

Runaway Bay Rules And Regulations

These rules are adopted as of May 15, 2006

All Rules, regulations, restrictions, and covenants contained in the Declaration and by-Laws are incorporated as part of these Rules and Regulations to the extent that the that the provisions of applicable Federal, state of Illinois law or Village of Palatine Ordinances. If the Declaration, By-Laws or the Rules and Regulations are in conflict, the provisions of applicable law shall first control, followed by the provisions of the Declaration, the By-Laws, and the Rules and Regulations in that order.

The Runaway Bay Condominium association administers property owned on a condominium basis. Each owner's "Unit Ownership" is comprised of the ownership of an individual unit and the ownership of a portion of the common elements of the property that all unit owners own collectively. The affairs of the association are administered by its board of managers, elected by and from the unit owners.

The Board has adopted certain rules and it is the hope and desire of the Board that the residents of the association familiarize themselves with the rules and that the rules are self-enforced by all the residents. It is also the hope and desire of the Board that residents attempt to work out issues between themselves before invoking the formal procedures set forth in the rules.

As is the case with all condominium complexes, the owners at Runaway Bay are living in close proximity to one another. There are 346 owners at Runaway Bay, each with different opinions and lifestyles. In order to preserve harmony, there must be a blend between the individual's right and the needs of the complex. These regulations have been established to accommodate the lifestyles shared by the majority while preserving the physical integrity and property values of Runaway Bay.

These Rules an Regulations are binding on all Unit Owners, residents, their families, and guests. That said, the rules do include an enforcement procedure providing due process to any person charged with a violation of a rule.

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BUILDING EMERGENCIES

The following are building emergencies:

FIRE and/or SMOKE
LEAKING GAS and/or STRONG GAS ODOR
FLOOD (broken water pipe) and, or SINK, TOILET, BATHTUB and/or
SHOWER OVERFLOWING
LOSS OF ELECTRIC SUPPLY IN UNIT
BROKEN WINDOW
LOSS OF HEAT IN UNIT

ACTION TO BE TAKEN

**For FIRE, SMOKE, or SECURITY PROBLEMS, CALL 911 then Management.
For LEAKING GAS and/or GAS ODOR, call the utility company, then Management.**

**NiCor Gas 1-888-642-6748
Commonwealth Edison 1-800-334-7661
Management Company 1-773-545-6160
After Hours**

An emergency involving a Unit Owner's unit is the Unit Owner's responsibility. The Association asks to be notified immediately only for purposes of assisting in resolving the emergency or for purposes of exerting its efforts to notify others. However, the Association does not take responsibility for any emergency and has no liability, therefore it is the Owner's responsibility.

All maintenance requests shall be reported to the Management Company.

Any activity which creates a nuisance, damages any common property, or disrupts the peace is prohibited on or in any portion of the common property.

Each Unit is to have a census form on file with the Management Company. It is the unit owner's responsibility to ensure that this form is kept up to date.

Reminder: A current vehicle sticker is required by The Village of Palatine each year.

Per the Village of Palatine, grilling is prohibited on any patio or balcony. Grills on the first floor must be placed a minimum of 15 feet away from the nearest overhang.

The use of all fireworks in the common elements is strictly forbidden.

Section I: BOARD MEETINGS

1. Board meetings are open to all Unit Owners. The time for Board meetings is determined by action of the Board. Appropriate notice will be provided to all Unit Owners.
2. As required by law, the books and records of the Association are available for the inspection of Unit owners for any proper purpose at reasonable times, provided that ten (10) business days advance notice is provided to the Association in writing.
3. An outside auditor will inspect the books and records of the Association at least once a year or more often if deemed necessary by the Runaway Bay Condominium Board.

Section II: OCCUPANCY LIMITATION

1. PALATINE CODE OF ORDINANCES - CHAPTER 10, PAGE 10-15 - 10-16
(d) Maximum density, minimum space, use and location requirements - Generally.
No person shall occupy or let to be occupied any dwelling or dwelling unit for the purpose of living therein unless there is compliance with the following requirements:
Chapter 10, page 10-15, (1) - (7). Page 10-16, (e), (1) - (2). Palatine code of ordinances.

Section III: ASSESSMENTS/ COLLECTIONS OF

1. Assessments are due on the first day of each month. A \$25/month late fee will be charged if assessments are received after the 10th of the month. Any payment of less than the full amount will also incur the \$25/month late fee.
2. Any and all charges including administrative or bank charges incurred by the Association as a result of checks returned for any reason, plus an administrative charge of twenty-five dollars (\$25) will be charged to and be the responsibility of the owner.
3. Payment should be made by check or money order payable to Runaway Bay Condominium Association and /or the attorney. The Unit Owner is fully responsible for all such additional cost and expenses. Furthermore, the Association may pursue recovery of these amounts, if delinquent, in the same fashion as all other delinquencies.

4. "Once a balance remains unpaid for a period of sixty (60) days or more, the Association shall reserve the right to refer the account to the Association's attorney for collection. Any and all attorneys' fees and costs incurred by the Association's as a result of the delinquent account will be charged back to the responsible owner accordingly."

Section IV: SALES AND LEASING

1. The Declaration also addresses leasing of units. Any failure to comply with procedures set forth in the Declaration, By-laws, or these Rules and Regulation by a Unit Owner or Tenant will result in a non-authorized, sale, lease, gift, or devise which may be set aside at the discretion of the Board.
2. Each contract for sale or lease of a unit shall be conditioned upon compliance with all requirements.
3. At least fourteen (14) days prior to any sale or lease, the Owner must complete and submit the following documents to the Association:
 - a. A notice of intent to sell or lease the condominium Unit
 - b. Sales contract or lease
 - c. Letter of Clearance
 - d. Processing fee of \$75 for all unit sales made non-refundable out to Runaway Bay Condominium Association in the form of certified check or money order.
 - e. Processing fee of \$75 for all leases, term after term upon resigning made non-refundable out to Runaway Bay Condominium Association in the form of certified check or money order.
 - f. Fee of \$125 per month for all listings of for rent or for sale by owner to be posted in the club house. Made out to Runaway Bay Condominium Association in the form of certified check or money order.
 - g. An administrative charge of \$50 shall be assessed for each violation of these Rules. Additionally, the Association may proceed with any other remedies available including a forced sale of the unit. All cost and expenses associated with securing the necessary documentation after a violation of these Rules, shall be charged to and become the responsibility of the Unit Owner and shall be considered additional common expenses.

SECTION V: LEASES, TENANTS AND NOT-RESIDENT UNIT OWNERS.

1. All Unit Owners who do not reside in a Unit owned by them shall provide the Association with their permanent residence address and telephone numbers, emergency telephone number, both at home and at work.

Any expenses of the Association incurred in location a Unit Owner who fails to provide such information shall be assessed to that Unit Owner's account. Unless otherwise provided by law, and Unit Owner who fails to provide such information shall be deemed to have waived the right to receive notices at any address, other than the address of the Unit and the Association shall not be liable for any loss, damage, injury or prejudice to the rights of said Unit Owner caused by any delays in receiving notice resulting there from.

2. No Unit Owner may lease less than the entire Unit, nor may the Unit be leased for transient or hotel purposes. There shall be no temporary occupancy by individuals who are not listed and identified on a Unit lease and Tenant information sheet. Every lease must be for a period of at least six (6) months, unless the Board consents in writing to the contrary.
3. Every lease shall be in writing and shall be subject in all respects to the provisions of the Declaration, By-laws, and Rules and Regulations of the Association. A copy of the lease must be sent to the management company.
4. Each Unit Owner shall be responsible for providing his or her lessee (s) with copies of the declaration, By-laws, and Rules and Regulations of the Association. In addition, the Association shall be given both a signed copy and rider to every lease of any Unit on the Property not later than the date of occupancy or the (10) days before the lessee takes possession, whichever occurs first. Any expenses incurred by th Association in obtaining these documents or the information contained therein shall be charged to the Unit Owner responsible as part of their common element expense. These requirements set forth are effective immediately. Unit owners shall supply the Association with a photocopy of any existing lease within thirty (30) days of notification of these Rules. Provisions herein relating to the execution of new leases shall become effective upon the expiration of any lease currently in effect.
5. All non-resident Owners shall require the Residents of their Unit to complete a Resident's information sheet. The information sheet is to be provided prior to leasing of any Unit. In the event that Units are already leased, the information sheet is to be provided within thirty (30) days of approval of these Rules and Regulations. Any expense of the Association incurred in obtaining the information requested herein shall be assessed to the Unit Owner's account.

SECTION VI: SIGNS AND ADVERTISING

1. Advertising signs for business or commercial activities are prohibited throughout the property except for signs posted by the Runaway Bay Condominium Board at designated locations.

2. No sign, signal, illumination, advertisement, notice of any other lettering, or equipment shall be exhibited, painted, affixed or exposed on or in any window or any part of the outside of any Buildings, without the prior written consent of the Board. "For Rent" and "For Sale" signs are strictly prohibited. Violator who place unauthorized signs will be subject to a fine. "For Rent" and "For Sale By Owner" information may only be posted in the club house for a month to month fee.

SECTION VII: MOVE-INS and MOVE-OUTS

1. All moves into or out of the building must be scheduled with Management five (5) days before the move occurs. A move not scheduled through Management will be subject to a fine of \$200.
2. Before a move is made, two hundred dollars (\$200) as damage security must be deposited at the Management office in the form of cash, cashier's check or personal check. The deposit must be made at the Management office at least five (5) days before the move is made. The owner or resident must execute a security deposit agreement. The corridor and its doors will be inspected by the management and moving party immediately before a move and after completion of the move. If a move does not damage any common elements of the building, the damage deposit will be refunded. If damage does occur, the damage deposit will be held by the Management company until repairs can be assessed. Any excess of the damage deposit over the cost of repairs will then be refunded. Should cost of repairs exceed the damage deposit, the amount of such excess will be charged to the owner of the unit involved in the move. Any refund due will be made within ten (10) days provided the Association has a forwarding address.
3. Reservations for moves are made on a first come first serve basis. Move hours between 8:00 a.m. and 7:00 p.m. Monday through Saturday and between 10:00 a.m. and 5:00 p.m. Sunday. Small, personal items, such as clothes, can be moved through Any entrance / exit. At no time are there to be any items moved over any balconies, railings.

SECTION VIII: INSURANCE

1. Owners shall be individually responsible for insuring their personal property in their respective units, and their personal property stored elsewhere on the property. If a Unit is rented, the Owner continues to be responsible for insuring the fixtures, appliance, equipment, contents, decorating and all other items not covered by the Association insurance provisions. Additionally, the tenant should be required to maintain insurance on his or her own personal property.

Owners will provide the Association with a copy of their declaration of insurance or certificate of insurance, confirming that the unit fixtures, appliances and all personal property are fully insured against loss.

2. Nothing shall be done in any unit, or common elements which would increase the rate of insurance on the building or the contents thereof, and nothing shall be done therein other than those anticipated activities applicable for its intended use, without prior written consent of the Board.
3. Owners shall not permit anything to be done or kept in their respective units or in the common elements which would result in the cancellation of insurance on the building or its contents, or which would be in violation of any law.

SECTION IX: PETS

1. No animals, other than dogs, cats or other animals reasonably considered to be household pets, shall be raised bred or kept anywhere on the property, nor shall any animals be kept, bred or maintained for any commercial purpose. See village of Palatine Animal Rules, section (5-2) (5-6) (5-7) (5-9) (5-36) (5-37) 5-38) (5-40)
2. No more than two dogs, two cats, or one each, per unit shall be allowed.
A photo of the pet and its resident address with be provided no more that (5) days after moving in or acquiring of the pet. Dog / Cat registry form must be completed.
3. Combined weight of animals should not exceed 100 pounds.
4. Pet owners must clean up immediately after pets, remove pet defecation and dispose of it properly.
5. Pets shall be controlled so as not to create a nuisance anywhere on the property. Pets may not be left unattended on patios or balconies. Pets may not be leashed or tied up in or on patio area or in any common areas.
6. All pets in the common areas, including hallways and walkways, shall only be allowed on a hand-held leash.
7. A unit owner is responsible for the actions of pets of anyone residing in or visiting his/her unit, and the costs of repairing any damage caused by a pet shall be assessed to the unit owner responsible. If damage occurs outside the building establishing the repaired areas shall also be the unit owner's responsibility.

8. Repeat offenders with no consideration for others will be brought to the attention of the Board. The Board, after consideration of the facts and circumstances, may elect to order the unit owner to have the pet removed permanently from the property upon ten (10) days written notice to the owner from the Board or its duly authorized agents.

SECTION X: BUILDING INTERIORS

1. The units in the Condominium are for residential purposes. They are not to be used for the sole purpose of maintaining a business. No industry, trade, business or profession or any kind shall be permitted on any part of the Common Elements or in the units.
2. Any activity which creates a nuisance, damages any common property, or disrupts the peace is prohibited on or in any portion of the hallways, workout room, locker rooms, lobbies, etc.
3. It is each resident's responsibility to help keep the Association's common elements clean by not dropping litter and waste in any portion of the common elements. Automobile ash trays, cigarette packages, cigar stubs, and other wastes are to be disposed of properly and not in the common elements. Emptying garbage or trash in the common elements except in the proper receptacles is a violation of these Rules.
4. No resident shall place or cause to be placed in the hall, or stairways any furniture, packages, shoes, boots, bikes, toys, floor mats, or objects of any kind which could impede quick, safe exit in the event of a fire. Such areas shall be used for no other purpose than for normal transit through them.
5. Residents, guests, and children shall not play, loiter or roam in the indoor common areas of the lobbies, hallways, stairways, or parking lots or Anywhere around the property where they may endanger themselves or disturb other residents.
6. Nothing can be hung on the walls or doors that jut out in such a way as to reduce the width of the hallway.
7. Nothing can be placed under the stairs as it violates fire code.
8. No smoking is permitted in the indoor common elements including, but not limited to common hallways, lobbies, storage rooms, stairwells, basements, locker rooms, workout room, and laundry rooms.

9. Units above the 1st floor shall have carpeting installed in the unit, with the exception of entryways, kitchen and bathrooms. Hardwood, laminate and tile will not be permitted in the bedrooms, halls, living rooms and dining rooms. Carpeting shall be installed or placed over felt or rubber pad. Resilient floor tile shall be installed over sound-conditioned felt paper. Wood parquet, or the like, shall be installed over a minimum of ½" plywood properly applied. Natural marble, flagstone, ceramic tile, and the like shall be installed in sand and cement bed. In each case, appropriate sound deadening material shall be added to utilized in order to minimize sound or noise transmission. Existing hardwood floors or ceramic in these areas need to be covered by 60% to 70% or more for sound insulation.
10. Plans for altering, combining or dividing Units must be submitted to the Board not less than thirty (30) days before starting any reconstruction of one or more units. This includes changes in the unit inner construction, such as installing hardwood floors, removing and relocating walls and doors. Proposals for changes which might involve the building basic structural design must be accompanied by a plan prepared and approved by an Illinois licensed structural engineer, whose professional seal shall be impressed on the plans. To the extent that any governmental permits or licenses are required, the work may not begin unless and until such permits are obtained and copies provided to the Board. Any attempted alteration prior to submitting will be subject to court action if necessary
11. Excessive noise-producing activities such as construction and carpet laying, etc. are permitted on weekdays only between 8:00 a.m. and 5:00 p.m. and on Saturdays and Sundays only between 10:00 a.m. and 5:00 p.m. When construction is involved, the Board shall be notified not less than 48 hours in advance.
12. Excessively loud playing of radios, televisions and/or audio equipment or any other sounds in such manner or at such sound level and/or time as will disturb other residents in the building is not permitted. No excessive noise will be tolerated between 10:00 p.m. until 8:00 a.m. If the disturbance continues, after a letter of warning from the Board, the violators will be subject to a fine.
13. Noise violation form (refer to Section 23, Enforcement of Policies; Paragraph One of these Rules and Regulations) shall be turned into Management upon any violation of these Rules.

14. Owners and/or their contractors must obtain all needed permits and licenses, and shall arrange for inspection by proper authorities, such as but not limited to the Municipal authority. Before a Contractor begins work for a unit Owner, the Owner must obtain from his or her Contractor a Certificate of Insurance, naming the association as an additional insured for liability and property damage in amounts sufficient to satisfy the Association, an amount of no lower than \$500,000. A copy of which shall promptly be provided to the Management company before work begins. The contractor shall submit to the Association copies of all necessary permits and licenses and shall also submit evidence of compensation insurance before any work begins. The Association maintains the right to terminate any work if there is not compliance with all Rules and Regulations.
15. The Unit Owner is responsible for damage to any common elements or any other Unit or Units in the Condominium as the direct and/or indirect result of work performed by or for that Owner and/or Contractors.
16. Residents are requested to assist in preventing vandalism and other such abuses in the condominium such as on woodwork, mirrors, furniture, and other building property, and in other common elements. Awareness and assistance by residents can save considerable money required for repairs and replacements, and thereby help minimize assessments.

