas, sewer or water lines, or any other utility services serving any Dwelling Unit.

9.05 DECLARANT CONTROL OF ASSOCIATION: The first and all subsequent Boards shall consist solely of three (3) persons from time to time designated by the Declarant, which persons may, but need not, be members under Section 5.02. Declarant's rights under this Section to designate the members of the Board shall terminate on the first to occur of (i) such time as Declarant no longer holds or controls title to any part of the Premises, (ii) the giving of written notice by Declarant to the Association of Declarant's election to terminate such rights, or (iii) seven (7) years from the date of Recording hereof. The date on which the Declarant's rights under this Section shall terminate shall be referred to as the "Turnover Date". From and after the Turnover Date, the Board shall be constituted and elected as provided in the By-Laws. Prior to the Turnover Date all of the voting rights at each meeting of the Owners shall be vested exclusively in the Declarant and the Owners shall have no voting rights.

9.06 ARCHITECTURAL CONTROL:

(a) The Declarant shall have the right and power from time to time to adopt reasonable rules and regulations governing the design and exterior finish of all improvements or landscaping from time to time constructed, installed or proposed to be constructed, installed or modified on the Premises. Without limiting the foregoing, no earthmoving, filling, dredging, grading, excavating, installation of landscaping, alteration of landscaping, construction of a building, driveway, walkway, fence, signs or other advertising or promotional devices or any other temporary or permanent improvement to any portion of the Premises or any modification, alteration, renovation, addition or removal of any of the foregoing ("Regulated Work") shall be commenced or maintained with respect to any portion of the Premises without the prior written consent of the Declarant which may be granted or withheld in Declarant's sole and absolute discretion and receipt of any approvals and/or permits required by the applicable ordinances of the Village of Bolingbrook. The Declarant reserves the right and power to promulgate and amend from time to time standards, policies, procedures and guidelines in order to implement the foregoing. If any Regulated Work which requires Declarant approval as provided above is commenced without obtaining the required written consent of the Declarant, then the Declarant may seek any remedy or take any action provided for herein or permitted at law or in equity in order to enforce the provisions hereof, including injunctive relief to stop work and/or restore the portion of the Premises to its condition prior to the commencement of the work.

(b) The Declarant shall have the right and power from time to time to adopt rules and regulations governing the maintenance and upkeep of portions of the Premises, including without limitation, improvements thereto, signs, advertising and landscaping thereon. Without limiting the foregoing, those portions of the Premises on which construction of improvements has not yet commenced shall at all times be maintained in a neat and clean condition and all weeds shall be periodically cut. If in the sole judgment of the Declarant a portion of the Premises is not being maintained in good condition and repair or the appearance of any such portion of the Premises is not of the character and quality of that of other portions of the Premises or is not in compliance with rules and regulations adopted from time to time by the Declarant, then without limiting any rights or remedies available to the Declarant hereunder, at law or in equity, Declarant shall have the right to enter upon any such portion of the Premises and perform any maintenance or repair work which it deems necessary or appropriate. The cost of any such work shall be charged to the Owner or party responsible for maintenance of such portion of the Premises if different from the Owner, and shall be payable to the Declarant upon demand. In the event that the party charged for such work fails to make prompt payment of any such amount within thirty (30) days after demand, such amount shall become and continue to be a lien upon the portion of the Premises owned by such party until such time as payment is made in full; provided, that any such lien shall be subordinate to the lien of any Mortgagee on a Dwelling Unit Recorded prior to the date on which any such amount becomes a lien against a Dwelling Unit as provided above.

(c) Any one or more of the rights and powers of the Declarant under this Section may be delegated to one or more individuals or entities designated from time to time by the Declarant.

