

THIS INSTRUMENT PREPARED
BY AND SHOULD BE RETURNED
TO:

Brian Meltzer
MELTZER, PURTILL & STELLE LLC
1515 East Woodfield Road
Second Floor
Schaumburg, Illinois 60173-5431
(847) 330-2400

COPY

ABOVE SPACE FOR RECORDER'S USE ONLY

31639\002\0001

10/12/04

**DECLARATION FOR HAWTHORN WOODS COUNTRY CLUB
SINGLE FAMILY HOMES AND TOWNHOMES**

TABLE OF CONTENTS

ARTICLE ONE Definitions.....2

1.01 ASSOCIATION.....2

1.02 BOARD.....2

1.03 BY-LAWS.....2

1.04 CELL TOWER PARCEL.....2

1.05 CHARGES.....2

1.06 COMMUNITY AREA.....2

1.07 COMMUNITY ASSESSMENT.....2

1.08 COMMUNITY EXPENSES.....2

1.08 COMMUNITY SYSTEMS.....3

1.09 COUNTY.....3

1.10 DECLARANT.....3

1.11 DECLARATION.....3

1.12 DETACHED HOME.....3

1.13 DETACHED HOME LOT.....3

1.14 ESTATE HOME LOT.....3

1.15 DEVELOPMENT AREA.....3

1.16 DWELLING UNIT.....3

1.17 FIRST MORTGAGEE.....3

1.18 GOLF COURSE.....4

1.19 GOLF COURSE OWNER.....4

1.20 GOLF COURSE PROPERTY.....4

1.21 GOLF VILLA.....4

1.22 GOLF VILLA ASSESSMENT.....4

1.23 GOLF VILLA COMMITTEE.....4

1.24 GOLF VILLA EXPENSES.....4

1.25 GOLF VILLA LOT.....4

1.26 GRANT OF EASEMENT.....4

1.27 HOME.....4

1.28 LANDSCAPE BUFFER EASEMENT AREAS.....4

1.29 LOT.....5

1.30 MUNICIPALITY	5
1.31 NON-OWNER.....	5
1.32 OWNER	5
1.33 PERSON.....	5
1.34 PLAT	5
1.35 PREMISES	5
1.36 RECORD	5
1.37 RESIDENT	5
1.38 SIDEWALK EASEMENT	5
1.39 TOWNHOME	5
1.40 TOWNHOME ASSESSMENT	5
1.41 TOWNHOME COMMITTEE.....	5
1.42 TOWNHOME COMMON AREAS	5
1.43 TOWNHOME EXPENSES.....	6
1.44 TOWNHOME EXTERIOR.....	6
1.45 TOWNHOME L.....	6
1.46 TURNOVER DATE.....	6
1.47 UNADDED AREA.....	6
1.48 VOTING MEMBER.....	6
ARTICLE TWO Scope of Declaration/Certain Easements.....	6
2.01 PROPERTY SUBJECT TO DECLARATION	6
2.02 CONVEYANCES SUBJECT TO DECLARATION	6
2.03 DURATION	7
2.04 LOT CONVEYANCE	7
2.05 ACCESS EASEMENT	7
2.06 RIGHT OF ENJOYMENT	8
2.07 DELEGATION OF USE	8
2.08 UTILITY EASEMENTS	8
2.09 EASEMENTS, LEASES, LICENSES AND CONCESSIONS	9
2.10 ASSOCIATION'S ACCESS	10
2.11 NO DEDICATION TO PUBLIC USE	10
2.12 EASEMENT FOR ENCROACHMENT	10
2.13 OWNERSHIP OF COMMUNITY AREA AND TOWNHOME COMMON AREA	11
2.14 LEASE OF DWELLING UNIT	11
2.15 REAL ESTATE TAXES FOR THE COMMUNITY AREA AND TOWNHOME COMMON AREA	11
ARTICLE THREE Maintenance of the Community Area and Homes	11
3.01 IN GENERAL	11
3.02 MAINTENANCE BY ASSOCIATION	11
3.03 MAINTENANCE BY OWNERS.....	13
3.04 CERTAIN UTILITY COSTS.....	14
3.05 DAMAGE BY RESIDENT	14
3.06 ALTERATIONS, ADDITIONS OR IMPROVEMENTS TO THE COMMUNITY AREA, TOWNHOME COMMON AREA AND LANDSCAPE BUFFER EASEMENT AREA.....	15
3.07 ALTERATIONS, ADDITIONS OR IMPROVEMENTS TO HOMES AND TOWNHOMES	15
3.08 ADDITIONAL SERVICES.....	15
ARTICLE FOUR Insurance/Condemnation.....	16
4.01 ASSOCIATION INSURANCE	16
4.02 DETACHED HOME INSURANCE/DAMAGE.....	16
4.03 TOWNHOME INSURANCE/DAMAGE	17
4.04 OWNER RESPONSIBILITY	20

4.05 WAIVER OF SUBROGATION.....	20
4.06 CONDEMNATION.....	20
ARTICLE FIVE The Association.....	21
5.01 IN GENERAL.....	21
5.02 MEMBERSHIP.....	21
5.03 VOTING MEMBERS.....	21
5.04 BOARD/TOWNHOME COMMITTEE/GOLF VILLA COMMITTEE.....	22
5.05 VOTING RIGHTS.....	22
5.06 DIRECTOR AND OFFICER LIABILITY.....	22
5.07 MANAGING AGENT.....	22
5.08 REPRESENTATION.....	23
5.09 DISSOLUTION.....	23
5.10 LITIGATION/EXTRAORDINARY ACTIONS.....	23
5.11 ATTENDANCE AT BOARD MEETINGS BY OWNERS.....	24
ARTICLE SIX Assessments.....	24
6.01 PURPOSE OF ASSESSMENTS.....	24
6.02 ASSESSMENTS.....	24
6.03 PAYMENT OF ASSESSMENT.....	26
6.04 REVISED ASSESSMENT.....	27
6.05 SPECIAL ASSESSMENT.....	27
6.06 CAPITAL RESERVE.....	27
6.07 INITIAL CONTRIBUTION.....	28
6.08 PAYMENT OF ASSESSMENTS.....	28
ARTICLE SEVEN Collection of Charges and Remedies for Breach or Violation.....	28
7.01 CREATION OF LIEN AND PERSONAL OBLIGATION.....	28
7.02 COLLECTION OF CHARGES.....	28
7.03 NON-PAYMENT OF CHARGES.....	28
7.04 LIEN FOR CHARGES SUBORDINATED TO MORTGAGES.....	29
7.05 SELF-HELP BY BOARD.....	29
7.06 OTHER REMEDIES OF THE BOARD.....	29
7.07 COSTS AND EXPENSES.....	29
7.08 ENFORCEMENT BY OWNERS.....	29
7.09 ENFORCEMENT BY MUNICIPALITY.....	30
ARTICLE EIGHT Use Restrictions.....	30
8.01 IN GENERAL.....	30
8.02 INDUSTRY/SIGNS.....	30
8.03 UNSIGHTLY USES.....	30
8.04 ANTENNAE.....	31
8.05 RESIDENTIAL USE ONLY.....	31
8.06 PARKING.....	31
8.07 OBSTRUCTIONS/REFUSE.....	31
8.08 PETS.....	32
8.09 NO NUISANCE.....	32
8.10 RULES AND REGULATIONS.....	32
8.11 WATERING.....	32
8.12 FENCING.....	32

ARTICLE NINE	Declarant's Reserved Rights and Special Provisions Covering Development Period.....	32
9.01	IN GENERAL	32
9.02	PROMOTION OF PROJECT.....	33
9.03	CONSTRUCTION ON PREMISES.....	33
9.04	GRANT OF EASEMENTS AND DEDICATIONS.....	33
9.05	DECLARANT CONTROL OF ASSOCIATION.....	33
9.06	OTHER RIGHTS	34
9.07	ASSIGNMENT BY DECLARANT	34
9.08	ARCHITECTURAL CONTROLS	34
ARTICLE TEN	Amendment	35
10.01	SPECIAL AMENDMENTS	35
10.02	AMENDMENT	35
ARTICLE ELEVEN	First Mortgagees Rights.....	36
11.01	NOTICE TO FIRST MORTGAGEES	36
11.02	CONSENT OF FIRST MORTGAGEES.....	37
11.03	INSURANCE PROCEEDS/CONDEMNATION AWARDS.....	37
ARTICLE TWELVE	Annexing Additional Property	38
12.01	IN GENERAL	38
12.02	POWER TO AMEND	38
12.03	EFFECT OF SUPPLEMENTAL DECLARATION.....	38
ARTICLE THIRTEEN	Party Walls	39
13.01	PARTY WALL.....	39
13.02	RIGHTS IN PARTY WALL	39
13.03	DAMAGE TO PARTY WALL.....	40
13.04	CHANGE IN PARTY WALL.....	40
13.05	ARBITRATION	40
ARTICLE FOURTEEN	Golf Play Easements.....	41
14.01	IN GENERAL	41
14.02	GOLF COURSE PLAY EASEMENT	41
14.03	DAMAGE BY ERRANT GOLF BALLS.....	41
14.04	FENCING RESTRICTIONS.....	42
14.05	VIEW IMPAIRMENT	42
14.06	DURATION AND ENFORCEABILITY	42
14.07	COSTS AND ATTORNEY'S FEES	42
ARTICLE FIFTEEN	Miscellaneous.....	42
15.01	NOTICES	42
15.02	CAPTIONS.....	43
15.03	SEVERABILITY.....	43
15.04	PERPETUITIES AND OTHER INVALIDITY	43
15.05	TITLE HOLDING LAND TRUST	43
15.06	WAIVER OF IMPLIED WARRANTY OF HABITABILITY AND OTHER WARRANTIES.....	43

**DECLARATION FOR HAWTHORN WOODS COUNTRY CLUB
SINGLE FAMILY HOMES AND TOWNHOMES**

This Declaration is made by Toll IL HWCC, L.P., an Illinois limited partnership ("Declarant").

RECITALS

Declarant is, or will be, the record title holder of the Development Area which is legally described in Exhibit A hereto. Some or all of the Development Area shall be the subject of a phased development called Hawthorn Woods Country Club (the "Development"). The Development shall include dwelling units and certain common areas.

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

In order to provide for the orderly and proper maintenance of the Premises, the Declarant has formed (or will form) the Association under the Illinois General Not-For-Profit Corporation Act, and the Association shall adopt budgets and fix assessments to pay the expenses incurred in connection with such duties. Each Owner of a Dwelling Unit shall be a member of the Association and shall be responsible for paying assessments with respect to the Dwelling Unit owned by such Owner.

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

It is not intended that the Association shall be a "common interest community association" as defined in Section 9-102(a)(8) of the Code of Civil Procedure (735 ILCS 5/9-102(a)(8)) or a "master association" as defined in Section 18.5(a) of the Illinois Condominium Property Act (765 ILCS 605/18.5(a)).

NOW, THEREFORE, the Declarant hereby declares as follows:

ARTICLE ONE

Definitions

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

1.01 ASSOCIATION: Hawthorn Woods Country Club Homeowners Association, an Illinois not-for-profit corporation, its successors and assigns.

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

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

1.04 CELL TOWER PARCEL: Property which is located either on the Development Area or south of the Development Area which is designated on a Plat as "Cellular Tower Lease Area".

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

1.06 COMMUNITY AREA: Those portions of the Premises which are legally described and designated in Part III of Exhibit B as Community Area and all improvements thereto and landscaping thereon. The Community Area will generally consist of and include private roads, detention or retention basins and related improvements, entry monuments and related landscaping and other facilities and improvements which serve the Development.