SECTION XI: BUILDING SECURITY

1. Building security is extremely important. It is the responsibility of each Owner and Resident. Each Owner and Resident should take every precaution to maintain security within the building. The door should not be held open to allow someone to follow you into the building unless you know him or her.
2. Any persons or activities that appear suspicious should at once be reported to the police. Management should also be alerted so they are aware of the potential problems and can assist the proper authorities.
3. All outside doors must firmly close and latch at all times. If a door does NOT close readily, pull or push it until it latches in the closed position, and immediately notify the Management of the door malfunction.
4. It is advisable when any owner or resident plans to be away from his or her unit for some length of time, to notify Management and verify your emergency contact information.

It is advisable when planning a prolonged absence to arrange with a neighbor or friend to flush the toilet every two weeks, run water in the sink, bath and shower for a short period to prevent the seals from drying out. Stop delivery of newspapers. Notify the post office to hold your mail until your return.

5. Solicitation of any kind in the common Elements is prohibited. Owners and Residents shall not permit access to the building to any unauthorized solicitor.

SECTION XII: ACCESS TO UNITS OR COMMON ELEMENTS

1. The authorized representative of the Board of directors or Management Company shall be entitled to reasonable access to the individual units and limited common elements as may be required in connection with maintenance, repairs or replacement of the common elements or any equipment, facilities or fixtures, affecting or service any unit or other unit, common elements and/or limited common elements. The Board, Management, or their representative, are responsible for scheduling with the owner or resident, and to provide adequate advance notice with the exception of major emergencies.

SECTION XIII: SEASONAL DECORATIONS

1. During the holiday season, decorative items may be displayed no earlier than one month prior to and shall be removed no later than one month after the holiday. Any damage caused as a result of the display or installations of decorations are the responsibility of and will be charged to the unit owner. No decorations which create a safety hazard will be permitted. Unit Owners have full responsibility for properly and safely disposing of seasonal decoration.
2. Decorations shall be allowed in the common yard areas, bushes, trees. Any damage caused by the hanging of decorations shall be repaired by the Association, and the cost charged back to that owner responsible for hanging the decoration.
3. Decorations in the hallways shall be allowed as long as the decorations do not violate the fire codes. Nothing can be hung on the doors that jut out in such a way as to reduce the width of the hallway.
4. No decorations which create a safety hazard will be permitted. Any lighting or electrical decorations must be UL listed for outdoor use.

5. Maintenance and removal of decorations shall be the sole responsibility of the resident who installed them. If however, they are not maintained or removed in compliance with these Rules, the Board reserves the right to remove and dispose of them. All costs and expenses incurred by the Association shall be charged to the unit Owner and shall constitute an additional common expense attributable to that unit.
6. Christmas trees cannot be thrown off balconies and need to be bagged and completely enclosed before moving.

SECTION XIV: LAUNDRY ROOMS

1. Laundry rooms are only to be used from 8:00 a.m. - 9:00 p.m. and are for the use of the owners / residents only. Please be respectful of your neighbors and remove your laundry promptly.

SECTION XV: FITNESS ROOM

1. The fitness room items are for the fitness room only and not to be removed from the room. Please pick up after yourself, and turn the lights and fan off before you leave.

SECTION XVI: STORAGE ROOMS

1. Storage areas and individual units are to remain locked at all times.
2. No perishable goods, hazardous materials, or flammable liquids may be stored in storage rooms regardless of the materials or types of container in which such materials are stored.
3. Personal property may not be left outside of storage rooms. Any such item will, at the discretion of the Management, be removed and disposed of.
4. Items stored in storage rooms are placed there at the sole responsibility of the resident. Neither the Management, nor the Condominium Association assumes any responsibility for damage, theft of any items, or personal injury.
5. Each Unit has a storage room assigned. No Unit owner is to use a storage room other than one assigned to their unit without express written permission of the Owner.

6. If access needs to be gained to a storage room, Management will make a reasonable effort to contact the unit owner. In the event of an emergency, and Management cannot make contact with the unit owner, they will gain access.

SECTION XVII: PATIOS / BALCONIES AND LIMITED COMMON AREAS AND ELEMENTS

1. The term "Common Elements" is clearly defined in the Declaration and includes all area within the Real Estate of Runaway Bay Private Residence Condominiums, excepting the Units.

For purpose of clarity it should be understood that the following areas are considered to be part of the Common Elements.

- a. Building roofs, attics, garages, stairways, halls, hallways, lobbies entrances, and exits in the buildings, elevators, basements, storage areas, laundry rooms, locker rooms, club house.
 - b. Television antennae, common element timers, controls, and common element lighting.
 - c. All structural components of the building located in a Unit, including pipes, wires, conduits, ducts, shafts, or public utility lines serving more than one (1) unit.
 - d. Open paces and land including streets, walks, open and enclosed parking areas, courtyards, and fire lanes.
 - e. Lawn, landscaped areas, and exterior elevations.
 - f. Pool
 - g. Patios and balconies
1. Storage of any kind is expressly prohibited in the common Elements. Storage of property in stairwells or utility closets, or the leaving of any obstructions in these areas is prohibited.
 2. Storage of household goods, all toys, recreation equipment, bicycles, baby carriages, furniture, and other items of personal property shall be removed from the Common Elements. Personal property shall not be left on any Common Elements at any time for any time period. Violators will be subject to a fine.
 3. Patios and balconies may not be used for storage, except for lawn furniture, and plants. No other property may be kept or stored on balconies or patios. Property on patios or balconies will be subject to a fine.

4. Movable planters and flower boxes may be placed on a patio or balcony but should be removed after the first frost. Wind chimes or bell are prohibited.
5. No one shall litter, or throw, or permit anyone to throw, from units, patios or balconies any dirt, dust, cigarettes, cigars, ashes, water, paper, Christmas Trees, building materials, food for wildlife or any other material or refuse. Owners are responsible for damage caused by objects which fall from their balcony or patio. Rug shaking, dust mop shaking or emptying of buckets, etc, from the balcony or patio is prohibited.
6. Any games or other activity which creates a nuisance, damages the Common Elements, or disrupts the peace are prohibited in the Common Elements.
7. There shall be no obstruction of the Common Elements.
8. Nothing shall be altered, constructed on or removed from the Common Elements without the prior written consent of the Board.
9. Nothing shall be done in any Unit, on or to the Common Elements which would impair the structural integrity of the building or which would structurally change the building or cause inconvenience to other residents, without the prior written consent of the Board.
10. The Unit Owner shall be responsible for damages to the Common Elements caused by occupants of the Unit, the occupants, guests or the pets of the occupants or their guests.
11. The Unit Owner responsible for damages to the Common Elements shall be charged with any and all costs incurred in correcting, repairing, or replacing any Common Elements. Repairs are to be approved in writing by the Association.
12. Residents and their children and guests may not congregate, play, run or lounge in halls, hallways, and lobbies or in the buildings.
13. No feeding of any wildlife on patios, balconies or common areas.
14. Nothing may be displayed over balcony railings, with the exception of holiday decorations. No clothes, sheets, blankets or laundry of any kind shall be displayed on any part of the Common Elements and limited Common Elements, including patios, balconies, balcony railings, and interior entry halls. Condominium property shall be kept free and clear of all rubbish, debris and other unsightly items or materials.

15. Doors, windows and screens must be maintained and in good repair by the unit owner. Any installation of windows or sliding doors must receive the prior written approval of the Board and must comply with existing components.
16. No other window coverings other than household blinds, curtains or shades shall be hung in the windows and doors of the units. Sheets, blankets and plastic shall not be permitted with the exception of clear insulating plastic that must be installed on the inside and must be pulled smooth without wrinkling or otherwise distracting from the exterior.
17. No awnings, screening, sunshades, canopies, trellises, shutters, bird feeders, radio or television antennae shall be affixed to or placed in, upon, over or adjacent to any balcony or patio. A satellite dish may be installed only within the interior confines of the balcony or concrete patio surface only. No portion of the dish can extend above or beyond the balcony railing. The diameter of the dish cannot exceed current Federal Communications Commission's ("FCC") regulations of (1) meter in diameter or less. No cables are to be installed to run attached to any exterior surface (s) of the building.
18. Repairs due to damage to Common Elements caused by improper owner action will be charged to those responsible. Owners are liable for damage caused by them, their family, guests, tenants or tenant's guests. Tenants are liable for damage caused by them or their guests.
19. Patios and balconies may not be enclosed, patios, balconies and garages may not be altered in any way. Patios, balconies and garages shall not be carpeted and/or painted.

SECTION XVIII: DISPLAYING OF U.S. FLAG

1. In accordance with chapter 1, Title 4, United States Code, Unit Owners or their tenants may display an American Flag or Military Flag (or both) on or within the limited common areas and facilities of a unit owner or on immediately adjacent exterior of the building in which the unit of a unit owner is located.

2. "American Flag" means the flag of the United States (as defined in Section 1 of Chapter 1 of Title 4 of the United States Code and the Executive Orders entered in connection with that Section) made of fabric, cloth or paper displayed from a staff or flagpole or in a window, but "American Flag" does not include a depiction or emblem of the American flag made of lights, paint, roofing, siding, paving materials, flora, or balloons, or any other similar building, landscaping or decorative component.
3. "Military Flag" means a flag of any branch of the United States armed forces or the Illinois National Guard made of fabric, cloth or paper displayed from a staff or flagpole or in a window, but "Military Flag" does not include a depiction or emblem of the Military flag made of lights, paint, roofing, siding, paving materials, flora, or balloons, or any other similar building, landscaping or decorative component.

SECTION XIX: GARBAGE

1. All garbage must be placed in the proper receptacle and not outside of the containers. Items that do not fit in the dumpster or which prevent the lid from closing must be disposed of elsewhere by the Unit Owner.
2. Sealed garbage bags must be kept inside unit (not in common hallway or outside) at all times. Laundry room receptacles are not to be used for household garbage.
3. All cardboard boxes shall be broken down and placed in the designated recycling bins.
4. Removal of construction debris from the Condominium premises is the responsibility of the Unit Owner where such debris are created. If extra cleaning of the common areas and/or additional scavenger expenses are necessitated, the Unit Owner will be charged for such additional expenses.
5. Hazardous or flammable materials and construction debris shall not be deposited in the dumpster. Notify the management office for a quote if you have a large disposal.

SECTION XX: PARKING LOTS/ VEHICLES DECALS

1. Only permitted vehicles shall be allowed to park in the parking lot. The following are defined as permitted vehicles.

- a. Passenger type automobiles having no more than four (4) entry doors and specifically excluding limousines or hearses used for personal or business purposes.
 - b. Lightweight recreational motor vehicles, excluding campers, provided that the lightweight recreational vehicle shall have "B" "RV" or other passenger license plates: shall have no more than four thousand, five hundred (4,500) pounds and have an overall length of 18 feet or less.
 - c. Vehicles must be in drivable condition and shall be of a design which, in the determination of the Board, does not impede entry and exit from the building or parking lot when parked.
2. All motorized vehicles are restricted to parking lot paved surfaces, and the streets.
 - a. The maximum speed limit on all drives is 10 miles per hour.
 - violators will be subject to a fine for the first offense of excessive speed and each subsequent offense.
 - b. Parking is only allowed within the marked lines in the parking lots.
 - c. Handicap parking must have a valid license or placard.
 - d. Vehicles unattended or parked in fire lanes are subjected to a \$100.00 fine
3. No repairs or maintenance of any kind to your vehicle are allowed in the parking lot. Emergency repairs will be permitted only if necessary and any damage caused to the Common Elements by an owner, his guest, tenant, family or invitee shall be paid for by that owner.
4. At no time will inoperable vehicles be allowed in any parking lot. Abandoned vehicles which are in a state of disrepair rendering it incapable of being driven in its present condition; or which does not have a current, valid vehicle license plate and municipal vehicle sticker shall be towed by the Association at the owner's expense.
5. Boats, recreational motor vehicles, camping vehicles, trailers, and commercial vehicles may not be parked in the parking lots overnight.
6. No mobile storage parking will be permitted unless the Board is properly notified within seven (7) days of moving. Movable storage units (such as PODS, etc.) brought to the property for moving purposes or short term storage shall not be left in the parking lot longer than 48 hours. Management must be notified at least one week prior to the arrival of the unit. The Association or Management assumes no liability for any damage done to the unit or contents of the unit. Insuring the contents and unit is the Unit Owner's responsibility.

7. The Association or its agent, when notified of a possible violation of any of the above noted Rules, shall investigate and determine whether a violation has occurred. If the Association determines that a violation has occurred; it may take any or all of the actions for removal of the vehicle. Record the vehicle identification including license number, date of violation, type of violation, and vehicle owner if known. Upon receipt of notice of a violation, a unit owner must comply with Rules set herein within seven (7) days.

SECTION XXI: LANDSCAPING

1. Plants or vines that cling or crawl or affix to any part of the unit building will not be allowed.
2. Any plant material other than low growing annual flowers must be approved in writing by the Board. Once planted it shall become part of the property of the Association.
3. Any sod or other property damaged by the neglect or abuse of any person or pet on the property shall be replaced by the Association at the expense of the Unit Owner who is responsible. Establishing the replacement shall also be that unit owner's responsibility. If replacement is not done within seven (7) days, management shall replace, and charge back to the resident responsible for damages.

SECTION XXII: POOL

1. The Association or Management assumes no risk and no responsibility for persons entering the pool area or personal belongings left in the pool area.
2. The pool hours are 10:00 a.m. to 8:30 p.m. Use of the pool other than during these hours is strictly prohibited.
 - a. The pool area is defined as the pool deck totally enclosed by fencing, including the pool.
 - b. No pets are permitted in the pool area at any time.
 - c. Proper swim attire only. No cut offs, only swim diapers for babies.
 - d. No strollers, bikes, scooters, skateboards, rollerblades, or playpens are permitted in the pool area.
 - e. No food or beverages in the water.
 - f. No glass bottles allowed in the pool area, only plastic.
 - g. No alcohol allowed.

- h. Greaseless types of suntan lotion must be used instead of oil types.
- i. No abusive language will be tolerated.
- j. Running or horseplay in pool area is not allowed.
- k. Children under the age of 16 must be accompanied by a responsible adult age 18 or older.
- l. Place all trash and cigarette butts in the proper receptacles
- m. Always act with courtesy toward others. This policy includes the use of stereos.
- n. All persons are encouraged to shower before entering the pool.
- o. Two (2) pool passes per unit. Two (2) guests shall be also allowed
- p. Any person with open wounds or sores is not allowed into the pool.
- q. See pool side rules.

SECTION XXIII: ENFORCEMENT OF POLICES

1. Any complaint which alleges a violation of the Declaration, by-laws and Rules and Regulations shall be submitted in writing to the Association. The complaint shall be set forth in a witness statement and contain the following information:
 - a. The name, address and phone number of the complainant.
 - b. The Unit Owner's name, Unit number or address of the unit
 - c. The specific details or descriptions of the violations, including the date, time and location where the violation occurred.
 - d. A statement by the complaining witness that he or she will cooperate in the enforcement procedures and will provide testimony at any hearings which may become necessary.
2. When a complaint is made pursuant to the above, the unit owner shall be notified in writing, by the managing agent, of the alleged violation.
3. If there is a violation:
 - a. First notice / violation is a fine of \$50.00
 - b. Second notice / violation is a fine of \$75.00
 - c. Third notice / violation is a fine of \$100.00
 - e. Fourth notice / violation is a fine of \$150.00
 - f. Fifth occurrence refer to legal.
 - g. "For those violations of a continuing nature, such as but not limited to, architectural control violations or parking violations, the Board shall have the authority to assess a daily fine of up to \$15.00 per day for each day that the violation remains uncured."