(d) Subject as hereinafter provided, from time to time, the Declarant may enter into an agreement ("Transfer Agreement") with the Association whereby the Declarant assigns and transfers to the Association some or all of its rights and powers under Subsections (a) and (b). Any Transfer Agreement shall be executed by both the Declarant and the Association and shall be recorded; provided, that the execution of the Transfer Agreement by the Association shall be approved in advance by action of the Voting Members at an annual meeting or special meeting of the Voting Members. A Transfer Agreement may include such terms as are agreed upon between the Declarant and the Association. From and after the recording of a Transfer Agreement, the rights and powers of the Declarant under Subsections (a) and (b) which are transferred to the Association pursuant to the Transfer Agreement, shall be administered as provided in the Transfer Agreement. Any rights and powers of the Declarant under Subsections (a) and (b) which are not transferred to the Association pursuant to a Transfer Agreement shall expire and terminate at such time as the Declarant no longer holds or controls title to any portion of the Development Area.

9.07 OTHER RIGHTS: The Declarant shall have the right and power to execute all documents and do all other acts and things affecting the Premises which, in Declarant's opinion, are necessary or desirable in connection with the rights of Declarant under this Declaration.

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

ARTICLE TEN

Amendment

10.01 SPECIAL AMENDMENTS: Anything herein to the contrary notwithstanding, Declarant reserves the right and power to Record a special amendment ("Special Amendment") to this Declaration at any time and from time to time which amends this Declaration (i) to comply with requirements of Fannie Mae, the Government National Mortgage Association, the Federal Dwelling Unit Loan Mortgage Corporation, the Veteran's Administration, or any other governmental agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by such entities, (ii) to induce any of such agencies or entities to make, purchase, sell, insure, guarantee or otherwise deal with first mortgages covering Dwelling Units, (iii) to correct errors, ambiguities or inconsistencies in the Declaration or any Exhibit, or (iv) to bring the Declaration into compliance with applicable laws, ordinances or governmental regulations. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to the Declarant to make or consent to a Special Amendment on behalf of each Owner. Each deed, mortgage, trust deed, other evidence of obligation, or other instrument affecting a Dwelling Unit and the acceptance

thereof shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of, the power to the Declarant to make, execute and Record Special Amendments. The right and power to make Special Amendments hereunder shall terminate at such time as Declarant no longer holds or controls title to a portion of the Premises.

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

ARTICLE ELEVEN Mortgagees Rights

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

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

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

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

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

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

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

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

The request of any such party shall specify which of the above it desires to receive and shall indicate the address to which any notices or documents shall be sent by the Association.

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

ARTICLE TWELVE Annexing Additional Property

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

12.02 POWER TO AMEND: Declarant hereby retains the right and power to Record a Supplemental Declaration, at any time and from time to time as provided in Section 12.01, which amends or supplements Exhibit B. Exhibit B may only be amended or supplemented pursuant to this Article to add portions of the Development Area to Exhibit B and shall not be amended to reduce or remove any real estate which is described in Exhibit B immediately prior to the Recording of such Supplemental Declaration. A Supplemental Declaration may contain such

additional provisions affecting the use of the Added Premises or the rights and obligations of owners of any part or parts of the Added Premises as the Declarant deems necessary or appropriate.

12.03 EFFECT OF SUPPLEMENTAL DECLARATION: Upon the Recording of a Supplemental Declaration by Declarant which annexes and subjects Added Premises, Added Community Area, or Added Dwelling Units to this Declaration, as provided in this Article, then:

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

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

(c) In all other respects, all of the provisions of this Declaration shall include and apply to the Added Premises (including the Added Community Area or the Added Dwelling Units, if any) made subject to this Declaration by any such Supplemental Declaration and the Owners, mortgagees, and lessees thereof, with equal meaning and of like force and effect and the same as if such Added Premises were subjected to this Declaration at the time of the Recording hereof;

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

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

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

ARTICLE THIRTEEN

Miscellaneous

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

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

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

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

13.05 TITLE HOLDING LAND TRUST: In the event title to any Dwelling Unit is conveyed to a title holding trust, under the terms of which all powers of management, operation and control of the Dwelling Unit remain vested in the trust beneficiary or beneficiaries, then the beneficiaries thereunder from time to time shall be responsible for payment of all Charges and for the performance of all agreements, covenants and undertakings chargeable or created under this Declaration against such Dwelling Unit. No claim shall be made against any such title holding trustee personally for payment of any lien or obligation hereunder created and the trustee shall not be obligated to sequester funds

or trust property to apply in whole or in part against such lien or obligation. The amount of such lien or obligation shall continue to be a charge or lien upon the Dwelling Unit and the beneficiaries of such trust notwithstanding any transfers of the beneficial interest of any such trust or any transfers of title to such Dwelling Unit.