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

1.08 COMMUNITY EXPENSES: The expenses of administration (including management and professional services and gate house attendants, if any) operation, maintenance, repair, replacement and landscaping and other improvements, including, without limitation, private roads and gatehouses, which are located on the Community Area; the cost of insurance for the Community Area; the cost of general and special real estate taxes, if any, levied or assessed against the Community Area owned by the Association; the cost of, and the expenses incurred for, the maintenance, repair and replacement of personal property acquired and used by the Association in connection with the maintenance of the Community Area; if not separately charged to the Lots, the cost of scavenger services to the Premises; any expenses designated as a Community Expense in this Declaration; and any other expenses lawfully incurred by the Association for the common benefit of all of the Owners; provided, however, Community Expenses shall not include Golf Villa Expenses or Townhome Expenses.

1.08 COMMUNITY SYSTEMS: Shall mean and refer to any and all cable television, telecommunication, alarm/monitoring, internet, telephone or other lines, conduits, wires, amplifiers, towers, antennae, satellite dishes, equipment, materials, installations and fixtures (including those based on, containing and serving future technological advances not now known), if installed by Declarant or pursuant to any grant of easement or authority by Declarant with respect to the Premises.

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

1.10 DECLARANT: Toll IL HWCC, L.P., an Illinois limited partnership, its successors and assigns.

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

1.12 DETACHED HOME: A Home on a Detached Home Lot.

1.13 DETACHED HOME LOT: A Lot which is designated in Part II of Exhibit B hereto, as Exhibit B may be amended from time to time, as either an "Estate Home Lot" or a "Golf Villa Lot".

1.14 ESTATE HOME LOT: A Lot which is designated in Part II of Exhibit B hereto, as Exhibit B may be amended from time to time, as an "Estate Home Lot".

1.15 DEVELOPMENT AREA: The real estate described in Exhibit A hereto with all improvements thereon and rights appurtenant thereto, as Exhibit A may be amended as provided in Section 10.01. Exhibit A is attached hereto for informational purposes only and no covenants, conditions, restrictions, easements, liens or changes shall attach to any part of the real estate described therein, except to the extent that portions thereof are described in Exhibit B and expressly made subject to the provisions of this Declaration as part of the Premises. Any portions of the Development Area which are not made subject to the provisions of this Declaration as part of the Premises may be developed and used for any purposes not prohibited by law, including, without limitation, as a residential development which is administered separate from the Development.

1.16 DWELLING UNIT: A portion of the Premises which is improved with a single family residential unit for which a temporary, conditional or final certificate of occupancy has been issued by the Municipality. A Dwelling Unit may be a Lot which is improved with a Detached Home or a Townhome.

1.17 FIRST MORTGAGEE: The holder of a bona fide first mortgage, first trust deed or equivalent security interest covering a Lot.

1.18 GOLF COURSE: That certain golf course and related facilities from time to time located on the Golf Course Property, known as of the date of the Recording hereof as Hawthorn Woods Country Club. The Golf Course is not part of the Community Area and is not governed by the provisions of this Declaration. None of the Owners, Residents, the Association or any other Person shall have any rights in and to, or obligations with respect to, the Golf Course, except for certain obligations expressly and specifically provided for herein.

1.19 GOLF COURSE OWNER: Shall mean and refer to the owner of the property and improvements thereon, on which the Golf Course is located, and its successors and assigns.

1.20 GOLF COURSE PROPERTY: The real estate which is legally described in Exhibit C hereto.

1.21 GOLF VILLA: A Home on a Golf Villa Lot.

1.22 GOLF VILLA ASSESSMENT: The amounts which the Association shall assess and collect from the Owners to pay the Golf Villa Expenses and accumulate reserves for such expenses, as more fully described in Article Six.

1.23 GOLF VILLA COMMITTEE: A committee which shall have certain responsibilities and powers with respect to the Golf Villa Lots hereunder and which shall be constituted as provided in Article Five.

1.24 GOLF VILLA EXPENSES: The expenses of the maintenance, repair and replacement of the Golf Villa Lots which are furnished by the Association hereunder; and any expense which is designated as a Golf Villa Lot Expense in this Declaration. Golf Villa Expenses shall not be Community Expenses. In the event that certain expenses are incurred by the Association in connection with the Community Area, the Golf Villa Lots and/or the Townhomes, the allocation of such expenses between Community Expenses, Golf Villa Expenses and Townhome Expenses shall be made by the Board based on generally accepted accounting principles, and any such allocation shall be final and binding.

1.25 GOLF VILLA LOT: A Lot which is designated in Part II of Exhibit B hereto, as Exhibit B may be amended from time to time, as a "Golf Villa Lot".

1.26 GRANT OF EASEMENT: That certain Grant of Easement, recorded in Lake County, Illinois on July 30, 2004, as Document No. 5613061.

1.27 HOME: That portion of a Lot which is improved with a residential unit (either a Detached Home or a Townhome) and any deck, sunroom, patio, porch and steps which serve the Home.

1.28 LANDSCAPE BUFFER EASEMENT AREAS: Those portions of the Development Area, if any, which are designated on the Plat as a Landscape Buffer Easement Area.

1.29 LOT: A subdivided lot which is designated as either a Detached Home Lot or a Townhome Lot on Exhibit B.

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

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

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

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

1.34 PLAT: A plat of subdivision which is Recorded with respect to a portion of the Premises.

1.35 PREMISES: Those portions of the Development Area which are legally described in Exhibit B hereto, with all improvements thereon and rights appurtenant thereto. Declarant shall have the right, but not the obligation, to make additional portions of the Development Area subject to this Declaration as part of the Premises as more fully provided in Article Twelve.

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

1.37 RESIDENT: An individual who legally resides in a Home.

1.38 SIDEWALK EASEMENT: Those portions of the Development Area which are designated on a Plat as a "Sidewalk Easement".

1.39 TOWNHOME: A single family, attached Home on a Townhome Lot.

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

1.41 TOWNHOME COMMITTEE: A committee which shall have certain responsibilities and powers with respect to the Townhomes hereunder and which shall be constituted as provided in Article Five.

1.42 TOWNHOME COMMON AREA: Those portions of the Premises which are legally described and designated in Part IV of Exhibit B as Townhome Common Area and all improvements thereto and landscaping thereon. The Townhome Common Area will generally consist of and include the driveways, walkways and green areas which serve the Townhomes.

1.43 TOWNHOME EXPENSES: The expenses of the (i) maintenance, repair and replacement of all landscaping and improvements to the Townhome Common Area; (ii) snow removal, maintenance, repair and replacement of all driveways and walkways on the Townhome Common Area; (iii) maintenance, repair and replacement of the Townhome Exteriors; (iv) the premiums for fire and extended coverage insurance for the Townhomes, as provided for in Article Four; (v) any expense which is designated as a Townhome Expense in this Declaration; and (vi) any expense incurred by the Association which, pursuant to generally accepted accounting principles, are reasonably allocable to the maintenance, repair or replacement of Townhome Exteriors. Townhome Expenses shall not be Community Expenses. In the event that certain expenses are incurred by the Association in connection with the Community Area, Golf Villa Lots and/or Townhome Exteriors, the allocation of such expenses between Community Expenses, Golf Villa Expenses and Townhome Expenses shall be made by the Board based on generally accepted accounting principles, and any such allocation shall be final and binding.

1.44 TOWNHOME EXTERIOR: The roof, slab, foundation, steps, footings, patio, deck, and outer surface of exterior walls and doors of a Townhome, together with any utility lines located therein.

1.45 TOWNHOME LOT: A Lot which is designated in Part II of Exhibit B hereto, as Exhibit B may be amended from time to time, as a "Townhome Lot".

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

1.47 UNADDED AREA: Those portions of the Development Area which from time to time have not been made subject to this Declaration as part of the Premises.

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

ARTICLE TWO

Scope of Declaration/Certain Easements

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

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 at any time any interest or estate in the premises, 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 DURATION: Except as otherwise specifically provided herein the covenants, conditions, restrictions, easements, reservations, liens, and charges, which are granted, created, reserved or declared by this Declaration shall be appurtenant to and shall run with and bind the land for a period of forty (40) years from the date of Recording of this Declaration and for successive periods of ten (10) years each unless revoked, changed or amended as provided in Section 10.02.

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

2.05 ACCESS EASEMENT:

(a) Each Owner of a Dwelling Unit shall have a non-exclusive, perpetual easement for ingress to and egress from his Dwelling Unit to public streets and roads over and across the private roads, driveways and walkways located on the Community Areas, which easement shall run with the land, be appurtenant to and pass with title to every Dwelling Unit. In addition, each Owner of a Townhome shall have a non-exclusive perpetual easement for ingress to and egress from his Townhome to public streets and roads over and across the private roads, driveways and walkways located on the Townhome Common Area, which easement shall run with the land, be appurtenant to and pass with title to every Townhome.

(b) The Municipality or any other governmental authority which has jurisdiction over the Premises shall have a non-exclusive, perpetual easement of access over roads and driveways located on the Community Area and the Townhome Common Area for (i) police, fire, ambulance, waste removal, (ii) the purpose of furnishing municipal or emergency services to the Premises, and (iii) performing inspections on the Community Area and Townhome Common Area to determine compliance with the Declaration (as provided under Section 7.09) and applicable codes and ordinances of the Municipality.

(c) The Association, its employees and agents, shall have the right of ingress to, egress from, and parking on the Community Area and Townhome Common Area, and the right to store equipment on the Community Area and Townhome Common Area, for the purpose of furnishing any installation, maintenance, repairs or replacements of the Community Area, the Townhome Common Area and Townhome Exteriors, as required or permitted hereunder, including, without limitation landscaping, retaining walls drainage and grading.

(d) The public shall have a non-exclusive, perpetual easement for access over and across the Sidewalk Easement, private roads and walking paths located on the Premises. In addition,

the public shall have a non-exclusive, perpetual easement for access over and across those portions of the Community Area which are designated and delineated on a Plat as "Access & Nature Trail Easement".

(e) The owner from time to time of Unadded Area shall have a non-exclusive perpetual easement of access over private roads from time to time located on the Community Area and Townhome Common Area.

(f) The Golf Course Owner, its members, guests and invitees shall have a non-exclusive, perpetual easement for access over and across the private roads from time to time located on the Community Area which provide access to the Golf Course Property from public ways adjacent to the Premises. In addition, the Golf Course Owner, its members, guests and invitees shall have a non-exclusive, perpetual easement for access for golf cart and pedestrian traffic over and across golf cart paths or walking paths located within recorded easements for access over or ingress and egress on the Community Area.

(g) Aqua Illinois, Inc., its successors and assigns, shall have a non-exclusive, perpetual easement for access over and across that portion of the Community Area which is designated and delineated on the Grant of Easement as "Access Easement No. 1".

(h) SBC, Illinois, its licensees, successors and assigns, shall have a non-exclusive, perpetual easement for access over and across that portion of the Community Area which is designated and delineated on the Grant of Easement as "Access Easement 2".

2.06 RIGHT OF ENJOYMENT: Each Owner of a Detached Home or Townhome shall have the non-exclusive right and easement to use and enjoy the Community Area and each Owner of a Townhome shall have the non-exclusive right and easement to use and enjoy the Townhome Common Area. Such rights and easements shall run with the land, be appurtenant to and pass with title to every Dwelling Unit, and shall be subject to and governed by the laws, ordinances and statutes of jurisdiction, the provisions of this Declaration, the By-Laws, and the reasonable rules and regulations from time to time adopted by the Association.

2.07 DELEGATION OF USE: Subject to the provisions of this Declaration, the By-Laws, and the reasonable rules and regulations from time to time adopted by the Association, any Owner may delegate his right to use and enjoy the Community Area and, if the Owner's Dwelling Unit is a Townhome, the Townhome Common Area, to Residents of the Owner's Dwelling Unit. An Owner shall delegate such rights to tenants and contract purchasers of the Owner's Dwelling Unit who are Residents. An Owner may delegate such rights to guests and invitees, subject to rules and regulations adopted from time to time by the Board, which rules and regulations may provide for the payment of a guest fee to permit guests of an Owner to use portions of the Community Area or Townhome Common Area.