4. The Managing Agent shall also notify the President of the Board of Directors in writing, on a monthly basis, by submitting copies of all complainant letters received, copies of replies to the complainant and copies of letters sent to the offending unit owner advising of the alleged violation.
5. In the event the alleged violation is not the first violation by the unit owner, or in the event the violation is such that serious or irreparable consequences may occur by delay, the Board may elect to forward the matter to the Association's attorney for appropriate action. All legal expenses and costs incurred will be assessed to the unit owner's account and shall remain as due and owing if the unit owner is found guilty of the violation.
6. The Association's attorney, if contacted regarding the violation, shall send such notices, make such demands or take such actions as are necessary to protect the interests of the Association in accordance with the provisions of the Illinois condominium Property Act. Declaration, By-laws or Rules and Regulations of the Association. All costs become the violation owner's responsibility.
7. If any unit owner charged with a violation either believes that no violation has occurred or that he/she has been wrongfully or unjustly charged hereunder, the unit owner Must proceed as follows:
 - a. Within ten (10) days after the notice of violation has been received by the unit owner pursuant to the provisions herein, the unit owner must request a hearing in writing.
 - b. If a request for a hearing is filed, a hearing on the complaint shall be held before the Board Members. A notice of the hearing date will be sent to the unit owner as well as the person who filed the witness statement.
 - c. At any such hearing, the Board shall hear and consider arguments, evidence or statements regarding the alleged violation, first from any person or persons having direct knowledge of the alleged violation and then from the alleged violator and any witnesses on his/her behalf. Following a hearing and due consideration, the Board shall issue its determination regarding the alleged violation.
8. If no request for a hearing is filed within ten (10) days, the right to a hearing will be considered waived and the allegations of violations shall be deemed admitted by default.

9. Any unit owner assessed hereunder shall pay any charge imposed within thirty (30) days of notification that such charges are due. Failure to make the payment on time shall subject the unit owner to all the legal or equitable remedies necessary for the collection thereof. All charges imposed hereunder shall be added to the unit owner's account, shall become a special assessment against the unit and shall be collectible as a common expense in the same manner as any regular or special assessment against the unit.

10. Notification of imposed charges are deemed served by mail following two days after deposit in the United States Mail provided that the notice has been sent by regular first class mail- postage prepaid, to the unit owner at the unit address, or to such other addresses as the unit owner shall have previously filed with the Board. And further provided that the notice sent by regular mail has not been returned to the Association undelivered. For units held in trust, the notices may be sent either to the address of the trustee or to such address as has been provided to the Association by the trustee or the beneficial owner of the trust.

PALATINE CODE OF ORDINANCES - CHAPTER 10 - EXISTING STRUCTURES' MAINT., ETC.

- (1) Every dwelling unit shall have heating equipment and appurtenances which are properly installed, are maintained in a safe and good working condition, and are capable of safely and adequately heating all habitable rooms, bathrooms and water closet compartments in every dwelling unit located therein from September 15 until May 1, and from 6:30 a.m. to 10:30 p.m., to a temperature of at least sixty-eight (68) degrees Fahrenheit (twenty (20) degrees Celsius) at a distance of thirty-six (36) inches above floor level under average minimum winter conditions.
- (2) No owner or occupant shall install, operate or use a heating device, including hot water heating units, which employs the combustion of carbonaceous fuel which is not vented to the outside of the structure in an approved manner, and which is not supplied with sufficient air to continuously support the combustion of the fuel. All heating devices shall be constructed, installed and operated in such a manner as to minimize accidental burns.

(d) *Maximum density, minimum space, use and location requirements - Generally.* No person shall occupy or let to be occupied any dwelling or dwelling unit for the purpose of living therein unless there is compliance with the following requirements:

- (1) For the first occupant, there shall be at least one hundred fifty (150) square feet of floor space, and there shall be at least one hundred (100) square feet of floor space for every additional occupant thereof, the floor space to be calculated on the basis of total habitable room area. A total number of persons shall be less than two (2) times the number of habitable rooms within the dwelling unit.
- (2) Not more than one (1) family, plus two (2) occupants unrelated to the family, except for guests or domestic employees, shall occupy a dwelling unit, unless a license for a rooming house has been granted by the appropriate authority.
- (3) The ceiling height of any habitable room shall have a clear height of not less than seven feet, six inches (7'6"); provided, that rooms with sloping ceilings shall have a clear height of seven feet, six inches (7'6") in at least three-fourths of their area. In computing the area of rooms for the purpose of providing minimum room sizes, all areas having a ceiling height less than five (5) feet shall be disregarded.
- (4) Habitable rooms shall be permitted in a basement only when the floor is not more than four (4) feet below finished grade level at all exterior walls containing openings required for natural light and ventilation.
- (5) No space located more than four (4) feet below grade shall be used as a habitable room of a dwelling; except that basement recreation or family rooms, where a separate living room is provided elsewhere in the dwelling unit, may have their floor level more than four (4) feet below finished grade level.
- (6) In each dwelling or dwelling unit there shall be access from each kitchen. Access to every habitable room in a dwelling or dwelling unit shall be provided without having to pass through another bedroom or kitchen. Access to every habitable room in a dwelling or dwelling unit shall be provided without having to pass through a bedroom or bathroom. In each dwelling unit one (1) bedroom, and when more than one bedroom is provided, at least two (2) bedrooms, shall have access to a bathroom without passing through another habitable room. No bathroom shall open directly into a kitchen, living room or dining room.
- (7) Every dwelling unit shall have at least four (4) square feet of closet space, at least six (6) feet in height, for the personal effects of each permissible occupant. If it is lacking, in whole or in part, an amount of space equal in square footage for the deficiency shall be subtracted from the area of habitable room space used in determining occupancy.

PALATINE CODE OF ORDINANCES - CHAPTER 10 - EXISTING STRUCTURES' MAINT., ETC.

(e) *Same--For sleeping purposes.* No person shall let to be occupied any dwelling or dwelling unit for the purpose of living therein unless there is compliance with the following requirements:

- (1) In every dwelling or dwelling unit of two (2) or more rooms, every room occupied for sleeping purposes by one (1) or two (2) occupants shall contain at least one hundred (100) square feet of floor space, and every room occupied for sleeping purposes by more than two (2) occupants shall contain at least fifty (50) square feet of floor space for each additional occupant thereof.
- (2) The provisions of this section shall not be construed to prevent the occupancy of any dwelling unit by a child born subsequent to the initial occupancy of the unit by its family.

Sec. 10-18. Rooming house, rooming units, dormitories, dormitory rooms.

No person shall operate a rooming house or dormitory or shall occupy or let to another for occupancy any dormitory room and/or rooming unit in any rooming house or dormitory which is not in compliance with the appropriate provisions of every section of this chapter. No owner or other person shall occupy or let to another person any rooming unit or dormitory room unless it is clean and sanitary, and complies with all applicable requirements of the village.

- (1) No person shall operate a rooming house unless he holds a valid rooming house license issued by the village manager or his designee in the name of the operator, and for the specific dwelling or dwelling unit. The operator shall apply to the director upon compliance by the operator with the applicable provisions of this chapter and of any rules and regulations adopted pursuant thereto. This license shall be displayed in a conspicuous place within the rooming house at all times. No such license shall be transferable. Every person holding such a permit shall give notice in writing to the director within twenty-four (24) hours after having sold, transferred, given away or otherwise disposed of ownership of, interest in or control of any rooming house. Such notice shall include the name and address of the person succeeding to the ownership or control of such rooming house. Every rooming house license shall expire at the end of one (1) year following its date of issuance, unless sooner suspended or revoked as hereinafter provided.
- (2) At least one (1) flush water closet, lavatory basin and bathtub or shower, properly connected to a water and sewer system approved by the appropriate authority and in good working condition, shall be supplied for each ten (10) persons or fraction thereof residing within a rooming house, including members of the operator's family, whenever they share the use of the facilities; provided:
 - a. That in a rooming house where rooms are let only to males, flush urinals may be substituted for not more than one-half the required number of water closets; and provided, that there shall be at least one (1) water closet;
 - b. That all such facilities shall be so located as to be reasonably accessible to all persons sharing such facilities and from a common hall or passageway. Toilet room facilities shall be provided in every floor having a sleeping accommodation;
 - c. That every lavatory basin and bathtub or shower shall be supplied with heated and unheated water under pressure at all times.
- (3) The following provisions shall apply in all rooming houses and dormitories:
 - a. Cooking in dormitory rooms and rooming units is prohibited.
 - b. Communal cooking and dining facilities in a rooming house are prohibited, except as approved by the director in writing.
 - c. All food service and dining facilities provided in a rooming house or dormitory for the occupants of same shall comply with applicable food service legislation.
 - d. Access doors to rooming units and dormitory rooms shall have operating locks to

**DECLARATION OF CONDOMINIUM OWNERSHIP FOR
RUNAWAY BAY AT PALATINE CONDOMINIUM**

This Declaration is made and entered into by Runaway Bay At Palatine, Inc., an Illinois corporation ("Declarant.")

RECITALS:

Declarant holds legal title to the real estate legally described in Exhibit A hereto ("Real Estate"). The Real Estate is currently improved with forty-four (44) buildings which contain residential units, and is also improved with a swimming pool and clubhouse, a tennis court, a volleyball court, two (2) playgrounds with recreation equipment, a fitness center, parking areas and open space. The Declarant intends to convert the Buildings to condominium by subjecting the Real Estate to the terms of this Declaration and the Illinois Condominium Property Act.

Initially, the Condominium Property shall consist of that portion of the Real Estate which is legally described in Exhibit B, with all improvements thereon and appurtenances thereto. If, upon the recording thereof, less than all of the Real Estate is made part of the Condominium Property, then, from time to time thereafter, the Declarant may add additional portions of the Real Estate to the Condominium Property as "Added Property" by Recording supplements to this Declaration, as more fully provided in Article Eight.

The Condominium Association shall be responsible for the administration of the Condominium Property, the operation, maintenance, repair and replacement of the Common Elements and the Limited Common Elements and shall set budgets and fix assessments to pay the expenses incurred in connection with such duties. Each Owner of a Unit shall be assessed to pay his proportionate share of the Common Common Expenses and/or Limited Common Expenses required to operate the Condominium, all as more fully provided for in this Declaration.

The Declarant shall retain certain rights set forth in this Declaration with respect to the Condominium Property and the Condominium Association including, without limitation, the right, prior to the Turnover Date, to appoint all members of the Board, the right to come upon the Property in connection with efforts to promote the sale or rental of Units and other rights reserved in Article Eleven.

NOW, THEREFORE, Declarant as record title holder of the Parcel and the Property 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 **ACT**: the Condominium Property Act of the State of Illinois, as amended from time to time.

1.02 **BOARD**: The Board of Directors of the Condominium Association, as constituted at any time or from time to time.

1.03 **BUILDING**: A portion of the Real Estate which consists of a structure which contains residential units, including, without limitation, the structural components of such structure, the entry ways, courts, stairways, roofs, and other portions of the structure.

1.04 **BY-LAWS**: The By-Laws of the Condominium Association which are attached hereto as Exhibit E.

1.05 **COMMON ELEMENTS**: All of the Condominium Property, except the Limited Common Elements and the Units. Without limiting the foregoing, the Common Elements shall include all parking facilities not part of a Unit, any detention basin that is located in the Common Elements and structures located in the Common Elements below ground and which serve the Condominium Property such as storm water management facilities, sanitary sewer facilities and potable water facilities.

1.06 **COMMON EXPENSES**: The expenses of administration (including management and professional services) of the Property; except as otherwise specifically provided herein; the cost of operating, maintenance, repair and replacement of the Common Elements; except as specifically provided herein, the cost of additions, alterations, or improvements to the Common Elements; the cost of insurance required or permitted to be obtained by Board under Article Five; utility expenses for the Common Elements; any expenses designated as Common Expenses by the Act, this Declaration, or the By-Laws; if not separately metered or charged to the Owners, the cost of electricity, natural gas, waste removal, scavenger services, water, sewer, or other necessary utility services to a Building; and any other expenses lawfully incurred by or on behalf of the Condominium Association for the common benefit of all of the Owners.

1.07 **CONDOMINIUM ASSOCIATION OR ASSOCIATION**: Runaway Bay At Palatine Condominium Association, in Illinois not-for-profit corporation, its successors and assigns.

1.08 **COUNTY**: Cook County, Illinois.

1.09 **DECLARANT**: Runaway Bay At Palatine, Inc., an Illinois corporation, its successors and assigns.

1.10 **DECLARATION**: This instrument was all exhibits hereto, as amended or supplemented from time to time.

1.11 **EXCLUSIVE LIMITED COMMON ELEMENTS**: With respect to each Unit, the following Limited Common Elements shall be Exclusive Limited Common Elements:

(a) Perimeter doors, doorframes, air conditioners and air conditioner sleeves, windows and window frames which served the Unit;

(b) The interior surface of the perimeter walls, ceilings and floors which define the boundary planes of the Unit;

(c) Any system or component part thereof which serves the Unit exclusively to the extent that such system or component part is located in whole or in part outside the boundaries of the Unit;

(d) Any fireplace and its associated components whether or not those components are located outside of the boundaries of the Unit which serves or is designated on the Plat as serving the Unit exclusively; and

(e) Any balcony or patio which serves or is designated on the Plat as serving the Unit exclusively.

1.12 FIRST MORTGAGE: A bona fide first mortgage, first trust deed or equivalent security interest covering a Unit Ownership.

1.13 FIRST MORTGAGEE: The Holder of a First Mortgage.

1.14 LIMITED COMMON ELEMENTS: A portion or portions of the Common Elements which are designated by this Declaration or the Plat as being the Limited Common Elements appurtenant to and for the exclusive use of owners of one or more, but less than all, of the Units. See Section 1.11 for the definition of those Limited Common Elements which shall be Exclusive Limited Common Elements hereunder.

Those portions of the heating systems which serve the Units identified on Exhibit D-2 shall be Limited Common Elements of the Units identified on Exhibit D-2.

Those portions of the cooling and ventilating systems, and elevators, which serve the Units identified on Exhibit D-3 shall be Limited Common Elements of the Units identified on Exhibit D-3.

1.15 MUNICIPALITY: The Village of Palatine, Illinois, its successors and assigns.

1.16 NON-CONDOMINIUM PROPERTY: Those portions of the Real Estate which, from time to time, are not part of the Condominium Property.

1.17 OWNER: A Record owner, whether one or more Persons, of fee simple title to any Unit, including contracts sellers, excluding those having such interest merely as security for the performance of an obligation.

1.18 PARCEL: the real estate which is legally described in Exhibit B hereto from time to time.

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

1.20 PLAT: The plat or plats of survey attached hereto as Exhibit C, as such exhibit may be amended or supplemented from time to time, which set forth the measurements, elevation, and locations of the Condominium Property, the location of the planes which constitute the perimeter boundaries of each Unit, a distinguishing number or other symbol to identify each Unit and such other data as may be required by the Act or this Declaration.

1.21 PROPERTY OR CONDOMINIUM PROPERTY: All land, property, and space comprising the Parcel, all improvements and structures erected, constructed or contained therein, thereon or thereunder, and all easements, rights and appurtenances

belonging thereto, and all fixtures and equipment intended for the mutual use, benefit or enjoyment of the Owners, hereby or hereafter submitted and subjected to the provisions of this Declaration and the Act as part of the Condominium Property.

1.22 REAL ESTATE: 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 none of the covenants, conditions, restrictions and easements contained herein shall burden any portion of the Real Estate, unless and until such portion is made part of the Condominium Property by this Declaration or any Supplemental Declaration.

1.23 RECORD: To record, or to be of record, with the Recorder of Deeds of the County.

1.24 RESIDENT: An individual who lawfully resides in a Unit.

1.25 TURNOVER DATE: The date on which any of the following shall first occur:

(a) Sixty (60) days after Declarant has conveyed two hundred sixty (260) Units to purchasers for value (being 75% of the number of Units which the Declarant believes may be made subject to this Declaration);

(b) The expiration of three (3) years after the date of the Recording of this Declaration;

(c) The date designated in written notice from the Declarant to all of the Owners as being the Turnover Date;

(d) The date which control of the Condominium Association must be turned over to the Owners as required under the Act.

1.26 UNDIVIDED INTEREST: The percentage of ownership interest in the Common Elements appurtenant to a Unit as herein and hereafter allocated on Exhibit D-1 hereto, as Exhibit D-1 may be amended from time to time.

1.27 UNIT: A part of the Condominium Property designated or intended for independent use having lawful access to a public way. Each Unit shall consist of the space enclosed and bounded by the planes constituting the boundaries of such Unit as shown on the Plat and the fixtures and improvements located wholly within such boundaries which serve such Unit exclusively. A Unit shall not include the following, wherever located:

(a) any structural components of the Condominium Property; or

(b) any component of a system which serves more than one Unit where such component is an integral part of such system and is not intended to serve the Unit exclusively.

Each Unit is identified on the Plat by a distinguishing number or other symbol. The legal description of each Unit shall refer to such identifying number or symbol and every such description shall be deemed good and sufficient for all purposes, as provided in the Act.