Dated: 12/16/98

DECLARANT:

THE RYLAND GROUP, INC.

By: David Craft
Its: DIVISION President

ATTEST:

M. L. L.

Att. Secretary

30084\011\0001.433 - Declaration for Somerfield - 11-2-98

EXHIBIT A TO
DECLARATION OF SOMERFIELD

The Development Area

THE WEST HALF OF THE SOUTHEAST QUARTER AND PART OF THE EAST 80 ACRES OF THE SOUTHWEST FRACTIONAL QUARTER OF SECTION 19, TOWNSHIP 37 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF THE SOUTHWEST FRACTIONAL QUARTER OF SAID SECTION 19; THENCE SOUTH 89 DEGREES 48 MINUTES 34 SECONDS WEST ALONG THE SOUTH LINE OF SAID SOUTHWEST FRACTIONAL QUARTER, A DISTANCE OF 830.91 FEET TO A POINT 490.00 FEET EASTERLY OF THE SOUTHWEST CORNER OF THE EAST 80 ACRES OF SAID SOUTHWEST FRACTIONAL QUARTER, AS MEASURED ALONG THE SOUTH LINE OF SAID SOUTHWEST FRACTIONAL QUARTER; THENCE NORTH 00 DEGREES 03 MINUTES 02 SECONDS WEST PARALLEL WITH THE WEST LINE OF SAID EAST 80 ACRES, A DISTANCE OF 888.98 FEET; THENCE SOUTH 89 DEGREES 48 MINUTES 34 SECONDS WEST, PARALLEL WITH THE SOUTH LINE OF SAID SOUTHWEST FRACTIONAL QUARTER, A DISTANCE OF 490.00 FEET TO THE WEST LINE OF THE EAST 80 ACRES OF SAID SOUTHWEST FRACTIONAL QUARTER; THENCE NORTH 00 DEGREES 03 MINUTES 02 SECONDS WEST ALONG SAID WEST LINE, A DISTANCE OF 1749.80 FEET TO THE NORTHWEST CORNER OF SAID EAST 80 ACRES; THENCE NORTH 89 DEGREES 51 MINUTES 39 SECONDS EAST ALONG THE NORTH LINE OF SAID SOUTHWEST FRACTIONAL QUARTER, A DISTANCE OF 1320.91 FEET TO THE NORTHWEST CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 19; THENCE NORTH 89 DEGREES 47 MINUTES 41 SECONDS EAST ALONG THE NORTH LINE OF THE WEST HALF OF SAID SOUTHEAST QUARTER, A DISTANCE OF 1319.32 FEET TO THE NORTHEAST CORNER OF THE WEST HALF OF SAID SOUTHEAST QUARTER; THENCE SOUTH 00 DEGREES 01 MINUTES 25 SECONDS EAST ALONG THE EAST LINE OF THE WEST HALF OF SAID SOUTHEAST QUARTER, A DISTANCE OF 2637.95 FEET TO THE SOUTHEAST CORNER OF THE WEST HALF OF SAID SOUTHEAST QUARTER; THENCE SOUTH 89 DEGREES 48 MINUTES 36 SECONDS WEST ALONG THE SOUTH LINE OF THE WEST HALF OF SAID SOUTHEAST QUARTER, A DISTANCE OF 1318.08 FEET TO THE POINT OF BEGINNING, IN WILL COUNTY, ILLINOIS.