2.08 UTILITY EASEMENTS:

(a) The Municipality and all public and private utilities (including broadband and cable companies) serving the Premises 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 Community Area and Townhome Common Area for the purpose of providing utility services or broadband, cable or satellite television services to the Premises or any other portion of the Development Area.

(b) The provider of a Community System shall have a perpetual, non-exclusive easements over the Development Area for the installation, maintenance, repair and replacement of the Community System provided by such provider and the facilities appurtenant thereto, including, but not limited to, the right to read meters and service and repair lines and equipment which are part of the Community System.

(c) The Declarant shall have the right, but not the obligation, to install Community Systems and to provide the services available through the Community Systems to the Dwelling Units. Neither the Association nor Owners shall have any interest therein. Any or all of such services may be provided either directly through the Association and paid for as part of the Common Expenses or directly through the Declarant, any affiliate of the Declarant, or a third party, by the Owner who receives the services. The Community Systems shall be the property of the Declarant unless transferred by the Declarant, whereupon any proceeds of such transfer shall belong to the Declarant. The Declarant shall have the right but not the obligation to convey, transfer, sell or assign all or any portion of the Community Systems or all or any portion of the rights, duties or obligations with respect thereto, to the Association or to any Person or entity in its sole discretion. The rights of the Declarant with respect to the Community Systems installed by the Declarant and the services provided through such Community Systems are exclusive, and no other Person may provide such services through the Community Systems installed by the Declarant without the prior written consent of the Declarant or its assignee. In recognition of the fact that interruptions in cable television and other Community Systems services will occur from time to time, none of the Declarant, or a person or entity described above, shall in any manner be liable, and no user of any Community System shall be entitled to any refund, rebate, discount or offset in applicable fees, for any interruption in Community Systems services, regardless of whether or not same is caused by reasons within the control of the then-provider of such services

2.09 EASEMENTS, LEASES, LICENSES AND CONCESSIONS: The Association shall have the right and authority from time to time to lease or grant easements, licenses, or concessions with regard to any portions or all of the Community Area and Townhome Common Area for such uses and purposes as the Board deems to be in the best interests of the Owners and which are not prohibited hereunder, including, without limitation, the right to grant easements for utilities or any other purpose which the Board deems to be in the best interests of the Owners and the right to grant public access to walking paths which may be located on the Community Area and Townhome Common Area. Any and all proceeds from leases, easements, licenses or concessions with respect to the Community Area shall be used to pay the Community Expenses and any and all proceeds from leases, easements, licenses or concessions with respect to the Townhome Common Area shall be used to pay the Townhome Expenses. Also, the Association shall have the right and power to dedicate any part or all of the roads or parking areas located on the Community Area and Townhome Common Area to the Municipality, but only with the Municipality's approval. Each person, by acceptance of a deed, mortgage, trust deed, other evidence of obligation, or other instrument relating to a Dwelling Unit, shall be deemed to grant

a power coupled with an 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 Association and duly Recorded.

2.10 ASSOCIATION'S ACCESS: The Association shall have the right and power to come onto any portion of the Premises for the purpose of furnishing the services required to be furnished hereunder or enforcing its rights and powers hereunder.

2.11 NO DEDICATION TO PUBLIC USE: Except for easements granted or dedications made as permitted in Section 2.09 or made by the Declarant, nothing contained in this Declaration shall be construed or be deemed to constitute a dedication, express or implied, of any part of the Community Area or Townhome Common Area to or for any public use or purpose whatsoever.

2.12 EASEMENT FOR ENCROACHMENT: In the event that by reason of the construction, repair, reconstruction, settlement or shifting of an improvement to a Lot, any improvement which is intended to service and/or be part of the Lot shall encroach upon any part of any other Lot, the Community Area or Townhome Common Area or any improvement to the Community Area or Townhome Common Area shall encroach upon any part of a Lot, then there shall be deemed to be an easement in favor of and appurtenant to such encroaching improvement for the continuance, maintenance, repair and replacement thereof; provided, however, that in no event shall an easement for any encroachment be created in favor of any Owner (other than Declarant), if such encroachment occurred due to the intentional, willful, or negligent conduct of such Owner or his agent. Without limiting the foregoing, the Owner of each Lot shall have an easement appurtenant to his Lot for the continuance, maintenance, repair and replacement of the following improvements, if any, which encroach onto another Lot, the Community Area or Townhome Common Area:

- (a) the eaves, gutters, downspouts, facia, flashings, and like appendages which serve a Home on a Lot;
- (b) the chimney which serves a Home on a Lot;
- (c) the air conditioning equipment which serves a Home on a Lot;
- (d) balconies, steps, porches, door entries and patios which serve a Home on a Lot; or
- (e) sunrooms and/or decks, if any, which serve the Home on the Lot.

The Person who is responsible for the maintenance of any encroaching improvement for which an easement for continuance, maintenance, repair and replacement thereof is granted under this Section shall continue to be responsible for the maintenance of such encroaching improvement and the Person who is responsible for the maintenance of the real estate upon which such improvement encroaches shall not have the duty to maintain, repair or replace any such encroaching improvement unless otherwise provided in this Declaration.

2.13 OWNERSHIP OF COMMUNITY AREA AND TOWNHOME COMMON AREA:

The Community Area and Townhome Common Area shall be conveyed to the Association free of mortgages no later than the Turnover Date; provided, however, that any Community Area or Townhome Common Area which is made subject to this Declaration after the Turnover Date shall be conveyed to the Association free of mortgages no later than ninety (90) days after such Community Area or Townhome Common Area is made subject to this Declaration.

2.14 LEASE OF DWELLING UNIT: Any Owner shall have the right to lease all (and not less than all) of his Dwelling Unit subject to the provisions of subsections (a), (b) and (c) below:

(a) No Dwelling Unit shall be leased for less than twelve (12) months or for hotel or transient purposes; and

(b) Any lease shall be in writing and shall provide that such lease shall be subject to the terms of this Declaration and that 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) An Owner who leases his Dwelling Unit shall deliver a copy of the lease to the Association within ten (10) days of the commencement of the of the lease period.

2.15 REAL ESTATE TAXES FOR COMMUNITY AREA AND TOWNHOME COMMON AREA: If a tax bill is issued with respect to Community Area and/or Townhome Common Area which is made subject to this Declaration in the middle of a tax year (regardless of when it is conveyed to the Association), then the tax bill shall be prorated so that the Declarant shall be responsible for the payment of that portion of the tax bill from January 1st of the tax year to the date that such Community Area and/or Townhome Common Area is made subject to this Declaration, and the Association shall be responsible for the balance of the tax bill.

ARTICLE THREE

Maintenance

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

3.02 MAINTENANCE BY ASSOCIATION:

(a) The following services, maintenance, repairs and replacements shall be furnished by the Association as a Community Expense:

(i) Grass cutting and added planting, replanting, care and maintenance of trees, shrubs, flowers, grass and all other landscaping on the Community Area;

(ii) Maintenance, repair and replacement of improvements on the Community Area including, without limitation, detention or retention areas and related improvements and monument signage, if any;

(iii) Maintenance (including snow removal), repair and replacement of the private roads, sidewalks and curbs located on the Community Area;

(iv) Maintenance of portions of the Community Area, if any, which are designated as "wetlands" by any governmental authority, which maintenance shall follow guidelines and the terms and conditions of any permits from time to time issued by the governmental authority which has jurisdiction over maintenance of wetlands;

(v) If required by the Municipality, the maintenance, repair and replacement of landscaping on parkways in dedicated rights of way located adjacent to the Premises. Without limiting the foregoing, the Municipality may require the Association to maintain an irrigation system installed to irrigate such areas and pay the cost of water used to irrigate such areas;

(vi) Periodic scavenger service for the entire Premises;

(vii) Maintenance, repair and replacement of fencing and landscaping located on the Cell Tower Parcels; and

(viii) Repair and replacement of the sidewalks located on the Sidewalk Easement.

(b) The following maintenance, repairs and replacements shall be furnished by the Association as a Townhome Expense:

(i) Subject to Section 3.07, maintenance of trees, shrubs, flowers, grass and all other landscaping (including mulch and flowers) located on the Townhome Common Area and Townhome Lots;

(ii) Maintenance (including snow removal and street cleaning), repair and replacement of all private service drives, driveways and walkways on the Townhome Common Area and Townhome Lots and from the front porches of the Townhomes;

(iii) Subject to 3.03(b), all maintenance (including periodic painting), repairs and replacement to the Townhome Exteriors;

(iv) Maintenance, repair and replacement of the water service lines which serve the Townhomes, from the buffalo box to each Townhome.

Repairs and replacements to a Townhome which are required due to occurrences which are normally covered by insurance required to be obtained by the Association under Section 4.03 shall be made as provided in Section 4.03.

(c) The following maintenance shall be furnished by the Association as a Golf Villa Expense:

(i) Maintenance of trees, shrubs, grass and all other landscaping (including mulch and excluding flowers) located on each Golf Villa Lot; provided, however, that, at the discretion of the Board, grass cutting landscape services may not be furnished with respect to any portion of a Golf Villa Lot on which an Owner or Resident has made an alteration, addition or improvement; and

(ii) Snow removal from the driveways, front walkways and front porches located on each Golf Villa Lot.

(d) Each Owner of a Dwelling Unit, by acceptance of a deed therefor, acknowledges that the water levels of detention areas located on the Premises may vary or may be non-existent at times. Upon completion of construction of the detention areas on the Premises in accordance with approved engineering plans, neither the Declarant nor the Association shall be responsible for the level of water in the detention areas and the appearance of the detention areas related thereto.

3.03 MAINTENANCE BY OWNERS:

(a) Except as provided under 3.02(c) and below, each Owner of a Lot which is improved with a Detached Home shall cause the Lot and Detached Home thereon to be maintained so that the appearance (including, without limitation, the color of the Detached Home) of the Lot and Detached Home is substantially similar to its appearance when first constructed or as modified as permitted pursuant to Section 9.08, ordinary unavoidable wear and tear excepted. Each Owner of a Lot which is improved with a Detached Home shall be responsible for the care and maintenance of shrubs, flowers, trees and other landscaping (including grass which is located in the private road which is adjoining the Sidewalk Easement, if any), and the irrigation system, if any, which serves the Owner's Lot including that portion of the Lot which is a Landscape Buffer Easement Area, if any. Without limiting the foregoing, the Board may, in its discretion, make available to the Owner of each Lot which is improved with a Detached Home landscape and other services, including grass cutting, shrub trimming and maintenance and snow removal, and charge the cost thereof directly to the Owner of a Lot who chooses to receive such services. Each Owner of a Lot which is improved with a Detached Home shall be responsible for the maintenance, repair and replacement of the water service lines which serve the Detached Home, from the buffalo box to the Detached Home.

(b) Maintenance (other than periodic painting), repairs, and replacements of sunrooms, windows, window frames, doors (including storm and garage doors), door frames and screening on a Townhome shall be the responsibility of the Owner of the Townhome; however, at the option of the Board (in consultation with the Townhome Committee), such work may be furnished by the Association and the cost thereof charged to the Owner of the Townhome based on actual cost, as determined by the Board in its reasonable judgment.

(c) If, in the judgment of the Board, an Owner fails to maintain those portions of the Owner's Lot which the Owner is responsible for maintaining hereunder in good condition and repair or the appearance of such portions is not of the quality of that of other Lots in the Development or in compliance with rules and regulations adopted by the Board from time to time, then the Board may, in its discretion, take the following action:

(i) advise the Owner of the work which must be done and allow the Owner at least twenty (20) days (or less in the case of an emergency) to cause the work to be done; and

(ii) if the work is not done to the satisfaction of the Board, in its sole judgment, then the Board may seek injunctive relief, levy a fine and/or cause such work to be done and the cost thereof shall be a Charge payable by the Owner to the Association upon demand.