1.28 UNIT OWNERSHIP: A part of the Condominium Property consisting of one Unit and its Undivided Interest.

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

ARTICLE TWO

Scope of Declaration and Certain Property Rights

2.01 REAL ESTATE SUBJECT TO DECLARATION: Declarant, as the owner of fee simple title to the Parcel and Property, expressly intends to and, by Recording this Declaration, does hereby subject and submit the Parcel and Property to the provisions of the Act and this Declaration. Declarant shall have the right to subject additional portions of the Real Estate to the provisions of the Act in this Declaration as provided in Article Eight. Nothing in this Declaration shall be construed to obligate the Declarant to subject to the Act and this Declaration any portion of the Real Estate other than those portions which are part of the Parcel or which are added to the Parcel and Property by Supplemental Declarations Recorded by the Declarant pursuant to Article Eight. None of the covenants, conditions, restrictions and easements contained in this Declaration shall burden any portion of the Real Estate unless and until such portion is or becomes part of the Parcel and Property.

2.02 CONVEYANCES SUBJECT TO DECLARATION: All easements, restrictions, conditions, covenants, reservations, liens, charges, rights, benefits, and privileges which are granted, created, reserved or declared by this Declaration shall be deemed to be covenants appurtenant, running with the land and shall at all times inure to the benefit of and be binding on any Person having any time any interest or estate in the Condominium Property, and their respective heirs, successors, personal representatives or assigns, regardless of whether the deed or other instrument which creates or conveys the interest makes reference to this Declaration.

2.03 ENCROACHMENTS: In the event that, by reason of the construction, repair, reconstruction, settlement or shifting of the Condominium Property or any part thereof, (i) any part of the Common Elements encroaches or shall hereafter encroach upon any part of any Unit, or (ii) any part of any Unit encroaches or shall hereafter encroach upon any part of any other Unit or the Common Elements, then, in any such case, there shall be deemed to be an easement in favor of the Owners for the maintenance and use of any of the Common Elements which may encroach upon a Unit and there shall be deemed to be an easement in favor of any Owner for the exclusive use of any part of his Unit which shall encroach upon the Common Elements or any other Unit; provided, however, that in no event shall an easement for any encroachment be created in favor of any Owner if such encroachment occur due to the intentional, willful or negligent conduct of such Owner or his agent.

2.04 OWNERSHIP OF COMMON ELEMENTS: Each Owner shall own an undivided interest in the Common Elements as a tenant in common with all the other Owners. Each Unit's corresponding percentage of ownership in the Common Elements (Undivided Interest) has been determined by Declarant as required under the Act to be as set forth in Exhibit D-1 attached hereto. Exhibit D-1 may not be changed without the unanimous written approval of all Owners and First Mortgagees, except as hereinafter provided in Section 5.06 or 5.07, Article Eight or as permitted under the Act. The Common Elements shall remain undivided and no Owner shall bring any action for partition.

2.05 OWNERS RIGHT TO USE THE COMMON ELEMENTS:

(a) Each Owner shall have the right to use the Common Elements (except the Limited Common Elements or portions occupied pursuant to lease, licenses or concessions made by the Board) in common with all other Owners, as may be required for ingress and egress to and from his respective Unit, and for such other purposes not prohibited hereunder.

(b) Each Owner shall have the right to the exclusive use and possession of the Exclusive Limited Common Elements which serve his Unit. Each Owner shall have the right to the nonexclusive use, in common with other Owners, of the Limited Common Elements which serve his Unit and the Unit of such other Owners.

(c) The rights to use and possess the Common Elements, including the Limited Common Elements, as herein provided, shall extend to each Owner, and the agents, servants, tenants, and invitees of each Owner and such rights and easements shall be subject to and governed by the provisions of the Act, this Declaration, the By-Laws, and the reasonable rules and regulations of the Board.

2.06 LEASE OF COMMON ELEMENTS: The Board shall have the right and authority, subject to the provisions of this Declaration and the By-Laws, to lease or grant licenses or concessions with regard to parts of the Common Elements (other than Limited Common Elements). The rental, fees in terms of any such lease, license or concession shall be determined by the Board and any and all proceeds therefrom shall be used to pay the Common Expenses and shall be taken into account in the preparation of the annual budget.

2.07 UTILITY AND ACCESS EASEMENTS: Each Owner of a Unit, the Declarant and each Owner of Non-Condominium Property shall have a non-exclusive easement for the vehicular and pedestrian access over and across driveways and walkways from time to time located on the Condominium Property, including, without limitation, those driveways and walkways which provide access to public ways. All public utilities and cable television franchisees serving the Condominium Property are hereby granted the right to lay, construct, renew, operate, and maintain conduits, cables, pipes, wires, transformers, switching apparatus and other equipment, into and through the Condominium Property for the purpose of providing utility services to the Real Estate. The County, the Municipality and any other governmental authority which has jurisdiction over the Real Estate or which undertakes to provide services to the Real Estate are hereby granted and reserved access easements for ingress and egress to, over and across the Condominium Property for the purpose of providing any such services. The owners from time to time of portions of the Real Estate which are not part of the Condominium Property are hereby granted and reserved a perpetual, non-exclusive easement of access over and across the private drives located on the Common Elements.

2.08 ADDITIONAL EASEMENTS: In addition to the provided for herein, the Board, on behalf of all of the Owners, shall have the right and power (a) to grant such easements with respect to the Common Elements (except the Limited Common Elements) as the Board deems necessary and proper, including, without limitation, access easements for emergency and service vehicles operated by any governmental authority or private enterprise and/or easements related to the installation operation of a cable or satellite television system or other communications systems and/or (b) with the consent of any

other party subject hereto, to cancel, alter, change or modify any easement which affects the Condominium Property and does not benefit an Owner, as the Board shall, in its discretion, determine. Without limiting the foregoing, until such time as the Declarant no longer holds title to a portion of the Real Estate, the Board shall grant such easements as the Declarant may from time to time request including, but not limited to, such easements as may be required to construct, keep and maintain improvements upon the Common Elements or portions of the Real Estate which are not part of the Condominium Property or to provide owners of the Real Estate with necessary utility services. Each Person, by acceptance of a deed, mortgage, trust deed, or other evidence of obligation, or other incident relating to a Unit Ownership, shall be deemed to grant a power coupled with interest to the Board, as attorney-in-fact, to grant, cancel, alter or otherwise change the easements provided for in this Section. Any instrument executed pursuant to the power granted herein shall be executed by the President and attested to by the Secretary of the Condominium Association and duly Recorded. The Association shall not dedicate any utility or any part or all of the roads located on the Premises.

2.09 BOARD'S RIGHT OF ENTRY: The Board or its agents, upon reasonable notice or, in case of an emergency, without notice, shall have the right to enter any Unit, including any of the appurtenant Limited Common Elements, when necessary in exercise of its authority under Section 3.02, or in connection with any maintenance, repair and replacement for which the Board is responsible. Such entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Board, as a Common Expense.

2.10 SEPARATE MORTGAGES: Each Owner shall have the right, subject to the provisions herein, to make a separate mortgage or encumbrance or other lien on his respective Unit Ownership. No Owner shall have the right or authority to make or create, or to cause to be made or created, any mortgage or encumbrance or other lien on or affecting the Condominium Property or any part thereof, except only to the extent of his Unit Ownership.

2.11 REAL ESTATE TAXES: Real estate taxes, special assessments, and any other special taxes or charges of the State of Illinois or any duly authorized subdivision or agency thereof, are to be separately taxed to each Owner for his Unit Ownership, as provided in the Act. In the event that for any year a tax bill is issued with respect to a portion of the Condominium Property other than on a Unit by Unit basis, then:

(a) The Declarant shall determine, in its reasonable judgment, which portion of the bill is fairly allocable to the Condominium Property and what portion of the bill is fairly allocable to portions of the Real Estate which are not part of the Condominium Property.

(b) The Declarant shall be responsible for the payment of that portion, if any, of the bill which is allocable to the portions of the Real Estate which are not part of the Condominium Property;

(c) The Owners of Units which are covered by such bill shall be responsible for the payment of that portion, if any, of the bill which is allocable to such Units and the amount payable by each Owner shall be equal to the ratio of the Owner's Unit's Undivided Interest to the aggregate Undivided Interest of Units which are covered by the bill;

(d) Where the bill affects the Condominium Property as a whole or portions of the Common Elements and not Units, then each Owner shall pay the Owner's proportionate share thereof in accordance with the Undivided Interest of the Owner's Unit;

(e) Any amount payable by an Owner, under (c) or (d) above may, by action of the Board, be advanced by the Condominium Association and any amount so advanced shall become a charge hereunder payable by the Owner to the Condominium Association and failure of an Owner to pay any such charge to the Condominium Association shall give rise to a lien against the Owner's Unit under Section 6.01.

Upon the affirmative vote of Voting Members representing a majority of the vote in the Condominium Association or the affirmative vote of two-thirds of the members of the Board, the Board, on behalf of all of the Owners, shall have the authority to seek relief for the Owners from any such taxes, special assessments or charges, and any expenses incurred in connection therewith shall be Common Expense.

2.12 LEASE OF UNITS: Any Owner shall have the right to lease all (but not less than all) of his Unit subject to Section 11.02 and to the following provisions:

(a) No Unit shall be leased for less than six (6) months or for hotel or transit purposes.

(b) Any lease shall be in writing and shall provide that such lease shall be subject to the terms of this Declaration and any failure of the lessee to comply with the terms of this Declaration shall be a default under the lease. A lessee shall be bound by the provisions hereof regardless of whether the lease specifically refers to this Declaration.

(c) Each Owner who leases his Unit shall be required to furnish the Condominium Association with a copy of the lease and shall promptly notify the Condominium Association of any change in status of the lease. The Condominium Association shall maintain a record of such information with respect to all leased Units.

(d) Each Owner who leases this Unit shall be required to obtain a license from the Municipality and shall be subject to the rental dwelling inspection and other requirements of the Municipality.

2.13 MECHANIC'S LIENS: The Board may cause to be discharged any mechanic's lien or other encumbrance which, in the opinion of the Board, may constitute a lien against the Condominium Property or Common Elements, rather than against a particular Unit Ownership. When less than all the Owners are responsible for the existence of any such lien, the Owners responsible shall be jointly and severally liable for the amount necessary to discharge the same and for all costs and expenses (including attorney's fees and expenses) incurred by reason of such lien.

ARTICLE 3

Use, Occupancy And Maintenance Of The Property

3.01 MAINTENANCE, REPAIR AND REPLACEMENT OF COMMON ELEMENTS:

(a) Except as otherwise specifically provided in this Declaration, decorating, maintenance, repair and replacement of the Common Elements shall be furnished by the

Association as part of the Common Expenses. Without limiting the foregoing the Condominium Association shall be responsible for the continued maintenance, repair and replacement of any water mains and laterals and all appurtenances thereto, sanitary sewer mains and laterals and all appurtenances thereto, and any storm water the detention area, storm sewer lines and all appurtenances thereto, now or hereafter located on the Property, in order to maintain them and in good order and repair and in full compliance with the ordinance as of the Municipality of Isabella each and any other governmental agency claiming jurisdiction thereof.

(b) With respect to a particular category or class of Limited Common Elements (other than the Exclusive Limited Common Elements appurtenant to a Unit), instead of furnishing the maintenance, repair or replacement of such category or class of Limited Common Elements as a Common Expense, the Board may, in its discretion, (i) require each Owner to furnish such services to the Limited Common Elements which are appurtenant to his Unit at his own expense, or (ii) to furnish services to the Limited Common Elements and assess the cost thereof directly to the Owners of Units benefited thereby on the basis of Undivided Interests, in equal shares or such other reasonable basis as the Board shall deem appropriate.

(c) With respect to the Limited Common Element of the heating systems which serve the Units identified on Exhibit D-2 all costs of operation, maintenance, repair or replacement of such Limited Common Elements shall be born by the Units identified on Exhibit D-2 on the basis of the undivided interests shown on Exhibit D-2.

(d) With respect to the Limited Common Element of the cooling and ventilating systems, and elevators, which serve the Units identified on Exhibit D-3 all costs of operation, maintenance, repair or replacement of such Limited Common Elements shall be born by the Units identified on Exhibit D-3 on the basis of the undivided interests shown on Exhibit D-3.

(e) The maintenance, repair and replacement of a balcony or patio shall be furnished by the Association and the cost thereof shall be a Common Expense.

(f) The maintenance, repair and replacement of a fireplace and its associated components, including, but not limited to, a fireplace that is an Exclusive Limited Common Element, shall be furnished by the Association and assess the cost thereof directly to the Owners of Units benefited thereby on the basis of Undivided Interests, in equal shares or such other reasonable basis as the Board shall deem appropriate.

3.02 MAINTENANCE, REPAIR AND REPLACEMENT OF UNITS AND EXCLUSIVE LIMITED ELEMENTS:

(a) Except as provided in Section 3.01 (c), each Owner shall furnish and be responsible, at his expense, for all of the maintenance, repairs and replacements within his Unit and the Exclusive Limited Common Elements appurtenant to his Unit and shall keep them in good condition and repair. The Board may, in its discretion, request maintenance services to be performed within a Unit or to the Exclusive Limited Common Elements appurtenant thereto upon the request of an Owner and may charge a reasonable fee for such services. Without limiting the foregoing, to the extent that insurance carried by the Condominium Association covers damage to a Unit or the Exclusive Limited Common elements appurtenant thereto (including, without limitation, broken windows or perimeter

doors), the Condominium Association shall make any insurance proceeds received by the Condominium Association as a result of such damage available to the Owner to pay for or reimburse the Owner for payment of the cost of repairing the damage.

(b) Except as provided in Section 3.01 (d), whenever the Board shall determine, in its discretion, that any maintenance, repair or replacement of any Unit or the Exclusive Limited Common Elements is necessary to protect the Common Elements or any other portion of the Condominium Property (i) if such work is made necessary to the fault of the Owner, then the Board may direct the Owner thereof to perform such maintenance, repair, or replacement and to pay the cost thereof to the extent not covered by insurance, if any, carried by the Condominium Association, including, without limitation, the deductible amount under any applicable insurance policy, or (ii) if such work is made necessary through no fault of the Owner, then the Board may cause the work to be done and may, in its discretion, assess the cost thereof directly to the Owners of the Units, or Exclusive Limited Common Elements appurtenant thereto, with respect to which the work is done on the basis of Undivided Interest, equal shares or such other reasonable basis as the Board shall deem appropriate. If an Owner fails or refuses to perform any such maintenance, repair, or replacement within a reasonable time after being so directed by the Board pursuant to the preceding sentence, then the Board may cause such maintenance, repair, or replacement to be performed at the expense of such Owner. The determination of whether or not the work is made necessary to the fault of the Owner shall be made by the Board and such determination shall be final and binding.

3.03 ADDITIONS, ALTERATIONS OR IMPROVEMENTS:

(a) The Board may authorize and charge as a Common Expense (or in the case of Limited Common Elements may charge the Owners benefited thereby) any additions, alterations, or improvements to the Common Elements. Subject to provisions of Section 6.06, the cost of any such work to the Common Elements may be paid out of a special assessment.

(b) Without the prior written consent of the Board, an Owner shall not (x) make any additions, alterations or improvements (including, without limitation, installation of storm windows, storm doors, plantings, landscaping, or painting, staining, or changes to the color of exterior surfaces of the Building or any balcony) to any part of the Common Elements which is visible from outside of the Unit or (y) make any additions, alterations or improvements to his Unit or to the Exclusive Limited Common Elements appurtenant thereto where such work alters the structure of the Unit or increases the cost of insurance required to be carried by the Association hereunder. The Board may (but shall not be required to) condition its consent to the making of an addition, alteration or improvement by an Owner (i) upon the Owner's agreement that any addition, alteration or improvement will be substantially similar in quality of construction and design to any similar addition, alteration or improvement then on the Condominium Property and (ii) upon the Owner's agreement that either (A) to be solely responsible for the maintenance of such addition, alteration or improvement, subject to such standards as the Board may from time to time set, or (B) to pay to the Condominium Association from time to time the additional cost of maintenance and/or insurance as result of the addition, alteration or improvement. If an addition, alteration or improvement is made by an Owner without the prior written consent of the Board, then the Board may, in its discretion, take any of the following actions:

(1) Required the Owner to remove the addition, alteration or improvement and restore the Condominium Property to its original condition, all and the Owner's expense; or

(2) If the Owner refuses or fails to properly perform the work required under (1), then, subject to provisions of Section 7.01, the Board may cause such work to be done and may charge the Owner for the cost thereof as determined by the Board; or

(3) Ratify the action taken by the Owner, and the Board may (but shall not be required to) condition such ratification upon the same conditions which it may impose upon the giving of its part consent under this Section.