EXHIBIT B TO
DECLARATION OF SOMERFIELD

The Premises

I. Dwelling Units.

Each of the following described dwelling units shall be a "Dwelling Unit" hereunder:

Lots 1 through 99, both inclusive, in Somerfield Unit 1, a subdivision in the south half of Section 19, Township 37 North, Range 10, east of the Third Principal Meridian, in Will County, Illinois ("Somerfield Unit 1") pursuant to Plat of Subdivision recorded 12/14, 1998 as Document No. 898-150249

II. Community Area:

Outlots A, B and C in Somerfield Unit 1 and all entry landscape islands within the Dalton Lane right-of-way.

PIN: 02-19-400-017-0000

ADDRESS: Remington Boulevard and 119th Street
Bolingbrook, Illinois

**THE BY-LAWS OF THE
SOMERFIELD HOMEOWNERS ASSOCIATION
AN ILLINOIS NOT-FOR-PROFIT CORPORATION**

**ARTICLE I
NAME OF CORPORATION**

The name of this corporation is Somerfield Homeowners Association.

**ARTICLE II
PURPOSE AND POWERS**

2.01 PURPOSES: The purposes of this Association are to act on behalf of its members collectively, as their governing body, with respect to the preservation, care, maintenance, replacement, improvement, enhancement, operation and administration of both real and personal property and for the promotion of the health, safety and welfare and the common use and enjoyment thereof by members of the Association, all on a not-for-profit basis. These By-Laws are subject to the provisions of the Declaration for Somerfield ("Declaration") recorded with the Office of the Recorder of Deeds for Will County, Illinois on _____, 19____, as Document No. _____. All terms used herein shall have the meanings set forth in the Declaration.

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

**ARTICLE III
OFFICES**

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

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

**ARTICLE IV
MEETINGS OF MEMBERS**

4.01 VOTING RIGHTS: Any or all members may be present at any meeting of the members, but the voting rights shall be vested exclusively in the Voting Members; provided, that, prior to the Turnover Date, the voting rights shall be vested exclusively in the Declarant and the Voting Members shall have no voting rights. From and after the Turnover Date, each Voting

Member shall be entitled to one vote for each Dwelling Unit which the Voting Member represents. The Voting Members may vote in person or by proxy. All proxies shall be in writing, revocable, valid only for eleven (11) months from the date of execution and filed with the Secretary.

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

4.03 ANNUAL MEETINGS: The initial meeting of the members shall be held upon not less than twenty-one (21) days' written notice given by the Declarant. If not called earlier by the Declarant, the initial meeting of the Owners shall be held no later than thirty (30) days after the Turnover Date. Thereafter, there shall be an annual meeting of the Owners on the anniversary thereof, or at such other reasonable time or date (not more than thirty (30) days before or after such date) as may be designated by written notice of the Board delivered to the Owners not less than ten (10) days prior to the date fixed for said meeting.

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

4.05 NOTICE OF MEETINGS: Notices of meetings required to be given herein may be delivered either personally or by mail to the members, addressed to such member at the address given by him to the Board for the purpose of service of such notice or to the Dwelling Unit of the Owner, if no address has been given to the Board. A notice of meeting shall include an agenda of business and matters to be acted upon or considered at the meeting.

ARTICLE V BOARD OF DIRECTORS

5.01 IN GENERAL: The affairs of the Association shall be vested in the board of directors (the "Board"), which shall consist of five (5) persons ("Directors") or such other number of persons as shall be fixed from time to time by the affirmative vote of 50% of the Voting Members. Each Director shall be an Owner or a Voting Member.

5.02 DEVELOPER DESIGNATED BOARDS: Anything herein to the contrary notwithstanding, until the first meeting of the members after the Turnover Date the Board shall consist of three (3) persons from time to time designated by the Declarant, who shall serve at the discretion of the Declarant. During such period the Owners may elect from among themselves that number of non-voting counselors to the Board as the Declarant may, in its sole discretion, permit.