3.04 CERTAIN UTILITY COSTS: Certain utility costs incurred in connection with the use, operation and maintenance of the Community Area, Townhome Common Area and Townhome Exteriors may not be separately metered and billed to the Association. If the cost for any such utility is metered and charged to individual Dwelling Units rather than being separately metered and charged to the Association, then the following shall apply:

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

(b) If in the opinion of the Board, the Owner is being charged disproportionately for costs allocable to the Community Area, Townhome Common Area and Townhome Exteriors, then the Association shall pay, or reimburse such Owner, an amount equal to the portion of the costs which in the reasonable determination of the Board is properly allocable to the Community Area, Townhome Common Area and Townhome Exteriors and the amount thereof shall be Townhome Expenses or Community Expenses hereunder.

Any determinations or allocations made hereunder by the Board shall be final and binding on all parties.

3.05 DAMAGE BY RESIDENT: If, due to the act or omission of a Resident of a Dwelling Unit, or of a household pet or guest or other occupant or invitee of an Owner, damage shall be caused to the Community Area, Townhome Common Area or a Townhome Exterior and maintenance, repairs or replacements shall be required thereby, which would otherwise be a Townhome Expense or a Community Expense, then the Owner of the Dwelling Unit 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 carried by the Association.

3.06 ALTERATIONS, ADDITIONS OR IMPROVEMENTS TO THE COMMUNITY AREA, TOWNHOME COMMON AREA AND LANDSCAPE BUFFER EASEMENT AREA:

(a) Subject to the provisions of Article Nine, no alterations, additions or improvements shall be made to the Community Area, Townhome Common Area or Landscape Buffer Easement Area without the prior approval of the Board and compliance with applicable Municipality ordinances. The Board shall consult with the Townhome Committee with respect to alterations, additions or improvements to the Townhome Common Area.

(b) The Association may cause alterations, additions or improvements to be made to the Community Area, Townhome Common Area or Landscape Buffer Easement Area, and the cost thereof shall be paid from a special assessment, as more fully described in Section 6.05.

3.07 ALTERATIONS, ADDITIONS OR IMPROVEMENTS TO TOWNHOMES: No additions, alterations or improvements (including, without limitation, changes in the exterior color or landscaping) shall be made to any Townhome Exterior or portion of a Townhome Lot outside of the Townhome by an Owner without the prior written consent of the Board, compliance with applicable ordinances of the Municipality and any consent required under Section 9.08. The Board may (but shall not be required to) condition its consent to the making of an addition, alteration or improvement to a Townhome Exterior or portion of a Townhome Lot outside of the Townhome which requires the consent of the Board upon the Owner's agreement either (i) to be solely responsible for the maintenance of such addition, alteration or improvement, subject to such standards as the Board may from time to time set, or (ii) if the addition, alteration or improvement is required to be maintained hereunder by the Association as part of the Townhome Expenses, to pay to the Association from time to time the additional cost of maintenance as a result of the addition, alteration or improvement. If an addition, alteration or improvement which requires Board consent hereunder is made to a Townhome Exterior or portion of a Townhome Lot outside of the Townhome by an Owner without the prior written consent of the Board, then the Board may, in its discretion, take any of the following actions:

(a) Require the Owner to remove the addition, alteration or improvement and restore the Townhome Exterior or portion of a Townhome Lot outside of the Townhome to its original condition, all at the Owner's expense; or

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

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

3.08 ADDITIONAL SERVICES: In addition to the services required to be provided by the Association, the Association may furnish services relating to the use and maintenance of a Lot or Lots such as, for example, maintenance of landscaping on the Lot, in addition to services required to be provided hereunder, and may charge the cost of providing such services to the

Owner or Owners who benefit from the service. The Board may charge the Owner of each Lot which receives any such service for the reasonable cost of providing such service, which may be allocated in equal shares for each of the Lots which is served, or on such other reasonable basis as the Board may deem appropriate. Any amount charged to an Owner for services furnished pursuant to this Section shall be due and payable at such time or times as designated by the Board and failure to pay any such amount shall give rise to a lien provided for in Section 7.01.

ARTICLE FOUR
Insurance/Condemnation

4.01 ASSOCIATION INSURANCE:

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

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

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

4.02 DETACHED HOME INSURANCE/DAMAGE:

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

(b) No Owner shall cause or permit anything to be done or kept on the Premises which will result in the cancellation of insurance on such Owner's Detached Home, any other Detached Home, the Townhomes, the Community Area or the Townhome Common Area.

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

(d) In the event that any Owner shall fail, within a reasonable time after the occurrence of damage or destruction referred to in subsection (c), to perform the necessary repair or rebuilding, then, the Board may cause such repairs or rebuilding to be performed in the manner as provided in subsection (c) and the cost thereof shall be a Charge hereunder payable by the Owner to the Association upon demand.

4.03 TOWNHOME INSURANCE/DAMAGE:

(a) The Board shall have the authority to and shall cause to be obtained insurance for the Townhomes and all improvements thereto against loss or damage by fire and such other hazards as may be required under applicable requirements of Fannie Mae from time to time, as the Board may deem desirable, or as reasonably required by First Mortgagees, for the full insurable replacement cost of the Townhomes. Anything herein to the contrary notwithstanding, unless otherwise determined by the Board, the insurance obtained by the Board shall only cover restoration of a Townhome to the condition the Townhome would have been in if the Townhome 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 Townhome ("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 Townhome, 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 Townhome 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 Townhome Expenses. Such insurance coverage shall be written in the name of, losses under such policies shall be adjusted by, and the proceeds of such insurance shall be payable to, the Association as trustee for the Townhome Owners. 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 interests of the Board, shall not be invalidated by any act or neglect of any Townhome Owner, (iii) to the extent possible, shall provide that such policy shall not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days' written notice to the First Mortgagee of each Townhome, and (iv) shall contain waivers of

subrogation with respect to the Association and its directors, officers, employees and agents (including the managing agent), Owners and occupants of the Townhomes, First Mortgagees, and the Declarant and shall name all such parties as additional insured parties as their interests may appear.

(b) The Board may engage the services of 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 disbursing the insurance proceeds resulting from any loss, upon such terms as the Board shall determine consistent with the provisions of this Declaration. The fees of such corporate trustee shall be Townhome Expenses. In the event of any loss in excess of \$100,000.00 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 Townhomes, the Board shall engage a corporate trustee as aforesaid upon the written demand of the First Mortgagee or any Owner of any Townhome so destroyed. The rights of First Mortgagees under any standard mortgage clause endorsement to such policies shall, notwithstanding anything to the contrary therein contained, at all times be subject to the provisions of this Declaration with respect to the application of insurance proceeds to the repair or reconstruction of the Townhomes. 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 endorsement inconsistent with the provisions hereof, or see to the application of any payments of the proceeds of any policy by the Board or the corporate trustee.

(c) Unless expressly advised to the contrary by the Board, each Owner shall obtain his own insurance on the Improvements and Betterments within the Owner's Townhome (as defined in Section 4.03(a)), and his personal property stored elsewhere on the Premises, and his personal liability to the extent not covered by the liability insurance for all of the Owners obtained as part of the Townhome 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 Townhome to a condition better than the condition existing prior to the making or installation of the Improvements and Betterments.

(d) Each Townhome Owner hereby waives and releases any and all claims which he may have against any other Owner, the 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 Townhome or to any personal property located in the Owner's Townhome caused by fire or other casualty, to the extent that such damage is covered by fire or other form of casualty insurance, and to the extent this release is allowed by policies for such fire or other casualty insurance.

(e) In the case of damage by fire or other disaster to any Townhome (a "Damaged Improvement") where the insurance proceeds are sufficient to repair or reconstruct the Damaged Improvement, then the proceeds shall be used by the Association to repair or reconstruct the Damaged Improvement.

(f) In the case of damage by fire or other disaster to any Townhome or building which contains Townhomes where the insurance proceeds are insufficient to repair or reconstruct the Damaged Improvement or the Damaged Improvement cannot be reconstructed as originally designed and built because of zoning, building or other applicable laws, ordinances or regulations, the following procedure shall be followed:

(1) A meeting of the Townhome 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 at which a quorum of at least 20% of the Townhomes are represented, the Townhome Committee 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 to be levied against all Townhomes and a proposed schedule for the collection of a special assessment to pay the excess cost.

(3) A vote shall then be taken on the question of whether or not the Damaged Improvement shall be repaired or reconstructed based on the information provided by the Townhome Committee 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 Voting Members representing at least two-thirds (2/3rds) of the votes cast by Voting Members representing Townhomes at such meeting.

(4) If the Voting Members representing Townhomes do not vote to repair or reconstruct the Damaged Improvement at the meeting provided for in (1) and (2) above or if a quorum is not present at such meeting, then the Townhome Committee may, at its discretion, call another meeting or meetings of the Townhome Owners to consider or reconsider, as applicable, the question of whether or not the Damaged Improvement shall be repaired or reconstructed.

(5) If the Voting Members representing Townhomes do not vote to repair or reconstruct the Damaged Improvement under Subsection (4) above, then the Townhome Committee may, with the consent of the Board and Owners representing 75% of the Townhomes in the damaged building and First Mortgagees representing 75% of the Townhomes subject to Mortgages in the building, amend this Declaration to withdraw the lot which includes the Damaged Improvement from the terms hereof (except as provided below). The payment of just compensation, or the allocation of any insurance or other proceeds to any withdrawing or remaining Townhome Owner shall be made to such

Townhome Owner and his First Mortgagee, as their interests may appear, on an equitable basis, determined by the Board in consultation with the Townhome Committee. From and after the effective date of the amendment referred to above in this paragraph, the Owners of Townhomes located on the lot which is withdrawn shall have no responsibility for the payment of assessments which would have been payable with respect to the Townhomes if the amendment had not been Recorded; provided, that, the lot shall continue to be subject to the provisions of Section 3.07 hereof and upon issuance of an occupancy permit for a building constructed on a lot removed from the terms hereof as provided above, the lot shall thereupon be subject to the terms hereof and each Townhome to be constructed thereon shall become a Townhome hereunder.

(g) 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 Premises as they existed prior to the damage, with any variations or modifications required to comply with applicable law and in compliance with applicable ordinances of the Municipality.

(h) 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. Any reconstruction of the building shall be subject to the provisions of Section 3.07.

4.04 OWNER RESPONSIBILITY: In addition to the coverage described in Sections 4.02 and 4.03 above with respect to his Home, each Owner shall obtain his own personal liability insurance to the extent not covered by the liability insurance for all of the Owners obtained as part of the Community Expenses as above provided, and the Board shall have no obligation whatsoever to obtain any such individual insurance coverage on behalf of the Owners.

4.05 WAIVER OF SUBROGATION: The Association and each Owner hereby waive and release any and all claims which it or he may have against any Owner, including relatives of an Owner, the Association, its directors and officers, Declarant, the managing agent, if any, and their respective employees and agents, for damage to the Homes, the Community Area, or to any personal property located in the Homes or the Community Area caused by fire or other casualty, to the extent that such damage is covered by fire or other forms of casualty insurance, and to the extent this release is allowed by policies for such insurance. To the extent possible, all policies secured by the Board under Sections 4.01(a) and (b) and by each Owner under Section 4.02 shall contain waivers of the insurer's rights to subrogation against any Owner, relatives of an Owner, the Association, its directors and officers, the Declarant, the managing agent, if any, and their respective employees and agents.

4.06 CONDEMNATION:

(a) In the case of a taking or condemnation by competent authority of any part of the Community Area, the proceeds awarded in such condemnation shall be paid to the Association and such proceeds, together with all Capital Reserve being held for such part of the Community Area, shall, in the discretion of the Board, either (i) be applied to pay the Community Expenses, (ii) be distributed to the Owners and their respective mortgagees, as their interests may appear, in

equal shares for each Dwelling Unit, or (iii) be used to acquire additional real estate to be used and maintained for the mutual benefit of all Owners, as Community Area under this Declaration. Any acquisition by the Association pursuant to this Section of real estate which shall become Community Area hereunder shall not become effective unless and until a supplement to this Declaration, which refers to this Section and legally describes the real estate affected, is executed by the President of the Association and Recorded.