3.04. DAMAGE CAUSED BY OWNER: If, due to the act or the neglect of an Owner or occupant of the Unit or guest, invitee or pet of an Owner or occupant, damage shall be caused to a part of the Condominium Property and maintenance, repairs or replacements shall be required which would otherwise be a Common Expense, then the Owner shall pay for such damage and such maintenance, repairs, and replacements, as may be determined by the Board, to the extent not covered by insurance, if any, carried by the Condominium Association, including, without limitation, the deductible amount under any applicable insurance policy.

3.05 USE RESTRICTIONS:

(a) Except as provided in Article Eleven or in subsections (b) and (c) of this Section, each Unit shall be used only as a residence and no industrial business, trade, occupation or profession of any kind shall be conducted, maintained or permitted on any part of the Condominium Property

(b) No Resident shall be precluded with respect to his 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.

(c) To the extent permitted under applicable laws and ordinances, a Resident may conduct an and in-home business in a Unit.

(d) The use of each storage area located in the Common Elements shall at all times be subject to reasonable rules and regulations adopted from time to time by the Board.

(e) The use of each laundry area located in the Common Elements shall at all times be subject to reasonable rules and regulations adopted from time to time by the Board.

(f) The use of each parking space located in the Common Elements shall at all times be subject to reasonable rules and regulations adopted from time to time by the Board.

3.06 SPECIAL SERVICES: The Any Board may furnish to a Unit Owner or to Unit Owners special services relating to the use and occupancy of a Unit or Units and may charge the cost of providing said services to the Owner or Owners who benefit from the service. Without limiting the foregoing, the Condominium Association may contract with a provider of a special service, such as satellite TV service, cable TV service, Internet access or other similar service, either make such service available to Units or offer such

service to each of the Owners on a voluntary basis. The Board may charge the Owner of each Unit which receives any such service for the reasonable cost of providing such service, which may be allocated in equal shares for each of the Units which is served, on the basis of Undivided Interest or on such other reasonable basis as the Board may deem appropriate. Any amount charged to a Owner for services furnished pursuant to this Section shall be due and payable and such time or times as designated by the Board and the pay any such amount shall give rise to a lien provided for in the Section 6.01.

3.07 USE AFFECTING INSURANCE: Nothing shall be done or kept in any Unit or in the Common Elements which will increase in the rate of insurance on the Condominium Property or contents thereof, applicable for residential use, without prior written consent of the Board. No Owner shall permit anything to be done or kept in his Unit or in the Common Elements which will result in the cancellation of insurance on the Condominium Property, or contents thereof, or which would be in violation of any law.

3.08 SIGNS: Except as provided in Article Eleven, no "For Sale", "For Rent" or any other sign of any kind or any other form of solicitation or advertising was displayed shall be erected, maintained or permitted on the Condominium Property unless permitted pursuant to reasonable rules or regulations adopted by the Board from time to time. Without limiting the foregoing, the Board may from time to time designate an area within the Common Elements which may be used to display "for rent" and/or "for sale" signs of such size as may be designated from time to time by the Board.

3.09 ANIMALS: No animals shall be kept or raised in the Common Elements. No animals shall be kept or raised for commercial purposes. No pet may be kept without the prior written approval of the Board; no more than two (2) pets may be kept in any Unit. The Board may from time to time in its sole discretion adopt rules and regulations governing the keeping of pets in the Units. Such rules and regulations may provide for a fee as a condition of permission to keep a pet. Such rules and regulations may prohibit certain species of pets or pets of more than a specified weight from being kept in the Units. Any pet causing or creating a nuisance or unreasonable disturbance shall be permanently removed from a Unit upon three (3) days written notice from the Board to the Owner of the Unit containing such pet, and the decision of the Board shall be final. For purposes hereof, a "pet" is a domesticated animal kept for pleasure rather than utility. Any amount charged to a Owner for allowing a pet pursuant to this Section shall be due and payable and such time or times as designated by the Board and the failure to pay any such amount shall give rise to a lien provided for in the Section 6.01.

3.10 ANTENNA: Subject to applicable federal, state and local laws, ordinances and regulations, no mast, satellite dish, antenna or other structure for transmitting or receiving messages or programs by radio or television shall be erected, permitted or maintained in or upon any part of the exterior of the Condominium Property without the prior written approval of the Board.

3.11 OTHER STRUCTURES: No structure of a temporary character, including, without limitation, the trailer, recreational vehicle, mobile home, tent, solarium, greenhouse, shack or other out-building shall be used, stored or maintained anywhere in or on the Condominium Property either temporarily or permanently, except as expressly approved, in writing, by the Board.

3.12 STRUCTURAL IMPAIRMENT: Nothing shall be done in, or to any part of the Condominium Property which would impair the structural integrity of the Building or any other permitted structure located on the Condominium Property.

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

3.14 NO UNSIGHTLY USES: No clothes, sheets, blanket, laundry of any kind, or other similar articles shall be hung out on any part of the Common Elements except as permitted by rules and regulations of the Board. The Condominium Property shall be kept free and clear of all rubbish, debris or other unsightly materials and no waste shall be committed thereon. All rubbish shall be deposited in such areas and such receptacles as shall be designated by the Board.

3.15 RULES AND REGULATIONS:

(a) The use and enjoyment of the Condominium Property shall be subject to reasonable rules and regulations duly adopted by the Board from time to time; provided that prior to adoption of any such rules, there shall first be held a meeting of the Board or Owners (if required by the Act) to discuss the proposed rules and all Owners are furnished with a copy of the proposed rule and notice of the meeting as required by the Act.

(b) Without limiting the foregoing, the Board may levy a reasonable charge upon the Owners for a violation of a rule or regulation, in accordance with the procedures set forth in Section 7.05.

3.16 CERTAIN UTILITY COSTS:

(a) Certain utility costs in connection with the use, operation and maintenance of the Common Elements may not be separately metered and billed to the Condominium Association. If the charges for any such utilities are metered to individual Units rather than being separately metered for the Common Elements, then the following shall apply:

(i) If in the opinion of the Board, each Owner is sharing in a fair and equitable manner the costs for such service, then no adjustment shall be made and each Owner shall pay his own bills; or

(ii) If in the opinion of the Board, the Owner of the Unit is being billed disproportionately for costs allocable to the Common Elements, then the Condominium Association shall pay, or reimburse such Owner, an amount equal to the portion of the cost which, in the reasonable determination of the Board, is properly allocable to the Common Elements in the amount thereof shall be Common Expenses hereunder.

(b) Certain utility costs, such as electricity, water and sewer costs, may be billed to the Condominium Association on a Building by Building basis. If this occurs, then the Condominium Association may charge to, and collect from, the Owners of units in the Building amounts necessary to pay the bills issued with respect to the Building, on such terms as the Board deems to be fair, reasonable and appropriate. For example, the Condominium Association may (but shall not be obligated to) submeter each Unit and

charge the Owner of the Unit on a periodic basis for the portion of the billed for the Building which includes the Unit based on actual usage. Alternatively (or in addition) the Condominium Association may (i) require an Owner to pay an amount each month which the Board believes will approximate what the utility cost allocable to the Owner's Units will be and (ii) make appropriate adjustments periodically to reflect the actual cost allocable to the Unit.

(c) Certain utility costs, such as electricity, water and sewer costs, may be billed to the Condominium Association without regard to which Building or Buildings are served. (For example charges may relate to multiple buildings or to part of a single building or any combination of the preceding.) If this occurs, then the Condominium Association may charge to, and collect from, the Owners of units in the Buildings amounts necessary to pay the bills issued with respect to the Building, on such terms as the Board deems to be fair, reasonable and appropriate. For example, the Condominium Association may (but shall not be obligated to) submeter each Unit and charge the Owner of the Unit on a periodic basis for the portion of the billed for the Building which includes the Unit based on actual usage. Alternatively (or in addition) the Condominium Association may (i) require an Owner to pay an amount each month which the Board believes will approximate what the utility cost allocable to the Owner's Units will be and (ii) make appropriate adjustments periodically to reflect the actual cost allocable to the Unit.

3.17 COMBINATION OF UNITS: Subject to the provisions of Article Eleven, with the prior approval of the Board, which approval shall not be unreasonably withheld, the Unit Owner of two adjacent units, including Units located next each other or a Unit which is located in the airspace above another Unit ("Adjacent Units") shall be permitted to remove a portion of the wall, ceiling, floor or other partition in the Common Elements between the Adjacent Units (at the Unit Owner's sole cost and expense) in order to permit access between the Adjacent Units so that the Adjacent Units may be combined and used together as one home. In such case the Unit Owner of the Adjacent Units shall have the exclusive right to use and enjoy the portion of the Common Elements between the Adjacent Units which has been removed and shall be solely responsible for the maintenance of such area. If the Unit Owner of the Adjacent Unit desires to separate in the Adjacent Units for use and occupancy as separate homes, the Unit Owner shall so notify the Board and shall restore the wall, ceiling, floor, or other partition between the Units to the condition which the wall, ceiling, floor or other partition was in before it was removed or otherwise altered by the Unit Owner of the Adjacent Units. From an after the restoration of such wall, ceiling, floor, or other partition, the portion of the Common Elements which had previously been used by the Unit Owner of the Adjacent Units shall be maintained by the Condominium Association in the event of the removal of a portion of the wall, ceiling, floor or other partition in the Common Elements between Adjacent Units as provided for in this Section, the Adjacent Units shall each continued to the individual Units for purposes of this Declaration and the Undivided Interest assigned to each of the Adjacent Units shall not be changed. Subdivision of existing units, except units previously combined as provided herein, is prohibited.

3.18 FLOOR COVERING: The Board may from time to time adopt rules and regulations governing the installation or replacement of floor covering.

3.19 WINDOW TREATMENT: In order to achieve uniformity in the exterior appearance of the Property and the Building, the Board may require that each Owner shall install in

all windows of his Unit visible from the exterior of the Building shades, draperies, curtains or other window coverings having a white colored lining or surface.

3.20 PARKING: Unless expressly permitted by the Board, no boats, trucks, recreational vehicles, trailers, commercial vehicles or other similar vehicles shall be parked or stored on any portion of the Parcel for more than twenty-four (24) hours at a time. Except for emergencies, no repairs or maintenance work shall be performed on any vehicle on the Parcel.

ARTICLE FOUR **The Condominium Association**

4.01 THE CONDOMINIUM ASSOCIATION: Declarant shall cause the Condominium Association to be incorporated as a not-for-profit corporation. The Condominium Association shall be the governing body for all of the Owners and for the administration and operation of the Property as provided in the Act, this Declaration and the By-Laws. All agreements and determinations lawfully made by the Condominium Association shall be deemed to be binding on Owners and their respective successors and assigns.

4.02 MEMBERSHIP:

(a) There shall be only one class of membership in the Condominium Association. The owner of each Unit shall be a member of the Condominium Association. There shall be one membership per Unit ownership. Membership shall be appurtenant to and may not be separated from ownership of a Unit. Ownership of a Unit shall be the sole qualification for membership. The Condominium Association shall be given written notice of a proposed change of ownership of a Unit within ten (10) days prior to such change.

(b) One individual shall be designated as the "Voting Member" for each Unit Ownership. The Voting Member or his proxy shall be the individual who shall be entitled to vote at meetings of the Owners.

4.03 THE BOARD: From and after the Turnover Date, the Board shall consist of the number of individuals provided for in Section 5.01 of the By-Laws, each of whom shall be an Owner or a Voting Member. The Board shall be elected and each annual meeting of the Owners as provided in the By-Laws.

4.04 VOTING RIGHTS: Whenever a vote of the Owners of the Condominium Association is required, at any meeting of such Owners or otherwise, such votes shall be cast by the Voting Members or their proxies; provided that a contract purchaser of a Unit from a contract seller other than the Declarant, shall have the right to vote for directors of the Condominium Association after the Turnover Date unless such contract seller expressly retains such right in writing. Except as otherwise specifically required under the Act, this Declaration or the By-Laws, each Voting Member shall have a vote equal to the Undivided Interest assigned to each Unit which he or she represents.

4.05 MANAGING AGENT: The term of any management agreement covering of the management of the Condominium Property entered into prior to the Turnover Date shall not exceed two years, and shall be terminable for cause by the Condominium

Association on thirty (30) days written notice and without cause or payment of a termination fee by either party on sixty (60) days written notice.

4.06 DIRECTOR AND OFFICER LIABILITY: None of the directors or officers of the Condominium Association whether or elected or designated by the Declarant shall be personally liable to the Owners or the Condominium Association for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such directors or officers, except for any act or omissions found by a court to constitute criminal conduct, gross negligence or fraud. The Condominium Association shall indemnify and hold harmless each of the directors and each of the officers, his heirs, executors or administrators, against all contractual and other liabilities to the Owners, the Condominium Association or others arising out of contracts made by or other acts of the directors and the officers on behalf of the Owners or the Condominium 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 the 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, administrative, or other, in which a director or officer may be involved by virtue of such person being or having been a director or officers; provided, however, that such indemnity shall not be operative with respect to (i) any matter as to which such persons 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 a director or officer, or (ii) any matter settled or compromise, 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 a director or officer.

4.07 LITIGATION: No judicial or administrative proceeding shall be commenced or prosecuted by the Condominium 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 total votes represented by Voting Members to the commencement and prosecution of the proposed action. This Section shall not apply to (a) actions brought by the Condominium 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 unpaid assessments or other charges or to foreclose a lien for unpaid assessments or other charges) or (b) counterclaim brought by the Condominium Association in proceedings instituted against it.

Article 5
Insurance/Condemnation

5.01 HAZARD INSURANCE: The Board shall have the authority to and shall obtain insurance for the Condominium Property against loss or damage by fire and such other hazards as may be required under the Act, as the Board may deem desirable, or as reasonably required by First Mortgages, for the full insurable replacement cost of the Common Elements and the Units. Anything herein to the contrary notwithstanding, unless otherwise determined by the Board or required by the Act, the insurance obtained by the Condominium Association shall only cover restoration of a Unit to the condition the Unit would have been in if the Unit were decorated and finished with the floor, wall

and ceiling coverings, decorating, fixtures and furnishings which were originally offered by the Declarant as part of the base purchase price for the Unit ("Standard Items") and shall not include any Improvements and Betterments. For purposes hereof "Improvements and Betterments" are hereby defined to consist of and include any decorating, fixtures and furnishings installed or added to and located within the boundaries of the Unit, including, without limitation, electrical fixtures, appliances, air-conditioning and heating equipment, water heaters or built-in cabinets, where such items were installed by, or at the request of, the Owner of the Unit in addition to, or as an upgrade from, the Standard Items; however, Improvements and Betterments shall not be deemed to include the replacement of a Standard Item which is of comparable quality to the Standard Item which was replaced. Premiums for such insurance shall be Common Expenses. Such insurance coverage shall be written in the name of, losses under such policy shall be adjusted by, and the proceeds of such insurance shall be payable to, the Board as trustee for each of the Owners in accordance with their Undivided Interests. All such policies of insurance (i) shall contain standard mortgage clause endorsements in favor of the First Mortgagees as their respective interests may appear, (ii) shall provide that the insurance, as to the interest of the Board, shall not be invalidated by any act or neglect of any Owner, (iii) shall provide that notwithstanding any provisions thereof which gives the insurer an election to restore damage in lieu of making a cash settlement thereof, such option shall not be exercisable if the Owners elect to sell the Condominium Property or remove the Condominium Property from the provisions of the Act, (iv) to the extent possible, shall provide that such policy shall not be canceled or substantially modified (including cancellation for nonpayment of premium, without at least thirty (30) days written notice to the First Mortgagee of each Unit Ownership, (v) shall contain waivers of subrogation with respect to the Condominium Association and its directors, officers, employees and agents (including the managing agent), Owners, occupants of the Unit, First Mortgagees, the Declarant and shall name all such parties as additional insured parties as their interests may appear, and (vi) shall comply with applicable requirements of the Act and of Fannie Mae.