5.03 BOARDS AFTER TURNOVER DATE: At the first meeting of the Owners (which shall be held no later than thirty (30) days after the Turnover Date) the Voting Members shall elect a full Board of Directors in the manner hereinafter provided to replace the Declarant designated Board established under Section 5.02. From and after such meeting, each member of the Board shall be an Owner or a Voting Member, or both. Within sixty (60) days after the election of a majority of the Board other than those designated by the Declarant, the Declarant shall deliver to the Board:

(a) Original copies of the Declaration, these By-Laws, the Association's Articles of Incorporation and the Association's minute book.

(b) An accounting of all receipts and expenditures made or received on behalf of the Association by the Declarant designated Boards.

(c) All Association funds and bank accounts.

(d) A schedule of all personal property, equipment and fixtures belonging to the Association including documents transferring the property to the Association.

5.04 ELECTION: At the initial meeting of the Owners, the Voting Members shall elect a full Board of Directors. The three (3) candidates receiving the greatest number of votes shall each serve a two year term and the two (2) candidates receiving the next greatest number of votes shall each serve a one year term. Thereafter, each Director shall serve a two year term. Each Director shall hold office until his term expires or until his successor shall have been elected and qualified. Directors may succeed themselves in office. In all elections for members of the Board, the Voting Member for each Dwelling Unit shall be entitled to the number of votes equal to the number of Directors to be elected (cumulative voting shall not be permitted).

5.05 ANNUAL MEETINGS: The Board shall hold an annual meeting within ten (10) days after the annual meeting of the members.

5.06 REGULAR MEETINGS: Regular meetings of the Board shall be held at such time and place as shall be determined at the annual meeting or, from time to time, by a majority of the Directors, provided that not less than four such meetings shall be held during each fiscal year. Notice of regular meetings of the Board shall be given to each Director, personally or by mail, at least two (2) days prior to the day named for any such meeting and such notice shall state the time and place of such regular meeting and such notice shall be posted conspicuously on the Premises so as to inform the Owners of such meetings.

5.07 SPECIAL MEETINGS: Special meeting of the Board may be called by the President or at least one-third (1/3) of the Directors then serving.

5.08 ATTENDANCE AT MEETINGS BY OWNERS: Owners may attend meetings of the Board only if, and to the extent, permitted by the Board in its discretion. It is not the intention that Owners shall have the right to attend meetings of the Board in the same manner as provided for members of condominium associations under the Illinois Condominium Property Act.

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

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

5.11 COMPENSATION/REIMBURSEMENT FOR EXPENSES: Directors shall receive no compensation, except as expressly provided in a resolution duly adopted by 75% of the Voting Members. Upon the presentation of receipts or other appropriate documentation, a Director shall be reimbursed by the Association for reasonable out-of-pocket expenses incurred in the course of the performance of his duties as a Director.

5.12 REMOVAL OR RESIGNATION OF DIRECTOR: Any Director may be removed from office, with or without cause, by the affirmative vote of at least two-thirds (2/3) of the Directors then serving at any annual meeting or at a special meeting called for such purpose. Any Director may resign at any time by submitting his written resignation to the Board. If a Director ceases to be an Owner or Voting Member, he shall be deemed to have resigned as of the date of such cessation. A successor to fill the unexpired term of a Director who resigns may be appointed by a majority of the remaining Directors at any regular meeting or a special meeting called for such purpose and any successor so appointed shall serve the balance of his predecessor's term.

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

(a) To engage the services of a manager or managing agent upon such terms and with such authority as the Board may approve;

(b) To provide for the designation, hiring and removal of such employees and such other personnel, including attorneys and accountants, as the Board may, in its discretion, deem necessary or proper;

(c) To provide for any maintenance, repair, alteration, addition, improvement or replacement of the Community Area for which the Association is responsible under the Declaration and these By-Laws;

(d) To procure insurance as provided for under the Declaration;

(e) To estimate and provide each Owner with an annual budget showing the Community Expenses;

(f) To set, give notice of, and collect Community Assessments from the Owners as provided in the Declaration;

(g) To pay the Community Expenses;

(h) Subject to the provisions of the Declaration, to own, convey, encumber or otherwise deal with any real property conveyed to or purchased by the Association;

(i) To adopt and, from time to time, to amend such reasonable rules and regulations as the Board may deem advisable for the use, enjoyment, administration, management, maintenance, conservation and beautification of the Community Area, and for the health, comfort, safety and general welfare of the Owners. Written notice of any such rules and regulations or amendments thereto shall be given to all Owners affected thereby;

(j) To delegate the exercise of its power to committees appointed pursuant to Article Seven of these By-Laws.