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

ARTICLE FIVE The Association

5.01 IN GENERAL: Declarant has caused or shall cause the Association to be incorporated as a not-for-profit corporation under Illinois law. The Association shall be the governing body for all of the Owners for the (i) administration and operation of the Community Area and Townhome Common Area, (ii) the maintenance repair and replacement of the Community Area, the Townhome Common Area and Townhome Exteriors, and (iii) the maintenance of portions of the Golf Villa Lots, as provided herein.

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

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

5.04 BOARD/TOWNHOME COMMITTEE/GOLF VILLA COMMITTEE: Subject to the rights retained by the Declarant under Section 9.05, (a) the Board shall consist of five (5) members, each of whom shall be an Owner or Voting Member, (b) the Townhome Committee shall consist of three (3) members, each of whom shall be an Owner or Voting Member who represents a Townhome, and (c) the Golf Villa Committee shall consist of three (3) members, each of whom shall be an Owner or Voting Member who represents a Golf Villa Lot. An individual may be a member of the Board and the Townhome Committee or the Golf Villa Committee at the same time.

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

5.06 DIRECTOR AND OFFICER LIABILITY: None of the directors, the Townhome Committee members, the Golf Villa Committee members or the officers of the Association shall be personally liable to the Owners or the Association for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such directors and officers except for any acts or omissions found by a court to constitute criminal conduct, gross negligence or fraud. The Association shall indemnify and hold harmless the Declarant and each of the directors, the Townhome Committee members, the Golf Villa Committee members and officers, his heirs, executors or administrators, against all contractual and other liabilities to the Association, the Owners or others arising out of contracts made by or other acts of the directors and officers on behalf of the Owners or the Association or arising out of their status as directors or officers unless any such contract or act shall have been made criminally, fraudulently or with gross negligence. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses (including, but not limited to, counsel fees, amounts of judgments paid and amounts paid in settlement) actually and reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative, or other in which any such director may be involved by virtue of such person being or having been such director or officer; provided, however, that such indemnity shall not be operative with respect to (i) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for criminal conduct, gross negligence or fraud in the performance of his duties as such director or officer, or (ii) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Board, there is not reasonable ground for such person being adjudged liable for criminal conduct, gross negligence or fraud in the performance of his duties as such director, officer, Townhome Committee member or Golf Villa Committee member.

5.07 MANAGING AGENT: Any management agreement entered into by the Association prior to the Turnover Date shall have a term of not more than one (1) year and shall

be terminable by the Association without payment of a termination fee on sixty (60) days written notice.

5.08 REPRESENTATION: The Association shall have the power and right to represent the interests of all of the Owners in connection with claims and disputes affecting the Community Area, Townhome Common Area, Townhome Exteriors and Golf Villa Lots (other than Golf Villa Homes). Without limiting the foregoing, the Association shall have the power after the Turnover Date to settle warranty disputes or other disputes between the Association, the Owners, and the Declarant affecting the construction, use or enjoyment of the Community Area, Townhome Common Area, Townhome Exteriors and Golf Villa Lots and any such settlement shall be final and shall bind all of the Owners.

5.09 DISSOLUTION: To the extent permissible under applicable law, in the event of the dissolution of the Association, any Community Area owned by the Association shall be conveyed to the Owners as tenants in common and any Townhome Common Area owned by the Association shall be conveyed to the Owners of Townhomes as tenants in common.

5.10 LITIGATION/EXTRAORDINARY ACTIONS:

(a) No judicial or administrative proceedings shall be commenced or prosecuted by the Association without first holding a special meeting of the members and obtaining the affirmative vote of Voting Members representing at least seventy-five percent (75%) of the Dwelling Units to the commencement and prosecution of the proposed action. This Section shall not apply to (a) actions brought by the Association to enforce the provisions of this Declaration, the By-Laws or rules and regulations adopted by the Board (including, without limitation, an action to recover Charges or to foreclose a lien for unpaid Charges) (b) actions involving challenges to real estate taxes or assessments, or (c) counterclaims brought by the Association in proceedings instituted against it. Any action brought by the Association against an Owner or against the Declarant shall be resolved by binding arbitration in accordance with the rules and procedures of Construction Arbitration Services, Inc. or its successor or an equivalent organization selected by the Board.

(b) No Owner shall have the right to object, to challenge, and/or to commence any legal proceeding under any act, power, or authority now in force or hereafter to be enacted except after following such procedures as may be established by the Board by rule or regulation consistent with the provisions of this Declaration. The Board, or a committee as may be appointed by the Board, shall hear claims from Owners regarding alleged violations of this Declaration, the Bylaws, or any rules and regulations (except for violations with respect to assessment obligations) of the Association. The Board or such committee shall hold a hearing on any such claim within forty-five (45) days after receipt by the Board of a written notice of claim and request for a hearing from a Unit Owner. A decision shall be issued in writing by the Board or such committee (which decision may at the Board or committee's discretion, but shall not be required, to include the rationale supporting the decision) within fifteen (15) days after the conclusion of the hearing, unless the parties involved agree to extend the timeframe for the decision. Unless the internal remedies provided by this Section and any rules and regulations as may be promulgated by the Board, shall be expressly waived by the Association, or the Association fails or refuses to act, no legal proceeding shall be commenced by any Owner until

such internal remedy is pursued to exhaustion. Once all Association procedures are exhausted, any and all disputes arising out of this Declaration, the Bylaws, and any rules and regulations (except for violations with respect to assessment obligations) of the Association and all other torts and statutory causes of action shall be resolved by binding arbitration in accordance with the rules and procedures of Construction Arbitration Services, Inc or its successor or an equivalent organization selected by Board.

(c) Any provision of this Declaration, the Bylaws or Articles of Incorporation to the contrary notwithstanding, after the Turnover Date, the Board shall not be authorized to take any "Extraordinary Actions" (as defined below) without the affirmative vote of Voting Members entitled to cast not less than sixty-seven percent (67%) of the total votes, in person or by proxy, and voting at any meeting of the Association duly called for this purpose. As used herein, the term "Extraordinary Actions" shall mean any and all actions taken by or on behalf of the Association, including without limitation, commencing or maintaining any litigation, arbitration or similar proceeding, which would reasonably require the expenditure of funds in excess of Ten Thousand Dollars (\$10,000.00) in the aggregate during any fiscal year of the Association; provided, however, that the term "Extraordinary Actions" shall not be deemed to include (i) routine assessment collection actions under Article Six hereof, (ii) routine actions required to enforce the architectural controls set forth in Article Three hereof, or any rules and regulations of the Association adopted by the Board, (iii) any expenditure made by the Association in accordance with any budget or budget amendment duly adopted in accordance with Article Six hereof, (iv) any special assessment duly adopted in accordance with Article Five, or (v) any special assessment duly adopted in accordance with Sections 6.05 hereof. Each planned expenditure of more than Ten Thousand Dollars (\$10,000.00) shall require the prior approval of the Voting Members in accordance with this Section. Any meeting of the Association held to approve any Extraordinary Actions under this Section shall be subject to the notice and quorum requirements set forth in the Bylaws.

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

ARTICLE SIX

Assessments

6.01 PURPOSE OF ASSESSMENTS: The assessments levied by the Association shall be exclusively for the purposes of administering the affairs of the Association, paying the Community Expenses, Townhome Expenses, Golf Villa Expenses and accumulating reserves for any such expenses.

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

- (a) The estimated Townhome Expenses;

(b) The estimated amount, if any, to maintain adequate reserves for Townhome Expenses;

(c) The amount of the Townhome Assessment payable by the Owners of Townhomes, which shall be equal to the amount determined in (a) above plus the amount determined in (b) above;

(d) That portion of the "Townhome Assessment" which shall be payable monthly by the Owner of each Townhome until the next annual Townhome Assessment or revised Townhome Assessment becomes effective, which monthly amount shall be equal to the Townhome Assessment divided by the number of Townhomes, divided by 12, so that each Owner of a Townhome shall pay an equal Townhome Assessment for each Townhome owned;

(e) The estimated Golf Villa Expenses;

(f) The estimated amount, if any, to maintain adequate reserves for Golf Villa Expenses;

(g) The amount of the Golf Villa Expenses payable by the Owners of Golf Villa Lots, which shall be equal to the amount determined in (e) above plus the amount determined in (f) above;

(h) That portion of the "Golf Villa Assessment" which shall be payable monthly by the Owner of each Golf Villa Lot until the next annual Golf Villa Assessment or revised Golf Villa Assessment becomes effective, which monthly amount shall be equal to the Golf Villa Assessment divided by the number of Golf Villa Lots, divided by 12, so that each Owner of a Golf Villa Lot shall pay an equal Golf Villa Assessment for each Golf Villa Lot owned;

(i) The estimated Community Expenses;

(j) The estimated amount, if any, to maintain adequate reserves for Community Expenses;

(k) The estimated net available cash receipts from sources other than assessments, including, without limitation, receipts from any leases, licenses or concessions;

(l) The amount of the "Community Assessment" payable by the Owners of Dwelling Units, which is hereby defined as the amount determined in (i) above, plus the amount in (j) above, minus the amount determined in (k) above;

(m) That portion of the Community Assessment which shall be payable annually by the Owner of each Dwelling Unit until the next Community Assessment or revised

Community Assessment becomes effective, which amount shall be equal to the Community Assessment, divided by the number of Dwelling Units so that each Owner shall pay equal Community Assessments for each Dwelling Unit owned. The Board may require the Community Assessment to be paid in annual, semi-annual, quarterly or monthly installments as determined by the Board from time to time in its reasonable discretion.

The Townhome Committee shall prepare and approve that portion of the budget provided for in (a), (b), (c) and (d) above and the Golf Villa Committee shall prepare and approve that portion of the budget provided for in (e), (f), (g) and (h) above.

Anything herein to the contrary notwithstanding, the provisions of this paragraph shall apply with respect to the period prior to the Turnover Date. Any budget ("Stabilized Budget") prepared by the Board prior to the Turnover Date shall be based on the assumptions that (i) the Development has been fully constructed as shown on Declarant's then current plan for the Development ("Current Development Plan") and (ii) all proposed Dwelling Units have been sold and are occupied. The Current Development Plan shall be kept on file with the Association and may be modified from time to time by Declarant. Each Owner of a Dwelling Unit (other than Declarant) shall pay as the Owner's monthly share of the Community Assessment an amount equal to the total Community Expenses, as shown on the Stabilized Budget divided by the number of Dwelling Units as shown on the Current Development Plan, divided by 12. Each owner of a Townhome (other than Declarant) shall pay as the Owner's monthly share of the Townhome Assessment an amount equal to the total Townhome Expenses, as shown on the Stabilized Budget divided by the number of Townhomes, as shown on the Current Development Plan, divided by 12. Each owner of a Golf Villa Lot (other than Declarant) shall pay as the Owner's monthly share of the Golf Villa Assessment an amount equal to the total Golf Villa Expenses, as shown on the Stabilized Budget divided by the number of Golf Villa Lots, as shown on the Current Development Plan, divided by 12. Declarant shall not be obligated to pay any Community Assessments, Townhome Assessments or Golf Villa Assessments to the Association prior to the Turnover Date. However, if with respect to the period commencing on the date of the Recording of this Declaration and ending on the Turnover Date, the amount of Community Assessments, Townhome Assessments or Golf Villa Assessments payable by Owners (other than Declarant), plus amounts payable under Section 6.07, less the portions thereof which are to be added to Reserves is less than the Community Expenses, Townhome Expenses or Golf Villa Expenses actually incurred with respect to such period, then the Declarant shall pay the difference to the Association. From time to time prior to the Turnover Date, the Declarant shall deposit with the Association amounts which reasonably approximate Declarant's obligation hereunder as estimated by the Declarant. A final accounting and settlement of the amount, if any, owed by Declarant to the Association, and vice versa, shall be made as soon as practicable after the Turnover Date.