5.02 INSURANCE TRUSTEE/USE OF PROCEEDS: The Board may engage the services at any bank or trust company authorized to do trust business in Illinois to act as trustee, agent or depository on behalf of the Board for the purpose of receiving and dispersing the insurance proceeds resulting from any loss, upon such terms as the Board shall determine consistent with the provisions of the Act and this Declaration. The fees of such corporate trustee shall be Common Expenses. In the event of any loss in excess of \$200,000 in the aggregate, the Board shall engage a corporate trustee as aforesaid. In the event of any loss resulting in the destruction of the major portion of one or more Units, the Board shall engage a corporate trustee as aforesaid upon the written demand of any of the First Mortgagees or any Owner of any Unit so destroyed. The rights of First Mortgagees under any standard mortgage clause endorsements to such policy shall, notwithstanding anything to the contrary therein contained, at all times be subject to the provisions in the Act and this Declaration with respect to the application of insurance proceeds to the repair or reconstruction of the Units or Common Elements. Payment by an insurance company to the Board or to such corporate trustee of the proceeds of any policy, and the receipt of a release from the Board of the company's liability under such policy, shall constitute a full discharge of such insurance company, and such company shall be under no obligation to inquire into the terms of any trust under which proceeds may be held pursuant hereto, or to take notice of any standard mortgage clause endorsements inconsistent with the provisions thereof, or seek to the

application of any payments of the proceeds of any policy by the Board or the corporate trustee.

5.03 OTHER INSURANCE: the Board shall also have the authority to and shall obtain such other insurance as the Board deems necessary or appropriate or which is required under the Act or under applicable requirements or guidelines of Fannie Mae, including, without limitation, the following:

(a) Comprehensive public liability and property damage insurance against claims for personal injury or death or property damage suffered by the public or by any Owner recording in, on or about the Condominium Property or upon, in or about the streets, private drives and passageways and other areas adjoining the Condominium Property, in such amounts as the Board shall deem desirable (but not less than \$1,000,000 covering all claims for personal injury and/or property damage arising out of a single occurrence).

(b) Such workers compensation insurance as may be necessary to comply with applicable laws.

(c) Employer's liability insurance in such amount as the Board shall deem desirable.

(d) Fidelity bond indemnifying the Condominium Association, the Board and the Owners for loss of funds resulting from fraudulent or dishonest acts of any employee of the Condominium Association or any other person handling the funds of the Condominium Association, the Board or the Owners in such amount as the Board shall deem desirable or as required by the Act or the applicable requirements of Fannie Mae.

(e) Directors and officers liability insurance.

(f) Such insurance shall be in such amounts and with such deductible amount as are required by applicable law or the requirements of Fannie Mae and shall include cross liability claims of one or more insured parties against other insured parties. To the extent possible, all of such policy shall provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least 30 days' prior written notice to the Condominium Association and First Mortgagees who specifically requests such notice. The premiums for such insurance shall be Common Expenses.

5.04 OWNER'S RESPONSIBILITY: Unless expressly advised to the contrary by the Board, each Owner shall obtain his own insurance on the Improvements and Betterments within the Owners Unit (as defined in Section 5.01) and the contents of the Owners Unit and furnishings and personal property therein, and the Owner's personal property stored elsewhere on the Condominium Property, and the Owner's personal liability to the extent not covered by the liability insurance for all of the Owners obtained as part of the Common Expenses as above provided, and the Board shall have no obligation whatsoever to obtain any such insurance coverage on behalf of the Owners. Except as expressly determined by the Board, the Board shall not be responsible for obtaining insurance on Improvements and Betterments and shall not be obligated to apply any insurance proceeds from policies it is obligated to maintain hereunder to restore the affected Unit to a condition better than the condition existing prior to the making or installation of Improvements and Betterments

5.05 WAIVER OF SUBROGATION: Each Owner hereby waives and releases any and all claims which he may have against any other Owner, the Condominium Association, its directors and officers, the Declarant, the manager and the managing agent, if any, and their respective employees and agents, for damage to the Common Elements, the Units, or to any personal property located in the Units or Common Elements, caused by fire or other casualty, to the extent that such damages covered by fire or other form of casualty insurance, and to the extent of this release is allowed by policies for such fire or other casualty insurance.

5.06 REPAIR OR RECONSTRUCTION:

(a) In the case of damage by fire or other disaster to a portion of the Condominium Property (a "Damaged Improvement") where the insurance proceeds are sufficient to repair or reconstruct the Damaged Improvements, within the proceeds shall be used by the Condominium Association to repair or reconstructed the Damaged Improvement.

(b) In the case of damage by fire or other disaster to a portion of the Condominium Property where the insurance proceeds are insufficient to repair or reconstruct reconstructed the Damaged Improvement as provided under the Act or the Damaged Improvement cannot be reconstructed as originally designed and built because of the zoning, building or other applicable laws, ordinances or regulations, the following procedure shall be followed:

(1) A meeting of the Owners shall be held not later than the first to occur of (i) the expiration of thirty (30) days after the final adjustment of the insurance claims or (ii) the expiration of ninety (90) days after the occurrence which caused the damage.

(2) At the meeting, the Board shall present a plan for the repair or reconstruction of the Damaged Improvement and an estimate of the cost of repair or reconstruction, together with an estimate of the amount thereof which must be raised by way of special assessment and a proposed schedule for the collection of a special assessment to pay the excess cost.

(3) A vote shall be taken on the question of whether or not the Damaged Improvement shall be repaired or reconstructed based on the information provided by the Board under (2) above, including the proposed special assessment. The Damaged Improvement shall be repaired or reconstructed and the proposed special assessment shall be levied only upon the affirmative vote of the Voting Members representing at least three-fourths (3/4) of the votes cast.

(4) If the Voting Members do not vote to repair or reconstruct the Damage Improvement at the meeting provided for in (1) above, then the Board may, at its discretion, call another meeting or meetings of the Owners to reconsider the question of whether or not the Damaged Improvement shall be repaired or reconstructed. If the Voting Members do not vote to repair or reconstruct the Damaged Improvement within 180 days after the occurrence which caused the damage, then the Board may (but shall not be obligated to) in its discretion Record a notice as permitted under the Act.

(5) If (i) the Voting Members do not vote to repair or reconstruct the Damaged Improvement under Subsection (4) above, and (ii) the Board does not Record a notice

as is permitted under the Act, then the Board may, with the consent of Owners representing 75% of the Undivided Interests of Units and First Mortgagees representing 75% of the Units (by number) subject to First Mortgages, amend this Declaration to withdraw the Property from the Act, as permitted under the Act. If the Property is withdrawn, then the amendment shall provide that the Property shall be owned by the Owners of Units as tenants-in-common with each Owner's interest being determined based on the relative Undivided Interests of the Units prior to the Withdrawal. The payment of just compensation, or the allocation of any insurance or other proceeds shall be made to the Owners and First Mortgagees, as their interests may appear, on an equitable basis, determined by the Board, as provided in the Act. From an after the effective date of the amendment referred to above in this paragraph, the Owner of a Unit located in the Property which is withdrawn shall have no responsibility for the payment of assessments which would have been payable with respect to the Unit if the amendment had not been Recorded.

(c) If the Damaged Improvement is repaired or reconstructed, it shall be done in a workmanlike manner and the Damaged Improvement, as repaired or reconstructed, shall be substantially similar in design and construction to the improvements on the Condominium Property as they existed prior to the damage, with any variations or modifications required to comply with applicable law.

(d) If the Damaged Improvement is not repaired or reconstructed, then the damaged portion of the Building shall be razed, or secured and otherwise maintained in conformance with the rules or standards adopted from time to time by the Board.

5.07 CONDEMNATION:

(a) In the case of any taking or condemnation by competent authority of any part of the Condominium Property, the Condominium Association shall, if necessary, restore the improvements in the remaining portion of the Condominium Property to conform as closely as possible to the general design, structure and materials used with respect to the improvements as they existed prior to the taking or condemnation. Any proceeds or awards paid to the Condominium Association shall be applied first to the cost of any restoration and any remaining portion of such proceeds or awards shall be, in the discretion of the Board, either (i) applied to pay the Common Expenses or (ii) distributed to the remaining Owners and their respective First Mortgagees, as their interests may appear, based on their current Undivided Interest. Each Owner appoints the Condominium Association as attorney-in-fact for the purpose of representing him in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the Common Elements or any part thereof.

(b) In the event that part or all of one or more Units is taken or condemned, then the portion so taken or condemned shall be deemed to have been removed from the provisions of the Declaration and the Act and the court which has jurisdiction of the action shall adjust the Undivided Interest of the remaining Units in a just and equitable manner and as provided under the Act, and if the court fails to make such adjustment, such adjustment may be made by the Board. The President and Secretary of the Condominium Association shall execute and Record an instrument on behalf of the Condominium Association as required by the Act which amend this Declaration, effective as of the effective date of the taking or condemnation, to reflect the removal of property and adjustments, if any, and the Undivided Interest as result of an occurrence covered

by this Section. From an after the effective date of the amendment referred to in the preceding sentence, the Owner of a Unit which is removed in part or in whole from the provisions of this Declaration shall only be liable for the payment of assessments based on the Undivided Interest, if any, allocated to the Unit in the amendment.

ARTICLE SIX **Assessments**

6.01 CREATION OF LIEN AND PERSONAL OBLIGATION: The Declarant, for each Unit Ownership, herby covenants, and each Owner of a Unit Ownership, by acceptance of a deed therefore, 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 Condominium Association such assessments or other charges or payments as are levied pursuant to the provisions of this Declaration. Such assessments, or other charges or payments, together with interest thereon and costs of collection, if any, as herein provided, shall be a charge on the Unit Ownership and shall be a continuing lien upon the Unit Ownership against which each such assessment is made. Each such assessment, or other charge or payment, together with such interests and costs, shall also be the personal obligation of the Owner of such Unit Ownership at the time when the assessment or other charge or payment is due.

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

6.03 ASSESSMENTS: Each year at least sixty (60) days before the end of the Condominium Association's fiscal year, and at least thirty (30) days before final adoption thereof, the Board shall furnish each Owner with a proposed budget for the ensuing fiscal year which shall show the following, with reasonable explanations and itemizations:

- (a) The estimated Common Expenses;
- (b) The estimated amount, if any, to maintain adequate reserves for Common Expenses;
- (c) The estimated net available cash receipts from sources other than assessments, including, without limitation, receipts from any leases, licenses or concessions;
- (d) The amount of the "Annual Assessment", which is hereby defined as the amount determined in (a) above, plus the amount determined in (b) above, minus the amount determined in (c) above, minus excess funds, if any, from the current year's operation;
- (e) That portion of the Annual Assessment which shall be payable by the Owner with respect to his Unit each month until the next Annual Assessment or revised Annual Assessment becomes effective, which monthly portion shall be equal to one twelfth (1/12th) of the Annual Assessment multiplied by the Unit's Undivided Interest;

6.04 PAYMENT OF ASSESSMENTS: On or before the first day of the fiscal year, and on or before the first day of each and every month thereafter until the effective date of

the next Annual Assessment, each Owner of a Unit shall pay to the Condominium Association, or as it may direct, that portion of the Annual Assessment, which is payable by such Owner. Anything herein to the contrary notwithstanding, prior to the first conveyance of a Unit by Declarant to a bona fide purchaser for value, all expenses relating to the administration, operation, maintenance, repair and replacement of the Condominium Property shall be paid by the Declarant and during such period there shall be no Annual Assessments or other assessments payable to the Condominium Association.

6.05 REVISED ASSESSMENT: if the Annual Assessment proves to exceed funds reasonably needed, then the Board may decrease the assessments payable under Section 6.03 as of the first day of a month by giving of written notice thereof (together with a revised budget for the balance of the year and reasons for the decrease) not less than ten (10) days prior to the effective date of the decreased assessment.

6.06 SPECIAL ASSESSMENT: The Board may levy a special or separate assessment (i) to pay (or build up reserves to pay) extraordinary expenses incurred (or to be incurred) by the Condominium Association for a specific purpose including, without limitation, to make major repairs, additions, alterations or improvements to the Common Elements, or (ii) to cover an unanticipated deficit under the current or prior year's budget. If required under the Act, a separate or special assessment shall be approved, in advance, by action of the Unit Owners. Each Owner shall be responsible for the payment of the amount of the special assessment multiplied by his Unit's Undivided Interest. The Board shall serve notice of a separate or special assessment on all Owners who will be required to pay such separate or special assessment by a statement in writing giving the amount and reasons therefore, and the separate or 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 current or 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.

6.07 ANNUAL REPORT: Within a reasonable time after the close of the Condominium Association's fiscal year, the Board shall furnish each Owner with an Itemized account of the Common Expenses for such fiscal year actually incurred or paid, together with an indication of which portions of the Common Expenses for such fiscal were incurred or paid for capital expenditures or repairs or the payments of real estate taxes, if any, and with a tabulation of the amounts collected for the Annual Assessment and showing the net excess or deficit of income over expenditures, plus reserves.

6.08 CAPITAL RESERVE: The Condominium Association shall segregate and maintain a special reserve accounts to be solely for making capital expenditures in connection with the Common Elements, including a reserve fund for replacements (the "Capital Reserve"). The Board shall determine the appropriate level of the Capital Reserve based on a periodic review of the useful life of improvements to the Common Elements and equipment owned by the Condominium Association as well as periodic projections of the cost of anticipated major repairs or improvements to the Common Elements or the purchase of equipment to be used by the Condominium Association in connection with its duties hereunder. The Capital Reserve may be built up by special assessment or out of the Annual Assessment as provided in the budget. Special accounts set up for portions of the Capital Reserve to be used to make capital

expenditures with respect to the Common Elements shall be held by the Condominium Association as agent and trustee for the Owners of Units with respect to which the Capital Reserve is held and such accounts shall be deemed to have been funded by capital contributions to the Condominium Association by the Owners.

6.09 INITIAL CAPITAL CONTRIBUTION: Upon the closing of the sale of each Unit by the Declarant to a purchaser for value, the purchasing Owner shall make a capital contribution to the Condominium Association in an amount equal to two (2) monthly installments of the then current year's Annual Assessment for that Unit, which amounts shall be held and used by the Condominium Association for its working capital needs (and not as an advance payment of the Annual Assessment).

6.10 NON-PAYMENT OF ASSESSMENTS: Any assessments or other charges or payments which an Owner is required to make or is liable for hereunder which are not paid when due shall be deemed delinquent. If an assessment or other charge or payment is not paid within thirty (30) days after the due date, it shall bear interest at eighteen percent (18%) per annum, and the Board (i) may bring an action against the Owner personally obligated to pay the same, together with interest, costs and reasonable attorneys' fees of any such action, which shall be added to the amount of such assessment or other charge or payment and shall be included in any judgment rendered in such action and (ii) may enforce and foreclose any lien which it has or which may exist for its benefit. In addition, the Board may in its discretion charge reasonable late fees for the late payment of assessments or other charges. No Owner may waive or otherwise except liability for the assessments or other charges or payment provided for herein by nonuse, abandonment or transfer of his Unit.

6.11 CONDOMINIUM ASSOCIATION'S LIEN SUBORDINATED TO MORTGAGES: The lien on each Unit Ownership provided for in Section 6.01 for assessments or other charges or payments shall be subordinate to the lien of any First Mortgage on the Unit Ownership Recorded prior to the date that any such assessments or other charges or payments become due. Except as hereinafter provided, the lien provided for in Section 6.01 shall not be affected by any transfer of title to the Unit Ownership. Where title to the Unit Ownership is transferred pursuant to a decree of foreclosure or by deed or assignment in lieu of foreclosure of a First Mortgage, such transfer of title shall to the extent permitted by law extinguish the lien for any assessments or other charges or payments under Section 6.01 which became due prior to (i) the date of the transfer of title or (ii) the date on which the transferee comes into possession of the Unit, whichever occurs first. However, the transferee of a Unit Ownership shall be liable for his share of any assessments or other charges or payments with respect to which a lien against his Unit Ownership has been extinguished pursuant to the preceding sentence which are reallocated among the Owners pursuant to a subsequently adopted annual, revised or special assessment, and nonpayment thereof shall result in a lien against the transferee's Unit Ownership as provided in Section 6.01. If for any reason the Owner of a Unit is permitted to remain in possession of his Unit during the pendency of a foreclosure action with respect to the Unit, the Owner shall be required to pay a reasonable rental for such right and the plaintiff in the foreclosure action shall be entitled to the appointment of receiver to collect such rental.

6.12 STATEMENT OF ACCOUNT: Upon seven (7) days' notice to the Board and the payment of a reasonable fee, if any, which may be set by the Board, any Owner shall be furnished with a statement of his account setting forth the amount of any unpaid

assessments or other charges due and owing from the Owner as of the date of the statement. The statement shall be executed by a duly authorized officer or agent of the Condominium Association and shall be binding on the Condominium Association.

ARTICLE SEVEN
Remedies for Breach or Violation

7.01 SELF-HELP BY BOARD: Subject to the provisions of Section 7.05, in the event of a violation by an Owner of the provisions, covenants or restrictions of the Act, this Declaration, the By-Laws, or rules or regulations of the Board, where such violation or breach may be cured or abated by affirmative action, the Board, upon not less than ten (10) days prior written notice, shall have the right to enter upon that part of the Condominium Property where the violation or breach exists and summarily abate, remove or do whatever else may be necessary to correct such violation or breach, provided, however, that where the violation or breach involves an improvement located within the boundaries of a Unit, judicial proceedings shall be instituted before any items of construction can be altered or demolished. Any and all expenses in connection with the exercise of the right provided by this section shall be charged to and assessed against the violating Owner.