ARTICLE VI OFFICERS

6.01 OFFICERS: The officers of the Association shall be a President, one or more Vice Presidents, a Secretary, Treasurer, and such assistants to such officers as the Board may deem appropriate. All officers shall be Directors and shall be elected at each annual meeting of the Board and shall hold office at the discretion of the Board.

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

6.03 POWERS OF OFFICERS: The respective officers of the Association shall have such powers and duties as are from time to time prescribed by the Board and as are usually vested in such officers, including but not limited to, the following:

(a) The President shall be the Chief Executive Officer of the Association and shall preside at all meetings of the members and at all meetings of the Board and shall execute amendments to the Declaration and these By-Laws as provided in the Declaration and these By-Laws.

(b) The Vice President shall, in the absence or the disability of the President, perform the duties and exercise the powers of such office;

(c) The Secretary shall keep minutes of all meetings of the Owners and of the Board and shall have custody of the Association Seal and have charge of such other books, papers and documents as the Board may prescribe;

(d) The Treasurer shall be responsible for Association funds and securities and for keeping full and accurate accounts of all receipts and disbursements in the Association books of accounts kept for such purpose.

6.04 OFFICERS' COMPENSATION: The officers shall receive no compensation for their services except as expressly provided by a resolution duly adopted by the Voting Members.

ARTICLE VII COMMITTEES DESIGNATED BY BOARD

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

7.02 SPECIAL AND STANDING COMMITTEES: Other committees not having and exercising the authority of the Board in the management of the Association may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, members of each such committee shall be Owners or representative of Owners and the President of the Association shall appoint the members of such committee and shall designate a Director to act as a liaison between such committee and the Board. Any member of such committee may be removed by the President of the Association whenever in his judgment the best interests of the Association shall be served by such removal. The powers and the duties of any such standing committee shall be as set from time to time by resolution of the Board. The chairman of each standing committee shall be a

Director (who shall act as the liaison between the committee and the Board), and the other members of the committee (which need not be Directors) shall be appointed and removed from time to time by such chairman.

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

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

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

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

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

ARTICLE VIII CONTRACTS. CHECKS. DEPOSITS AND FUNDS

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

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

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

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

ARTICLE IX FISCAL MANAGEMENT

9.01 FISCAL YEAR: The fiscal year of the Association shall be established by the Association and may be changed from time to time by a resolution adopted by two-thirds (2/3) of the Board.

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

9.03 SPECIAL STATEMENT: Within ten (10) days after receipt of a written request from an Owner (together with payment of a reasonable fee, if any, set by the Board) the Board shall provide the Owner with a statement containing the following information:

(a) The status of the Owner's account and the amount of any unpaid assessments or other charges due and owing from the Owner; and

(b) The status and amount of any and all Capital Reserves.

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

ARTICLE X BOOKS AND RECORDS

The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, the Board, and committees having any of the authority of the Board, and shall keep at the registered or principal office of the Association a record giving the names and addresses of the members. All books and records of the Association may be inspected by any Owner, or his mortgagee, agent or attorney, for any proper purpose at any reasonable time.

ARTICLE XI SEAL

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

ARTICLE XII
AMENDMENTS

These By-Laws may be amended or modified at any time, or from time to time by the affirmative votes of Directors having more than two-thirds (2/3) of the total votes, provided that prior to the Turnover Date, Section 5.02 and this Article XII may not be amended without the written consent of the Declarant, and provided further, that no provision of these By-Laws may be amended or modified so as to conflict with the provisions of the Declaration.