6.03 PAYMENT OF ASSESSMENT: On or before the 1st day of January of the ensuing calendar year, and on the first day of each month thereafter until the effective date of the next annual or revised Golf Villa Assessment, Townhome Assessment or Community Assessment, each Owner of a Dwelling Unit which is subject to assessment shall pay to the Association, or as the Board may direct, that portion of the Golf Villa Assessment or Townhome Assessment, if

any, and Community Assessment which is payable by each Owner of a Dwelling Unit under Section 6.02(d), (h) and (m). For purposes hereof, a Lot shall only be subject to assessment hereunder from and after such time as an occupancy certificate has been issued with respect to the Dwelling Unit constructed thereon.

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

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

6.06 CAPITAL RESERVE: The Association shall segregate and maintain special reserve accounts to be used solely for making capital expenditures in connection with the Community Area, Townhome Common Area, Townhome Exteriors (the "Capital Reserve"). The Board shall determine the appropriate level of the Capital Reserve based on a periodic review of the useful life of improvements to the Community Area, Townhome Common Area, the Townhome Exteriors and other property owned or maintained by the Association and periodic projections of the cost of anticipated major repairs or replacements to the Community Area, Townhome Common Area, the Townhome Exteriors and the purchase of other property to be used by the Association in connection with its duties hereunder; provided, that the Townhome Committee shall make such determinations with respect to the Townhome Exteriors and

Townhome Common Area. Each budget shall disclose that percentage of the Townhome Assessment or Community Assessment, as applicable, which shall be added to the Capital Reserve and each Owner shall be deemed to make a capital contribution to the Association equal to such percentages multiplied by each installment of the Townhome Assessment or Community Assessment, as applicable, paid by such Owner.

6.07 INITIAL CONTRIBUTION: Upon the closing of the first sale of a Dwelling Unit by the Declarant to a purchaser for value and the closing of each subsequent sale of a Dwelling Unit, the purchasing Owner shall make a contribution to the Association in an amount equal to (i) one-fourth (1/4) of the annual Townhome Assessment or Golf Villa Assessment, as applicable, and (ii) one-fourth (1/4) of the annual Community Assessment, at the rate which shall be effective with respect to the Dwelling Unit as of the closing. Said amount shall be held and used by the Association for its operating revenue.

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

ARTICLE SEVEN

Collection of Charges and Remedies for Breach or Violation

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

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

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

escape personal liability for the Charges hereunder by nonuse of the Community Area or Townhome Common Area or by abandonment or transfer of his Dwelling Unit.

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

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

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

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

7.08 ENFORCEMENT BY OWNERS: Subject to the provisions of Section 5.10, enforcement of the provisions contained in this Declaration and the rules and regulations adopted hereunder may be by any proceeding at law or in equity by any aggrieved Owner against any

person or persons violating or attempting to violate any such provisions, either to restrain such violation or to recover damages, and against a Dwelling Unit to enforce any lien created hereunder.

7.09 ENFORCEMENT BY MUNICIPALITY: The Municipality is hereby granted the right, but shall not be obligated, to enforce covenants and obligations of the Association or the Owners hereunder by instituting any proceeding at law or in equity to compel such compliance with such covenants and obligations. In addition, if the Association or one or more Owners fail to comply with any covenants and obligations hereunder, the Municipality shall have the right (but shall not be obligated) to give notice to the Association or the offending Owner or Owners of its, his or their failure to perform its, his or their obligations hereunder. If such notice is given and the Association or offending Owner or Owners do not perform to the satisfaction of the Municipality within fifteen (15) days after the giving of such notice, then the Municipality may (but shall not be obligated to) enter upon the Premises and perform any and all work which it deems necessary and appropriate, either directly or through contractors engaged by the Municipality. The Association or the offending Owner or Owners shall, upon demand, reimburse the Municipality for the reasonable cost of such work. In the case of an Owner, if payment is not made within thirty (30) days after demand, then the amount due shall become a lien on the Lot of the offending Owner or Owners; provided, however, that such lien shall be subordinate to the lien of any first mortgage on a Lot Recorded prior to the date on which such cost becomes a lien against the Lot as provided above. In the case of the Association, the Municipality shall be entitled to record a lien against each of the Lots in an amount equal to the amount owed divided by the number of Lots then subject to the Declaration; provided that any such lien shall be subordinate to the first mortgage, if any, on each Lot.

ARTICLE EIGHT Use Restrictions

8.01 IN GENERAL: The provisions of this Article are intended to restrict certain uses and activities that may be harmful or affect the ambience or aesthetic appeal of the Development. These use restrictions are not intended to prohibit Declarant with respect to the construction of improvements on any part of the Premises and therefore are not binding upon Declarant in the performance of such work.

8.02 INDUSTRY/SIGNS: No industry, business, trade, occupation or profession of any kind shall be conducted, maintained or permitted on any part of the Community Area or Townhome Common Area, nor shall any "For Sale" or "For Rent" signs or any other advertising be maintained or permitted on any part of the Premises (except as permitted under Article Nine) without the prior written approval of the Board.

8.03 UNSIGHTLY USES: No clothes, sheets, blankets, laundry of any kind or other articles shall be hung out on any portion of the Community Area or Townhome Common Area. The Premises shall be kept free and clear of all rubbish, debris and other unsightly materials and no waste shall be committed thereon. No "above ground" pool shall be constructed on any portion of the Premises.

8.04 SATELLITE DISHES/ANTENNAE: Subject to applicable federal, state and local laws, ordinances and regulations, no television antenna, radio receiver or transmitter, satellite dish or other similar device shall be attached to or installed on any portion of any Townhome Exterior, the exterior of any Detached Home, the Community Area or the Townhome Common Area without the approval of the Board provided, that a satellite dish of one (1) meter or less in diameter may be installed along the rear roof line of the Home as long as the satellite dish is not visible from the front of the Home . Without limiting the foregoing, the provisions of this paragraph shall not apply to the Association with respect to the installation of equipment necessary for a master antenna system, cable television system or other similar systems within the Premises.

8.05 RESIDENTIAL USE ONLY: Each Dwelling Unit shall be subject to the following restrictions:

(a) Except as used by the Declarant in connection with construction and marketing of Dwelling Units in the Development, each Dwelling Unit shall be used for residential purposes only; provided, however, that, subject to subsection (b) below, occupations carried on in the Dwelling Unit are permitted only if such use is incidental to the Dwelling Unit's primary residential use, provided further that Owners who pursue such incidental occupational use of their Dwelling Unit, shall have no employees, customers or clients at the Dwelling Unit and shall obtain prior approval from the Association and all municipal authorities having jurisdiction over the use; and

(b) No commercial, industrial, recreational or professional activity, as defined in the applicable zoning ordinance, shall be pursued on any Dwelling Unit at any time. If zoning regulations change to expand the scope of activities that Owners may pursue lawfully within the Dwelling Unit, an Owner shall apply to the Board for approval to permit this use of the Owner's Dwelling Unit. Each application shall be considered by the Board on an individual basis. Once the Board has given its approval to a particular use of a Dwelling Unit, it may not revoke the approval as long as the nature and scope of the approved use remains unchanged. No Owner shall permit his Dwelling Unit to be used or occupied for any prohibited purpose. No approved business activity shall result in delivery vehicles or additional parking needs that cannot be accommodated on the Owner's Lot.

8.06 PARKING: No commercial vehicle, recreational vehicle, snow mobile, motorcycle or other motorized vehicle and no boat, trailer, hitch or other similar personal property shall at any time be parked or stored on any portion of the Premises other than on a driveway or in a garage. Unless otherwise specifically permitted by the Board or pursuant to rules and regulations adopted by the Board, driveways on the Premises may only be used to park commercial vehicles, recreational vehicles, snow mobiles, boats, trailers, or other similar vehicles for not more than twenty-four (24) hours at a time and to park operable automobiles. The use of guest parking spaces on the Townhome Common Areas shall be subject to reasonable rules and regulations adopted by the Board (in consultation with the Townhome Committee).

8.07 OBSTRUCTIONS/REFUSE: Except as permitted under Section 9.03, there shall be no obstruction of the Community Area or Townhome Common Area, and nothing shall be stored in the Community Area or Townhome Common Area without the prior written consent of

the Board. All rubbish and refuse shall be deposited in such areas and in such receptacles as shall be designated from time to time by the Board or the Municipality.

8.08 PETS: No animal of any kind shall be raised, bred or kept in the Community Area or the Townhome Common Area. The Board may from time to time adopt rules and regulations governing (a) the keeping of pets in a Home, which may include prohibiting certain species of pets from being kept in a Home; (b) the use of the Community Area or Townhome Common Area by pets, including, without limitation, rules and regulations which require an Owner to clean up after his pet; and (c) the number of pets being kept in a home. A pet may not be left unattended in yards, garages, or porches or on the Community Area or Townhome Common Area. Any pet causing or creating a nuisance or unreasonable disturbance shall be permanently removed from the Premises upon three (3) days written notice from the Board to the Owner of the Home containing such pet and the decision of the Board shall be final.

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

8.10 RULES AND REGULATIONS: The use, occupancy and enjoyment of the Community Area and Homes shall at all times be subject to reasonable rules and regulations adopted from time to time by the Board.

8.11 WATERING: The Board may adopt rules and regulations governing the watering of grass, shrubs, trees and other foliage on the Community Areas and Townhome Common Area. Without limiting the foregoing, the Board may require the Owner of a particular Lot to be responsible for watering specific portions of the Premises as designated from time to time by the Board.

8.12 FENCING: No fencing shall be permitted on any portion of the Premises; provided, however, that subject to the provisions of Sections 9.08 and 14.04, an Owner may install a fence around a swimming pool, if required by the Municipality.

ARTICLE NINE

Declarant's Reserved Rights and Special Provisions Covering Development Period

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

9.02 PROMOTION OF PROJECT: The Declarant shall have the right and power, within its sole discretion, to (i) construct such temporary or permanent improvements, or to do such acts or other things in, on, or to the Premises as the Declarant may, from time to time, determine to be necessary or advisable, (ii) construct and maintain model Homes, sales or leasing offices, parking areas, advertising signs, lighting and banners, or other promotional facilities at such locations and in such forms as the Declarant may deem advisable and to use such model homes (including model homes which are sold and leased back to the Declarant), sales or leasing offices or other facilities for the purpose of selling or leasing Dwelling Units on the Premises or at other properties in the general location of the Premises which are being offered for sale by the Declarant or any of its affiliates, without the payment of any fee or charge whatsoever to the Association. Declarant, its agents, prospective purchasers and tenants, shall have the right of ingress, egress and parking in and through, and the right to use and enjoy the Community Area and Townhome Common Area, at any and all reasonable times without fee or charge. The Declarant shall have the right and power to lease any Dwelling Unit owned by it or the Declarant to any person or entity which it deems appropriate in its sole discretion.

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

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

9.05 DECLARANT CONTROL OF ASSOCIATION: The first and all subsequent Boards, Townhome Committees and Golf Villa Committees shall consist solely of three (3) persons from time to time designated by the Declarant, which persons may, but need not, be members under Section 5.02. Declarant's rights under this Section to designate the members of the Board, the Townhome Committee and the Golf Villa Committee shall terminate on the first to occur of (i) such time as Declarant no longer holds or controls title to any part of the Development Area, (ii) the giving of written notice by Declarant to the Association of Declarant's election to terminate such rights, or (iii) fifteen (15) years from the date of Recording hereof. The date on which the Declarant's rights under this Section shall terminate shall be referred to as

the "Turnover Date". The Declarant may appoint Owners (other than representatives of the Declarant) from time to time to be and act as non-voting counselors to the Board and/or Townhome Committee or Golf Villa Committee. From and after the Turnover Date, the Board and the Townhome Committee shall be constituted and elected as provided in the By-Laws. Prior to the Turnover Date all of the voting rights at each meeting of the Owners shall be vested exclusively in the Declarant and the Owners shall have no voting rights.