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

7.03 ENFORCEMENT BY THE BOARD: Prior to the imposition of any fine and concurrently with the sending of a notice described in Section 7.01 and 7.02, the Board shall notify the Owner or Resident, as the case may be, in writing of the violation of the rule or regulation and the Board's proposed remedy. Any Owner or Resident who receives such notice may, within three (3) days after receipt of such notice, demand a hearing before the Board or its authorized committee. At such hearing a member of the Board shall present to the Owner or Resident the grounds for the notice and the Owner or Resident shall have an opportunity to challenge such grounds and to present any evidence on his behalf subject to such reasonable rules of procedure as may be established by the Board or its committee, which rules shall adhere to the generally accepted standards of due process. If the Owner or Resident demands a hearing as herein provided, such hearing shall be held within four (4) days after the Board receives the demand and no action shall be taken by the Board until the hearing has been held and notice of the decision of the Board or its authorized committee and the terms thereof has been delivered to the Owner or Resident. The decision of the Board or its authorized committee shall be rendered within three (3) days after the hearing and such decision shall be final and binding on the parties.

7.04 COSTS AND EXPENSES: All expenses incurred by the Board in connection with the enforcement of the provisions of this Declaration or in connection with the exercise of its rights and remedies under this Article, including without limitation, court costs, attorneys' fees and all other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon at the rate of interest then permitted in Illinois until paid but not to exceed eighteen percent (18%) per annum, shall be charged to and assessed against the defaulting Owner, and the Condominium Association shall have a lien for all the same upon such Owner's Unit Ownership, as provided in Section 6.01.

7.05 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 Unit Ownership to enforce any lien created hereunder.

ARTICLE EIGHT Annexing Additional Property

8.01 IN GENERAL: Declarant reserves the right, from time to time prior to ten (10) years from the date of Recording of this Declaration, to add portions of the Real Estate to the Condominium Property and submit such portions to the Act and this Declaration by Recording a supplement to this Declaration (a "Supplemental Declaration"), as hereinafter provided. For the purposes of this Article, any portion of the Real Estate which is made subject to the Act and this Declaration as part of the condominium Property by a Supplemental Declaration shall be referred to as "Added Property", any Units in the Added Property shall be referred to as "Added Units". In making Added Property subject to the Act and this Declaration, the following shall apply:

(a) Added Property may be made subject to the Declaration at different times; there is no limitation on the order in which Added Property may be made subject to this Declaration; and no particular portion of the Real Estate must be made subject to this Declaration. Without limiting the foregoing, portions of a Building may be made part of the Condominium Property on a floor by floor basis.

(b) The maximum number of Units which may be made subject to this Declaration is 346.

(c) Any Added Units which are made subject to this Declaration pursuant to this Article shall be compatible with or of substantially the same style, floor plan, size and quality as the Units planned to be made subject to this Declaration, as shown on Declarant's then current plan for the condominium.

(d) If the condominium has been approved by FHA and FHA insures or holds a mortgage on a Unit, no additional property may be added to the Condominium Property without the prior written consent of FHA; provided, that, such consent shall be conclusively deemed to have been given with respect to a Supplemental Declaration which submits Added Property to the Act and Declaration where the addition of the Added Property is in substantial conformity with the development plan for the Real Estate which was submitted to FHA in connection with an application for approval by FHA of the condominium.

8.02 POWER TO AMEND: In furtherance of the foregoing, Declarant reserves the right to Record a Supplemental Declaration, at any time and from time to time prior to ten (10) years from the date of Recording of the Declaration, which amends Exhibits B, C, D-1, D-1 and D-3 hereto, subject to the following limitations:

- (a) Exhibit B may only be amended to add portions of the Real Estate to Exhibit B;
- (b) Exhibit C may only be amended so that the Plats which make up Exhibit C describe all of the condominium Property, including the Added Property, identify every Unit, including the Added Units, as provided by the Act.
- (c) Exhibit D-1 may only be amended to reflect the addition of the Added Units, to assign to each Added Unit an Undivided Interest, and to reassign an Undivided Interest to each Unit shown on Exhibit D-1 immediately prior to the Recording of such Supplemental Declaration. It is currently anticipated that 346 Units may be made subject to this Declaration as part of the Condominium Property. The Undivided Interest of each Unit, including each Added Unit, shall be determined based on the relative value of the Unit as required under the Act.

8.03 EFFECT OF AMENDMENT: Upon the recording of a Supplemental Declaration by the Declarant which makes Added Property subject to this Declaration, as provided in this Article, then:

- (a) The restriction, conditions, covenants, reservations, liens, charges, rights, benefits and privileges set forth and described herein shall run with and bind the Added Property (including the Added Units) and inure to the benefit of and be the personal obligation of the Owners of Added Units in the same manner, to the same extent, and with the same force and effect that this Declaration applies to the Condominium Property and Owners of Units which were initially subjected to this Declaration;
- (b) Every Person who is an Owner of an Added Unit shall be a member of the Condominium Association on the same terms and subject to the same qualifications and limitations as those members who are Owners of existing Units;
- (c) Until the effective date of the next annual or revised budget, each Owner of an Added Unit shall pay a monthly assessment equal to the ratio of the Undivided Interest of the Added Unit to the Undivided Interest of an existing Unit multiplied by the monthly assessment then in effect with respect to the existing Unit; provided, that, the Owner of an Added Unit shall not be required to pay any installment of a special assessment levied to cover a deficit under a prior year's budget;
- (d) The amount of the lien for assessments, charges or payments levied against an existing Unit Ownership prior to the Recording of the Supplemental Declaration shall not be affected.

ARTICLE NINE Amendments

9.01 SPECIAL AMENDMENT: 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 Home Loan Mortgage Corporation, the Department of Housing and Urban Development, the Federal Housing Administration, the Veterans 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 Unit Ownerships, (iii) to bring this Declaration into compliance with the Act, (iv) to correct errors, omissions, inconsistencies or ambiguities in this Declaration or any Exhibit thereto or any supplement or amendment thereto, (v) to amend Exhibit A to include additional real estate and to amend sections 1.25(a) and 8.01(b) to reflect the fact that additional Units may be added to the Condominium Property, (vi) to grant easements and provide for cost sharing arrangements with respect to Common Elements which may serve another condominium located on the Real Estate. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to the Declaration 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 Unit and the acceptance thereof shall be deemed to be a grant and acknowledgement of, and a consent to the reservation of, the power to the Declarant to vote in favor of, make, execute and Record Special Amendments. The right and power of the Declarant to record a Special Amendment hereunder shall terminate five (5) years after such time as Declarant no longer holds or controls title to a portion of the Real Estate.

9.02 AMENDMENT BY OWNERS: Subject to the provisions of Article Eight, Section 9.01 and Article Ten, and except as otherwise provided in sections 5.06 and 5.07 and the Act, the provisions of this Declaration may be amended, modified, enlarged or otherwise changed in whole or in part by the affirmative vote of Voting Members (either in person or by proxy), or by an instrument executed by Owners, representing at least sixty-seven percent (67%) of the Undivided Interests; except that (i) the provisions relating to the rights of Declarant may be amended only upon the written consent of the Declarant, (ii) the provisions of Article Ten and the provisions of this Article may be amended only with the written consent of Eligible Mortgagees as provided in Section 10.02, (iii) the provisions relating to the rights of the municipality may be amended only with the written consent of the Municipality, (iv) the provisions of Exhibit D-2 may only be amended, modified, enlarged or otherwise changed in whole or in part by the affirmative vote of Voting Members (either in person or by proxy), or by an instrument executed by Owners, representing at least sixty-seven percent (67%) of the Undivided Interests of the Units identified on Exhibit D-2, (v) the provisions of Exhibit D-3 may only be amended, modified, enlarged or otherwise changed in whole or in part by the affirmative vote of Voting Members (either in person or by proxy), or by an instrument executed by Owners, representing at least sixty-seven percent (67%) of the Undivided Interests of the Units identified on Exhibit D-3. No amendment shall become effective until Recorded.

ARTICLE TEN Rights of First Mortgagees

10.01 NOTICE TO FIRST MORTGAGEES: Each Owner shall notify the Condominium Association of the name and address of his First Mortgagee or its servicing agent, if any, and shall promptly notify the Condominium Association of any change in such

information. The Condominium Association shall maintain a record of such information with respect to all Units. Each First Mortgagee shall have the right to examine the books and records of the Association at any reasonable time and an audited statement of the Association's operations. Upon the specific written request to the Association from any of FHA, VA, FHLMC or Fannie Mae, the Association shall prepare and furnish within a reasonable time an audited financial statement of the Association for the immediately preceding fiscal year. Upon the specific written request of a First Mortgagee to the Board, the First Mortgagee shall receive some or all of the following as designated in the request:

- (a) Copies of budgets, notices of assessment, or any other notices or statements provided under this Declaration by the Condominium Association to the Owner of the Unit covered by the First Mortgagee's First Mortgage;
- (b) Any audited or unaudited financial statements of the Condominium Association which are prepared for the Condominium Association and distributed to the Owners;
- (c) Copies of notices of meetings of the Owners and the right to be represented at any such meetings by a designated representative;
- (d) Notice of any proposed action which would require the consent of a specified percentage of Eligible Mortgagees pursuant to Section 10.02;
- (e) Notice of the decision of the Owners to make any material amendment to this Declaration, the By-Laws, or the Articles of Incorporation of the Condominium Association;
- (f) Notice of substantial damage to or destruction of any Unit (in excess of \$1,000) or any part of the Common Elements (in excess of \$10,000);
- (g) Notice of the commencement of any condemnation or eminent domain proceedings with respect to any part of the Condominium Property;
- (h) Notice of any default of the Owner of the Unit which is subject to the First Mortgagee's First Mortgage, where such default is not cured by the Owner within thirty (30) days after the giving of notice by the Condominium Association to the Owner of the existence of the default; or
- (i) The right to be treated as an "Eligible Mortgagee" for purposes of Section 10.02.
- (j) Copies of any written notice received by the Association of lapse, cancellation or material change in any insurance policy or fidelity bond carried by the Condominium Association.

The request of a First Mortgagee shall specify which of the above it desires to receive and shall indicate the address to which any notices or documents shall be sent by the Condominium Association. Failure of the Condominium Association to provide any of the foregoing to a First Mortgagee who has made a proper request therefore shall not affect the validity of any action which is related to any of the foregoing. The Condominium Association need not inquire into the validity of any request made by a First Mortgagee hereunder and in the event of multiple requests from purported First

Mortgagees of the same Unit Ownership, the Condominium Association shall honor the most recent request received. -

10.02 CONSENT OF ELIGIBLE MORTGAGEES:

(a) In addition to any requirements or prerequisite provided for elsewhere in this Declaration, the consent of Eligible Mortgagees holding, in the aggregate, First Mortgages on at least sixty-seven percent (67%) of the Unit Ownerships (by number) which are subject to First Mortgages held by Eligible Mortgagees will be required for the Condominium Association to do or permit to be done any of the following:

(1) Adoption of an amendment to this Declaration which changes or adds to provisions of the Declaration relating to (i) voting rights; (ii) assessments, assessment liens, or the priority of assessment liens; (iii) reserves for maintenance, repair, and replacement of Common Elements; (iv) responsibility for maintenance and repairs; (v) reallocation of interests in the Common Elements (including Limited Common Elements) or rights to their use; (vi) redefinition of any Unit boundaries; (vii) convertibility of Units into Common Elements or Common Elements into Units; (viii) insurance or fidelity bond requirements; (ix) leasing of Units; (x) imposition of any restrictions on an Owner's right to sell or transfer his Unit;

(2) The abandonment or termination of the condominium;

(3) The partition or subdivision of a Unit;

(4) The abandonment, partition, subdivision, encumbrance, sale or transfer of the Common Elements, (except for the granting of easements for public utilities or for other purposes consistent with the intended use of the Condominium Property and except for the encumbrance, sale, or transfer of a Unit Ownership);

(5) The sale of the Condominium Property;

(6) The removal of a portion of the Condominium Property from the provisions of the Act and this Declaration;

(7) The effectuation of a decision by the Condominium Association to terminate professional management and assume self-management of the condominium when professional management had been required hereunder or by an Eligible Mortgagee; or

(8) Restoration or repair of the Condominium Property (after a hazard damage or partial condemnation) in a manner other than as specified in this Declaration or the use of hazard insurance proceeds for losses to the Condominium Property (whether to Units or to the Common Elements) for other than the repair, replacement, or reconstruction of the damaged portion of the Condominium Property; provided, that, such consent of Eligible Mortgagees will not be required with respect to any action under (1) through (8) above which is permitted under Article Eight hereof.

(b) Whenever required, the consent of an Eligible Mortgagee shall be deemed granted unless the party seeking the consent is advised to the contrary in writing by the Eligible Mortgagee within thirty (30) days after making the request for consent by Registered or Certified Mail, Return Receipt Requested.

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

10.04 ADMINISTRATOR APPROVALS: Anything herein to the contrary notwithstanding, whenever this Declaration or the By-Laws provide for the approval or consent of the Department of Veteran's Affairs ("VA"), such approval or consent shall not be required unless the VA (a) has issued its condominium project approval of the Condominium Property and such project approval has not terminated, (b) has issued a guarantee of the First Mortgage on at least one Unit which guarantee is then outstanding, (c) is the owner or holder of a First Mortgage on a Unit or (d) is the Owner of a Unit. Whenever required, such approval or consent shall be deemed granted unless the party seeking the consent or approval is advised to the contrary in writing within thirty (30) days of making the request for consent or approval.

ARTICLE ELEVEN **Declarant's Reserved**

11.01 IN GENERAL: In addition to any rights or powers reserved or granted to the Declarant under the Act, this declaration or the By-Laws, the Declarant shall have the rights and powers set forth in this Article. In the event of a conflict between the provisions of this Article shall govern. Except as otherwise provided in this Article, the rights of Declarant under this Article reserved or granted shall terminate at such time as the Declarant is no longer vested with nor in control title to any portion of the Real Estate.

11.02 PROMOTIONAL EFFORTS: Declarant shall have the right, in its discretion, (i) to maintain on the Condominium Property sales, leasing, and management offices, displays, signs and other forms of advertising and model units, (ii) to come upon any portion of the Condominium Property for the purpose of showing the Condominium Property to prospective purchasers or lessees of units on the Condominium Property or at other locations in the general area which are being offered for sale by Declarant or any of its affiliates. The Declarant shall have the power and right to lease and/or sell and convey and Unit owned by the Declarant to any person or entity which it deems appropriate in its sole discretion and it need not comply with the provisions of Section 2.12.

11.03 CONSTRUCTION: Declarant, its agents and contractors shall have the right to come upon the Condominium Property to construct improvements thereon and to make alterations, repairs or improvements to the Condominium Property or the portions of the Real Estate not made part of the Parcel and shall have the right to maintain a

construction office and store equipment and materials used in connection with such work on the Condominium Property or the portions of the Real Estate which have not yet been made part of the Parcel without payment of any fee or charge whatsoever.

11.04 CONTROL OF BOARD: Until the initial meeting of the Owners (which shall occur no later than the Turnover Date) and the election of the initial Board as provided for in the By-Laws, the rights, titles, powers, privileges, trusts, duties and obligations vested in or imposed upon the Board by the Act, this Declaration or the By-Laws shall be held and performed by the Declarant. The Declarant may hold and perform such rights and obligations through the Board which, prior to the Turnover Date, shall consist of three (3) individuals designated by the Declarant from time to time. Prior to the Turnover Date the Declarant may appoint from among the Owners non-voting counselors to the Board who shall serve at the discretion of the Declarant.

ARTICLE TWELVE Miscellaneous

12.01 SEVERABILITY: Invalidation of all or any portion of any of the easements, restrictions, covenants, conditions and reservations, by legislation, judgment or court order shall not affect any liens, charges, rights, benefits and privileges and other provisions of this Declaration, which shall remain in full force and effect.

12.02 NOTICES: Except as otherwise provided in Article Twelve, 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 if (i) mailed, postage prepaid, to his or its last known address as it appears on the records of the Condominium Association at the time of such mailing, (ii) transmitted by facsimile or e-mail to his or its facsimile number or e-mail address as either appear on the records of the Condominium Association at the time of such transmittal, or (iii) when personally delivered to his or its Unit. The date of mailing, or the date of transmission if the notice is sent by facsimile or e-mail, shall be deemed the date of services.