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

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

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

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

(c) Subject as hereinafter provided, from time to time, the Declarant may enter into an agreement ("Transfer Agreement") with the Association whereby the Declarant assigns and transfers to the Association some or all of its rights and powers under Subsection (a). Any Transfer Agreement shall be executed by both the Declarant and the Association and shall be

recorded; provided, that the execution of the Transfer Agreement by the Association shall be approved in advance by action of the Voting Members at an annual meeting or special meeting of the Voting Members. A Transfer Agreement may include such terms as are agreed upon between the Declarant and the Association. From and after the recording of a Transfer Agreement, the rights and powers of the Declarant under Subsection (a) which is transferred to the Association pursuant to the Transfer Agreement, shall be administered as provided in the Transfer Agreement. Any rights and powers of the Declarant under Subsection (a) which is not transferred to the Association pursuant to a Transfer Agreement shall expire and terminate at such time as the Declarant no longer holds or controls title to any portion of the Development Area.

ARTICLE TEN Amendment

10.01 SPECIAL AMENDMENTS: Anything herein to the contrary notwithstanding, Declarant reserves the right and power to Record a special amendment ("Special Amendment") to this Declaration at any time and from time to time which amends this Declaration (i) to comply with requirements of Fannie Mae, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Veteran's Administration, or any other governmental agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by such entities, (ii) to induce any of such agencies or entities to make, purchase, sell, insure, guarantee or otherwise deal with first mortgages covering Lots, (iii) to correct errors, omissions, ambiguities or inconsistencies in the Declaration or any Exhibit, (iv) to bring the Declaration into compliance with applicable laws, ordinances or governmental regulations, or (v) to amend Exhibit A to include additional real estate. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to the Declarant to make or consent to a Special Amendment on behalf of each Owner. Each deed, mortgage, trust deed, other evidence of obligation, or other instrument affecting a Lot and the acceptance thereof shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of, the power to the Declarant to make, execute and Record Special Amendments. The right and power to make Special Amendments hereunder shall terminate at such time as Declarant no longer holds or controls title to a portion of the Development Area.

10.02 AMENDMENT: Subject to Section 10.01 and Article Eleven, the provisions of this Declaration may be amended, abolished, modified, enlarged, or otherwise changed in whole or in part by the affirmative vote of Voting Members representing at least Seventy-Five percent of the total votes of all Voting Members or by an instrument executed by Owners of at least Seventy-Five Percent (75%) of the Dwelling Units; except, that (i) the provisions of this Section 10.02 may be amended only by an instrument executed by all of the Owners and all First Mortgagees, (ii) Article Nine, Article Twelve or any other provisions relating to the rights of Declarant may be amended only with the written consent of the Declarant and (iii) amendments relating to the rights of the Municipality and the termination of this Declaration shall require the prior written consent of the Municipality. No amendment which removes Premises from the provisions of this Declaration shall be effective if as a result of such removal, an Owner of a

Dwelling Unit shall no longer have the legal access to a public way from his Dwelling Unit. No amendment shall become effective until properly Recorded.

ARTICLE ELEVEN
First Mortgagees Rights

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

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

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

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

(d) Notice of any proposed action that requires the consent of a specified percentage of Eligible First Mortgagees;

(e) Notice of any substantial damage to any part of the Community Area, the Townhome Common Area or the Dwelling Unit subject to the First Mortgagee's mortgage;

(f) Notice of the commencement of any condemnation or eminent domain proceedings with respect to any part of the Community Area, the Townhome Common Area or the Dwelling Unit subject to the First Mortgagee's mortgage.

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

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

(i) In the case of a First Mortgagee, the right to be listed on the records of the Association as an "Eligible First Mortgagee" for purpose of Section 11.02 below; and

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

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

11.02 CONSENT OF FIRST MORTGAGEES:

(a) In addition to any requirements or prerequisites provided for elsewhere in this Declaration, the consent of First Mortgagees holding, in the aggregate, the first mortgages on at least two-thirds (2/3) of the Dwelling Units (by number) which are subject to first mortgages held by First Mortgagees which specifically request to be treated as "Eligible First Mortgagees" under Section 11.01(i) above will be required for the Association to do or permit to be done any of the following:

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

(2) The withdrawal of the Premises from the provisions of this Declaration.

However, in no event shall the consent of Eligible First Mortgagees be required with respect to any action taken by Declarant pursuant to Article Twelve.

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

11.03 INSURANCE PROCEEDS/CONDEMNATION AWARDS:

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

(b) In the event of (i) any distribution of any insurance proceeds hereunder as a result of damage to, or destruction of, any part of the Townhome Common Area or (ii) any distribution of the proceeds of any award or settlement as a result of condemnation or eminent domain proceedings with respect to any part of the Townhome Common Area, 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 Townhome with respect to any such distribution to or with respect to such Townhome; provided, that, nothing in this Section shall be construed to deny to the Association the right (i) to apply insurance proceeds to repair or replace damaged Townhome Common Area or (ii) to apply proceeds of any award or settlement as a result of eminent domain proceedings as provided in Article Four.

ARTICLE TWELVE
Annexing Additional Property

12.01 **IN GENERAL**: Declarant reserves the right at any time and from time to time prior to fifteen (15) years from the date of Recording of this Declaration to annex, add and subject additional portions of the Development Area to the provisions of this Declaration as additional Premises by recording a supplement to this Declaration (a "Supplemental Declaration"), as hereinafter provided. Any portion of the Development Area which is subjected to this Declaration by a Supplemental Declaration shall be referred to as "Added Premises"; any portion of any Added Premises which is made part of the Community Area shall be referred to as "Added Community Area"; any portion of the Added Premises which is made part of the Townhome Common Area shall be referred to as "Added Townhome Common Area"; and any Dwelling Units contained in the Added Premises shall be referred to as "Added Dwelling Units". After the expiration of said fifteen (15) year period, Declarant may exercise the rights described herein to annex, add and subject additional portions of the Development Area to the provisions of this Declaration, provided that the consent the Owners (by number) of two-thirds (2/3) of all Dwelling Units then subject to this Declaration is first obtained.

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

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

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

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

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

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

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

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

ARTICLE THIRTEEN

Party Walls

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

13.02 RIGHTS IN PARTY WALL: Each Owner of a Townhome, which includes a portion of a Party Wall, shall have the right to use the Party Wall for support of the structure originally constructed thereon and all replacements thereof and shall have the right to keep,

maintain, repair and replace therein all pipes, conduit, and ducts originally located therein and all replacements thereof.

13.03 DAMAGE TO PARTY WALL:

(a) If any Party Wall is damaged or destroyed through the act or acts of any Owner of a Townhome which is adjacent to such Party Wall, or his agents, servants, tenants, guests, invitees, licensees, or members of his family, whether such act is willful, negligent or accidental, such Owner shall forthwith proceed to rebuild or repair the same to as good a condition as in which such Party Wall existed prior to such damage or destruction without costs therefor to the Owner of the other adjoining Townhome.

(b) Any Party Wall damaged or destroyed by some act or event other than one caused by the Owner of a Townhome which is adjacent to such Party Wall, or his agents, servants, tenants, guests, invitees, licensees, or members of his family, shall be rebuilt or repaired by the Owners of the adjacent Townhomes to as good a condition as in which such Party Wall existed prior to such damage or destruction at joint and equal expense of such Owners, and as promptly as is reasonably possible; provided that the cost of repairing or replacing any portion thereof which is part of a Townhome Exterior with respect to which the Association is responsible for furnishing maintenance, repairs or replacements hereunder shall be paid by the Association as a Townhome Expense to the extent not covered by insurance.

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

13.04 CHANGE IN PARTY WALL: Any Owner of a Townhome who proposes to modify, rebuild, repair or make additions to any structure upon his Townhome in any manner which requires the extension, alteration or modification of any Party Wall shall first obtain the written consent thereto, as to said Party Wall, of the Owner of the other adjacent Townhome and the Board, in addition to meeting any other requirements which may apply. In the event that a Party Wall is altered, regardless of whether all required consents have been obtained, any express or implied warranties made by the Declarant concerning the structural integrity of the Party Wall or of either the Townhomes adjacent to the Party Wall shall be null and void and the Owner who alters the Party Wall shall be responsible for any and all damage caused to an adjacent Townhome or improvements thereto.

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

ARTICLE FOURTEEN
Golf Play Easements

14.01 **IN GENERAL**: Declarant hereby declares the easements provided for in this Article Fourteen over the Premises for the benefit of the Golf Course Property ("Golf Play Easement").

14.02 **GOLF COURSE PLAY EASEMENT**: There is hereby granted to the owner of the Golf Course Property, along with its servants, independent contractors, agents members, guests, and invitees (collectively, the "Golf Course Users"), a nonexclusive easement over and across the Premises for the following purpose:

(a) Retrieval of golf balls, including the right to enter on the Premises and any lot created thereon, for that purpose, provided the right to retrieve golf balls shall only extend to non-enclosed portions of the Premises or lots, and the person retrieving the golf balls shall do so in a reasonable manner and will repair any damage caused by entry onto the Premises to retrieve the golf ball;

(b) Flight of golf balls over, across, and upon the Premises;

(c) Doing of every act necessary and incident to the playing of golf and other recreational activities on the Golf Course Property, including, but not limited to , the operation of lighting facilities for operation of tennis, swimming, driving range, and golf practice facilities during hours of darkness, and the creation of usual and common noise levels associated with such recreational activities;

(d) Creation of noise related to the normal maintenance and operation of the Golf Course and improvements thereon, including, but not limited to, the operation of mowing and spraying equipment. Such noise may occur from early morning until late evening; and

(e) An easement for the overspray of herbicides, fungicides, pesticides, fertilizers, and water over portions of the Property located adjacent to the Golf Course Property.

14.03 **DAMAGE BY ERRANT GOLF BALLS**: Declarant, for itself and each and every subsequent owner of a portion of the Premises, hereby acknowledges and agrees that the existence of a golf course on the Golf Course Property is beneficial and highly desirable; however, such owner acknowledges and agrees that portions of the Premises located adjacent to the Golf Course Property are subject to the risk of damage or injury due to errant golf balls. Declarant, for itself and subsequent owners of portions of the Premises, their successors and assigns, hereby assumes the risk of damage and injury and hereby releases the Golf Course Owner, its manager, lessees, successor and assigns, from any and all liability for damage or injury caused by errant golf balls in, on, or around the Premises, and agrees to indemnify and hold Golf Course Owner, its manager lessees, successors and assigns, harmless from any and all claims, actions, costs or liability arising from any damage or injury caused, directly or indirectly, by golf balls flying, landing, hitting, or resting in or around the Premises. The obligation to indemnify, defend, and hold harmless shall pass with title to each portion of the Premises, and

once an owner or lessee of land within the Premises has conveyed title to the Premises, the obligation ceases as to that owner for all subsequent occurrences and that obligation passes to the new owner or lessee.

14.04 FENCING RESTRICTIONS: With respect to fences installed around swimming pools pursuant to Section 8.12 above, no Owner shall construct a fence or enclosure located along or next to the boundary lines between the Golf Course Property and the Premises except in compliance with the Fence Criterion, as defined below. Golf Course Owner and Declarant shall develop criteria and specifications for the type, size, and materials they deem acceptable for fences located along the Golf Course Property (the "Fence Criterion"). The Association shall make the subject to change by agreement of Golf Course Owner and the Association, provided such changes shall not affect any fences existing at the time such changes become effective, and such changes shall not be effective until forty-five (45) days following publication of such revised fence requirements.