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

12.04 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 provisions, (b) the rule restricting restraints on alienation, or (c) any other statutory or common law rules imposing time limits, then such provisions shall continue only until twenty-one (21) years after the death of the survivor of the living lawful descendants of George W. Bush, the President of the United States at the time of Recording of this Declaration.

12.05 TITLE HOLDING LAND TRUST: In the event title to any Unit Ownership is a conveyed to title holding trust, under the terms of which all powers of management, operation and control of the Unit remain vested in the trust beneficiary or beneficiaries, then the beneficiaries thereunder from time to time shall be responsible for payment of all assessments, charges or payments hereunder and for the performance of all

agreements, covenants, and undertakings chargeable or created under this Declaration against such Unit Ownership. 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 Unit Ownership and the beneficiaries of such trust notwithstanding any transfers of the beneficial interest of any such trust or any transfers of title to such Unit Ownership.

12.06 ASSIGNMENT BY THE DECLARANT: All rights which are specified in this Declaration to be rights of the Declarant are assignable or transferable. Any successor to, or assignee of, the rights to the Declarant hereunder (including, whether by foreclosure or deed-in-lieu of foreclosure) shall hold or be entitled to exercise the rights of Declarant hereunder as fully as if named as such party herein. No party exercising rights as Declarant hereunder shall have or incur any liability for the acts of any other party which previously exercised or subsequently shall exercise such rights.

12.07 WAIVER OR IMPLIED WARRANTY OF HABITABILITY AND OTHER WARRANTIES: Illinois courts have held that every contract for the construction of a new home in Illinois carries with it a warranty that when completed, the home will be free of defects and will be fit for its intended use as a home. The courts have also held that this "Implied Warranty of Habitability" does not have to be in writing to be a part of the contract and that it covers not only structural and mechanical defects such as may be found in the foundation, roof, masonry, heating, electrical and plumbing, but it also covers any defect in workmanship which may not easily be seen by the buyer. However, the courts have also held that a seller-builder and buyer may agree in writing that the Implied Warranty of Habitability is not included as a part of their particular contract. Each buyer of a Unit from Declarant agreed in the purchase contract that the Declarant has excluded and disclaimed the Implied Warranty of Habitability and all other implied warranties, whether created judicially, statutorily or by common law, including the implied warranty of fitness for a particular purpose. Such exclusion and disclaimer shall apply to and bind any subsequent Owner of a Unit and, accordingly, no Owner of a Unit shall be able to assert a claim against Declarant for a breach of the Implied Warranty of Habitability or any other implied warranty.

12.08 COVENANTS TO RUN WITH LAND. The covenants, conditions, restrictions, and easements contained in this Declaration shall run with and bind the Property.

Dated: September ____, 2005

DECLARANT:

Runaway Bay At Palatine, Inc., an Illinois corporation

By: _____

David Katz
Its: President

State of Illinois)
) SS
County of Cook)

The undersigned, a Notary Public in and for said County, in the State aforesaid, do hereby certify that David Katz, the President of Runaway Bay At Palatine, Inc., in Illinois corporation, (the "Corporation") personally known to be to be the same person whose name is subscribed to the foregoing instrument as such President, appeared before me this day and person and acknowledged that he signed and delivered said instrument as his own free and voluntary act, and as the free and voluntary act of the Corporation, for the uses and purposes therein set forth.

GIVEN under my hand this Notarial seal this _____ day of September, 2005.

Notary Public

**DECLARANT'S CERTIFICATE
RE: NOTICE OF INTENT**

The undersigned, on behalf of Runaway Bay At Palatine, Inc., Illinois corporation, as Declarant under the Declaration to which this Certificate is attached, hereby certifies that, pursuant to Section 605/30 of the Act, prior to the execution by Declarant, or its agent, of any agreement for the sale of a Unit, a copy of the Notice of Intent was delivered to each person who was a tenant at Runaway Bay Apartments at the time the Notice of Intent was given.

Dated: September _____, 2005.

Runaway Bay At Palatine, Inc., an Illinois corporation

By: _____
Ralph Katz
Its: Vice President

State of Illinois)
) SS
County of Cook)

The undersigned, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Ralph Katz, the Vice President of Runaway Bay At Palatine, Inc., in Illinois corporation, (the "Corporation") personally known to be to be the same person whose name is subscribed to the foregoing instrument as such Vice President, appeared before me this day and person and acknowledged that he signed and delivered said instrument as his own free and voluntary act, and as the free and voluntary act of the Corporation, for the uses and purposes therein set forth.

GIVEN under my hand this Notarial seal this _____ day of September, 2005.

Notary Public

EXHIBIT E TO
THE DECLARATION OF CONDOMINIUM OWNERSHIP FOR
RUNAWAY BAY AT PALATINE CONDOMINIUM

The By-Laws of
Runaway Bay at Palatine Condominium Association
an Illinois not-for-profit Corporation

ARTICLE I
NAME OF CORPORATION

The name of this corporation is RUNAWAY BAY AT PALATINE CONDOMINIUM ASSOCIATION.

ARTICLE II
PURPOSE AND POWERS

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

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

2.03 PERSONAL APPLICATION: All present or future Owners, tenants, future tenants, and their agents and employees, and any other person that might use the facilities of the Condominium Property in any manner, shall be subject to the provisions of the Declaration and these By-Laws. The acquisition or rental of a Unit or the act of occupancy of a Unit will signify that the Declaration and these By-Laws are accepted, ratified and will be complied with.

ARTICLE III
OFFICES

3.01 REGISTERED OFFICE: The Condominium 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 Condominium Association's principal office shall be maintained on the Real Estate or at the office of the managing agent engaged by the Condominium Association.

ARTICLE IV MEETINGS OF MEMBERS

4.01 VOTING RIGHTS: The Condominium Association shall have one class of membership. There shall be one individual with respect to each Unit who shall be entitled to vote at any meeting of the Owners (the "Voting Members"). If the Owner of a Unit is one individual then such individual shall be the Voting Member. If the Record ownership of a Unit shall be in more than one individual or if the Owner is a trustee, corporation, partnership or other legal entity, then the voting Member shall be designated by the Owner or Owners in writing to the Board, and if in the case of multiple individual Owners no designation is given, then the Board, may, at its election, recognize an individual Owner of the Unit as the Voting Member for such Unit. Any or all Owners may be present at any meeting of the Owners, but the Voting Member shall be vested exclusively in the Voting Members; provided, however, that a Voting Member may vote either in person or by proxy executed in writing by the Voting Member or his duly authorized attorney-in-fact and filed with the secretary before the meeting. No proxy shall be valid after eleven (11) months from the date of its execution. Each Voting Member shall have a vote equal to the Undivided Interest assigned to each Unit which he or she represents.

4.02 PLACE OF MEETING; QUORUM: Meetings of the Owners shall be held on the Condominium Property or at such other place in the County in which the Condominium Property is located and convenient to the Owners as may be designated in any notice of a meeting. All meetings shall be conducted in accordance with the rules and provisions set forth in Roberts Rules of Order, as from time to time published. Voting Members holding twenty percent (20%) of the votes, represented in person or by proxy, shall constitute a quorum. The vote of a majority of the votes entitled to be cast by the Voting Members present or represented by proxy at a meeting at which a quorum is present, shall be necessary for the adoption of any matter voted upon by the Voting Members, unless a greater proportion is required by the Act, the Declaration or these By-Laws. The affirmative vote of 75% of the votes entitled to be cast shall be required for the following action: (a) merger or consolidation of the Condominium Association; and (b) sale, lease, exchange, mortgage, pledge or other disposition of all, or substantially all of the property and assets of the Condominium Association. The affirmative vote of 75% of the votes entitled to be cast shall be required for the purchase or sale of land or of Units on behalf of all Owners.

4.03 ANNUAL MEETINGS: The initial meeting of the Owners shall be held upon 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 not more than thirty (30) days after the Turnover Date. Thereafter there shall be an annual meeting of

the Owners within thirty (30) days from the anniversary date of the initial annual meeting at such time and on such date designated by the Board.

4.04 SPECIAL MEETINGS: Special meetings of the Owners may be called at any time for the purpose of considering matters which, by the terms of the Declaration, require the approval of all or some of the Voting Members or for any other reasonable purpose. Said meetings shall be called by written notice, authorized by the President, a majority of the Board or by Voting Members representing at least twenty percent (20%) of the votes.

4.05 NOTICE OF MEMBERSHIP MEETINGS: Written notice of any membership meeting shall be mailed or personally delivered and posted conspicuously on the Condominium property, giving Owners not less than ten (10) nor more than thirty (30) days notice of the time, place, and purpose of the meeting.

ARTICLE V **BOARD OF DIRECTORS**

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

5.02 DECLARANT DESIGNATED BOARDS: Anything herein to the contrary notwithstanding, until the first meeting of the Owners after the Turnover Date, the Board shall consist of three (3) individuals from time to time designated by the Declarant. Such individuals may, but need not, be Owners and shall serve at the discretion of the Declarant.

5.03 BOARDS AFTER TURNOVER DATE: At the first meeting of the Owners (which shall be held no later than the Turnover Date) the Voting Members shall elect the initial Board (as provided for in the Act) 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 the following documents and others as required by the Act:

- (a) Original copies of the Declaration, these By-Laws, the Condominium Association's Articles of Incorporation and the Condominium Association's minute book.
- (b) An accounting of all receipts and expenditures made or received on behalf of the Condominium Association by the Declarant designated Boards.
- (c) All Condominium Association funds and bank accounts.

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

5.04 ELECTION: At each election for members of the Board, each Voting Member for each Unit which he represents shall be entitled to the number of votes equal to the number of Directors to be elected and cumulative voting shall not be permitted; provided that a Resident who is a contract purchase of a Unit from a contract seller other than the Declarant shall have the right to vote for Directors after the Turnover Date unless such contract seller expressly retains such right in writing. At the initial meeting of the Owners, a full Board of Directors shall be elected, three (3) whom shall serve a two year term and two (2) of whom shall serve a one year term. The candidates receiving the three (3) highest number of votes shall be elected to serve a two year term and the candidates receiving the fourth and fifth highest number of votes shall serve a one year term. Thereafter, all Directors shall serve two year terms. Each Director shall serve until his term expires or is terminated or until his successor shall have been elected and qualified. A Director may succeed himself in office.

5.05 ANNUAL MEETINGS: The Board shall hold an annual meeting within ten (10) days after the annual meeting of the Owners at such place as shall be fixed by the Directors at the annual meeting of the Owners.

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 from and after the Turnover date, no less than four such meetings shall be held during each fiscal year.

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

5.08 NOTICE OF BOARD MEETINGS: Notice of each meeting of the Board shall be mailed or personally delivered to each Director at least forth-eight (48) hours prior to the meeting and notice of any meeting of the Board concerning the adoption of the proposed annual budget or any increase or establishment of an assessment shall be given to each Owner in the same manner as provided in Section 4.05 of these By-Laws, unless a written waiver of such notice is signed by the person or persons entitled to such notice before the meeting is convened. Notice of each meeting of the Board shall also be conspicuously posted on the Condominium Property at least forty-eight (48) hours prior to the meeting.

5.09 OPEN MEETINGS: Each meeting of the Board, to the extent required by law, shall be open to any Owner and, if required under the Act, notice of such meeting shall be mailed or personally delivered and posted conspicuously upon the Condominium Property at least 48 hours prior thereto, unless a written waiver of such notice is signed by the person or persons entitled to such notice before the meeting is convened. The

Board may adopt reasonable rules governing the conduct of Owners who attend meetings and Owners who do not comply with such rules may be removed from the meeting.

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. 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: No Director shall be compensated by the Condominium Association for services rendered to the Condominium Association, except as expressly provided in a resolution duly adopted by the Voting Members. Upon the presentation of receipts or other appropriate documentation, a Director shall be reimbursed by the Condominium 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 action of the Voting Members at any annual meeting or at a special meeting called for such purpose. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting. Any Director may resign at any time by submitting his written resignation to the Board. If a Director ceases to be an Owner or a Voting Member, he shall be deemed to have resigned as of the date of such cessation. A successor to fill the unexpired term of a Director who resigns or is removed may be appointed by a majority of the remaining Directors at any regular meeting or at any 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: Subject to the provisions of Section 11.04 of the Declaration, the Board shall have all of the powers and duties granted to it or imposed upon it by the Act, the Declaration, these By-Laws, and the Illinois General Not-For-Profit Corporation Act, including, without limitation, the following powers and duties:

(a) Subject to the provisions of Sections 4.05 of the Declaration, to engage the services of a manager or managing agent to assist the Condominium Association in performing and providing such services as the Condominium Association is required to provide to its members under the declaration;

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

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

- (d) To estimate and provide annual budgets as provided for in the Declaration;
- (e) To set, give notice of, and collect assessments as provided in the Declaration;
- (f) To pay the Common Expenses;
- (g) To adopt rules and regulations as provided in the Declaration;
- (h) To delegate the exercise of its power to committees appointed pursuant to Section 7.01 of these By-Laws;
- (i) To own, convey, encumber, lease, or otherwise deal with Units or other real property conveyed to or purchased by the Condominium Association;
- (j) To keep detailed, accurate records of the receipts and expenditures affecting the use and operation of the Condominium Property; and
- (k) To borrow money and pledge the assets of the Condominium Association, including the right to receive future assessments, as collateral for repayment thereof.

ARTICLE VI OFFICERS

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

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

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

- (a) The President shall be the Chief Executive Officer of the Condominium Association and shall preside at all meetings of the Owners and at all meetings of the Board and shall execute amendments to the Declaration and these By-Laws, as provided for in the Act, 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 and other duties assigned by the Board. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to act in the capacity of President on an interim basis;

(c) The Secretary shall keep minutes of all meetings of the Owners and of the Board and shall have custody of the corporate seal of the Condominium Association and have charge of such other books, papers, and documents as the Board may prescribe, and shall be responsible for giving and receiving all notices to be given to or by the condominium Association under the Act, the Declaration or these by-Laws;

(d) The Treasurer shall be responsible for condominium Association funds and securities and for keeping full and accurate accounts of all receipts and disbursements in the Condominium Association books of accounts kept for such purpose. The Treasurer shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the Condominium Association in such depositories as may from time to time be designated by the Board.

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 an exercise the authority of the Board in the management of the Condominium Association; but the designation of such committees and delegation thereto of authority shall not operate to relieve the Board, or any individual Director, of any responsibility imposed upon it or him by law.

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

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

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

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

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

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

ARTICLE VIII INSTRUMENTS, CHECKS, DEPOSITS AND FUNDS

8.01 EXECUTION OF INSTRUMENTS: The Board may authorize any officer or officers, agent or agents of the Condominium Association, in addition to the officers so authorized by these By-Laws, to enter into any contract or execute and deliver any instrument (including amendments to the Declaration or these By-Laws which must be executed by the Condominium Association) in the name of and on behalf of the condominium 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 Condominium 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 Condominium association shall be signed by such officer or officers, agent or agents of the Condominium 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 Condominium Association.

8.03 BANK ACCOUNTS: All funds of the Condominium Association not otherwise employed shall be deposited from time to time to the credit of the Condominium 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 Condominium Association any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Condominium Association.

ARTICLE IX

FISCAL MANAGEMENT

9.01 FISCAL YEAR: The fiscal year of the Condominium Association shall be determined by the Board and may be changed from time to time as the Board deems advisable.

9.02 ANNUAL STATEMENT: Within a reasonable time after the close of each fiscal year the Board shall furnish each Owner with an itemized accounting of the Common Expenses for such fiscal year actually incurred or paid, together with an indication of which portion of the Common Expenses were incurred or paid for capital expenditures or repairs or the payment of real estate taxes, and with a tabulation of the amounts collected pursuant to the Annual Assessment budget, and showing the net excess or deficit of income over expenditures plus reserves.

9.03 ASSESSMENT PROCEDURES: Annual assessments and special assessments shall be made and collected as provided in Article Six of the Declaration, and the provisions of Article Six are incorporated herein by reference.

ARTICLE X BOOKS AND RECORDS

The Condominium 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 Condominium Association a record giving the names and addresses of the members. All books and records of the Association may be inspected by any Owner, or his agent, mortgagee or attorney, for any proper purpose at any reasonable time.

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 name 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 in the same manner as provided in Section 9.02 of the Declaration; provided, that no provision of these By-Laws may be amended or modified so as to conflict with the provisions of the Declaration or the Act. These By-Laws may be amended by the Declarant for the purposes and by the procedure set forth in Section 9.01 of the Declaration. No amendment to these By-Laws shall become effective until Recorded.