14.05 VIEW IMPAIRMENT: The Golf Course Property Owner shall not guarantee or represent that any view over and across the Golf Course Property from the Premises will be preserved without impairment. The Golf Course Property Owner shall have no obligation to prune or thin trees or other landscaping and shall have the right, in its sole and absolute discretion, to add trees and other landscaping to the Golf Course Property from time to time. In addition, the Golf Course Property Owner may, in its sole and absolute discretion, change the location, configuration, size and elevation of the trees, bunkers, fairways and greens on the Golf Course Property from time to time. Any such additions or changes to the Golf Course Property may affect the view of the Golf Course Property from the Premises.

14.06 DURATION AND ENFORCEABILITY: The easements and restrictions set forth in this Golf Play Easement shall constitute covenants running with the land in perpetuity, burdening the Premises, and benefiting the Golf Course Property, and shall be binding upon the Association, its members, lessees, successors and assigns, for the benefit of the Golf Course Property Owner, its manager, lessees, successors and assigns.

14.07 COSTS AND ATTORNEY'S FEES: In any action or proceeding under this Article, the prevailing party shall be entitled to recover its costs and expenses in connection herewith, including reasonable attorneys' fees.

ARTICLE FIFTEEN

Miscellaneous

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

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

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

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

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

15.06 WAIVER OF 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 Dwelling 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 Dwelling Unit and, accordingly, no Owner of a

**EXHIBIT A TO
DECLARATION FOR HAWTHORN WOODS COUNTRY CLUB**

The Development Area

THAT PART OF THE NORTHWEST QUARTER, THE NORTHEAST QUARTER AND THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 43 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN, AND PART OF THE SOUTHEAST QUARTER OF SECTION 28, AND PART OF SECTION 33 AND PART OF THE NORTHWEST QUARTER OF SECTION 34, TOWNSHIP 44 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID SECTION 33, THENCE NORTH 00 DEGREES 05 MINUTES 54 SECONDS EAST, 827.17 FEET (828.3 FEET, DEED) ALONG THE WEST LINE OF THE SOUTHWEST QUARTER OF SECTION 33 TO THE SOUTHWEST CORNER OF A PARCEL OF LAND DESCRIBED IN A DEED RECORDED AS DOCUMENT NUMBER 1827397; THENCE NORTH 87 DEGREES 42 MINUTES 52 SECONDS EAST, 226.39 FEET (225.49 FEET, DEED) ALONG THE SOUTH LINE OF SAID PARCEL TO A POINT ON THE CENTERLINE OF FAIRFIELD ROAD (COUNTY HIGHWAY 49) PER COUNTY PLATS RECORDED AS DOCUMENT NUMBER 981291 AND DOCUMENT NUMBER 981292; THENCE SOUTHEASTERLY 247.81 FEET (248 FEET DEED) ALONG SAID CENTERLINE, BEING THE ARC OF A CURVE CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 2046.48 FEET AND A CHORD BEARING SOUTH 25 DEGREES 06 MINUTES 10 SECONDS EAST, 247.66 FEET; THENCE NORTH 87 DEGREES 42 MINUTES 52 SECONDS EAST, 527.20 FEET (526.74 FEET, DEED), PARALLEL WITH THE SOUTH LINE OF SAID PARCEL OF LAND DESCRIBED IN A DEED RECORDED AS DOCUMENT NUMBER 1827397; THENCE NORTH 02 DEGREES 17 MINUTES 08 SECONDS WEST, 228.28 FEET TO THE SOUTH LINE OF SAID PARCEL OF LAND; THENCE NORTH 87 DEGREES 42 MINUTES 52 SECONDS EAST, 1805.21 FEET ALONG SAID SOUTH LINE TO THE EAST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 33; THENCE NORTH 00 DEGREES 25 MINUTES 17 SECONDS WEST, 991.44 FEET (60 RODS DEED), ALONG SAID EAST LINE TO THE NORTHEAST CORNER OF SAID PARCEL OF LAND RECORDED AS DOCUMENT NUMBER 1827397; THENCE SOUTH 87 DEGREES 42 MINUTES 02 SECONDS WEST, 865.86 FEET ALONG THE NORTH LINE OF SAID PARCEL OF LAND TO THE SOUTHEAST CORNER OF BITTERSWEET MEADOWS OPEN SPACE SINGLE-FAMILY RESIDENTIAL HOUSE SUBDIVISION RECORDED AS DOCUMENT NUMBER 4498969; THENCE NORTH 00 DEGREES 08 MINUTES 40 SECONDS EAST, 981.59 FEET (981.76 FEET, RECORD) ALONG THE EAST LINE OF SAID BITTERSWEET MEADOW TO A POINT ON THE CENTERLINE OF SCHWERMAN ROAD; THENCE NORTH 75 DEGREES 40 MINUTES 26 SECONDS WEST, 275.35 FEET (275.47 FEET, RECORD) ALONG SAID CENTERLINE TO AN ANGLE POINT; THENCE NORTH 67 DEGREES 00 MINUTES 35 SECONDS WEST, 592.79 FEET ALONG SAID CENTERLINE TO THE SOUTHEAST CORNER OF A PARCEL OF LAND DESCRIBED IN A DEED RECORDED AS DOCUMENT NUMBER 2186020; THENCE NORTH 00 DEGREES 09 MINUTES 59 SECONDS WEST, 1606.00 FEET ALONG THE EASTERLY LINE OF SAID PARCEL OF LAND AND AN EASTERLY LINE OF A PARCEL OF LAND DESCRIBED IN A DEED RECORDED AS DOCUMENT NUMBER 4930390, TO A POINT ON A LINE 7.47 CHAINS (493.02 FEET) SOUTH OF AND PARALLEL WITH THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 33; THENCE NORTH 89 DEGREES 55 MINUTES 57 SECONDS EAST, 1659.44 FEET ALONG SAID PARALLEL LINE TO A POINT ON THE WEST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 33; THENCE NORTH 00 DEGREES 24 MINUTES 20 SECONDS WEST, 388.02 FEET ALONG SAID WEST LINE TO A POINT ON THE SOUTH LINE OF

THE NORTH 105.00 FEET OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 33; THENCE NORTH 89 DEGREES 50 MINUTES 04 SECONDS EAST, 300.00 FEET ALONG SAID SOUTH LINE TO A POINT ON THE EAST LINE OF THE WEST 300.00 FEET OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 33; THENCE NORTH 00 DEGREES 24 MINUTES 20 SECONDS WEST, 105.00 FEET ALONG SAID EAST LINE TO A POINT ON THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 33; THENCE NORTH 00 DEGREES 10 MINUTES 30 SECONDS WEST, 650.69 FEET (649.77 FEET, DEED) ALONG A LINE 300.00 FEET EAST OF AND PARALLEL WITH THE WEST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 28 TO A POINT ON THE CENTERLINE OF OWENS ROAD; THENCE NORTH 79 DEGREES 04 MINUTES 32 SECONDS EAST, 460.41 FEET ALONG SAID CENTERLINE; THENCE NORTH 43 DEGREES 33 MINUTES 37 SECONDS EAST, 275.52 FEET ALONG SAID CENTERLINE TO A POINT OF INTERSECTION WITH A LINE 371.22 FEET WEST OF AND PARALLEL WITH THE EAST LINE OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 28; THENCE NORTH 44 DEGREES 10 MINUTES 15 SECONDS EAST, 530.98 FEET TO THE NORTHEAST CORNER OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 28; THENCE SOUTH 00 DEGREES 11 MINUTES 09 SECONDS EAST, 676.00 FEET ALONG THE WEST LINE OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 28 TO THE SOUTH LINE OF A PARCEL OF LAND DESCRIBED IN A DEED RECORDED AS DOCUMENT NUMBER 4134934; THENCE NORTH 89 DEGREES 50 MINUTES 04 SECONDS EAST, 868.82 FEET ALONG SAID SOUTH LINE; THENCE NORTH 62 DEGREES 11 MINUTES 21 SECONDS EAST, 339.24 FEET (339.27 FEET DEED) ALONG A SOUTHEASTERLY LINE OF SAID PARCEL TO A POINT ON THE CENTERLINE OF GILMER ROAD (COUNTY HIGHWAY 26) PER HIGHWAY PLAT RECORDED AS DOCUMENT NUMBER 446774 AND DOCUMENT NUMBER 446775; THENCE SOUTHEASTERLY 306.31 FEET ALONG SAID CENTERLINE, BEING THE ARC OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 65,317.20 FEET AND A CHORD BEARING SOUTH 28 DEGREES 22 MINUTES 49 SECONDS EAST, 306.31 FEET TO A POINT ON THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 28; THENCE SOUTH 00 DEGREES 11 MINUTES 48 SECONDS EAST, 527.02 FEET (532.63 FEET, DEED) ALONG THE SAID EAST LINE TO THE SOUTHEAST CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 28; THENCE NORTH 89 DEGREES 59 MINUTES 44 SECONDS EAST, 278.22 FEET (278.00 FEET, DEED) ALONG THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 34 TO A POINT ON SAID CENTERLINE OF GILMER ROAD (COUNTY HIGHWAY 26); THENCE SOUTH 27 DEGREES 43 MINUTES 45 SECONDS EAST, 1743.73 FEET ALONG SAID CENTERLINE TO A POINT OF CURVATURE; THENCE SOUTHEASTERLY 418.85 FEET ALONG SAID CENTERLINE, BEING THE ARC OF A CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 114,592.00 FEET AND A CHORD BEARING SOUTH 27 DEGREES 50 MINUTES 02 SECONDS EAST, 418.85 FEET TO A POINT ON THE NORTH LINE OF A PARCEL OF LAND DESCRIBED IN A DEED RECORDED AS DOCUMENT NUMBER 665568; THENCE NORTH 89 DEGREES 49 MINUTES 26 SECONDS WEST, 377.04 FEET (406.95 FEET, DEED) ALONG SAID NORTH LINE TO THE NORTHWEST CORNER OF SAID PARCEL; THENCE SOUTH 00 DEGREES 10 MINUTES 34 SECONDS WEST, 730.70 FEET (731.15 FEET, DEED) ALONG THE WEST LINE OF SAID PARCEL TO A POINT ON THE SOUTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 34; THENCE NORTH 89 DEGREES 49 MINUTES 26 SECONDS WEST, 875.36 FEET (875.53 FEET, DEED) ALONG SAID SOUTH LINE TO THE SOUTHWEST CORNER OF THE NORTHWEST QUARTER OF SAID SECTION 34; THENCE SOUTH 89 DEGREES 53 MINUTES 36 SECONDS WEST, 1395.65 FEET (1395.94 FEET, RECORD) ALONG THE SOUTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 33 TO THE NORTHWEST CORNER OF LAKE LORRAINE ESTATES UNIT ONE RECORDED AS DOCUMENT NUMBER 2634403; THENCE SOUTHERLY AND EASTERLY ALONG THE BOUNDARY OF SAID LAKE LORRAINE ESTATES UNIT ONE THE FOLLOWING 19 COURSES:

THENCE SOUTH 00 DEGREES 06 MINUTES 24 SECONDS EAST, 40.00 FEET; THENCE SOUTH 21 DEGREES 44 MINUTES 50 SECONDS EAST, 74.87 FEET (75.00 FEET, RECORD); THENCE SOUTH 43 DEGREES 26 MINUTES 18 SECONDS EAST, 120.00 FEET; THENCE SOUTH 22 DEGREES 22 MINUTES 18 SECONDS EAST, 80.00 FEET; THENCE SOUTH 04 DEGREES 45 MINUTES 22 SECONDS EAST, 80.10 FEET; THENCE SOUTH 21 DEGREES 28 MINUTES 02 SECONDS WEST, 709.67 FEET (712.24 FEET, RECORD); THENCE SOUTH 24 DEGREES 41 MINUTES 04 SECONDS EAST, 300.00 FEET; THENCE NORTH 89 DEGREES 44 MINUTES 45 SECONDS EAST, 280.00 FEET; THENCE SOUTH 00 DEGREES 17 MINUTES 04 SECONDS EAST, 222.00 FEET; THENCE NORTH 89 DEGREES 47 MINUTES 54 SECONDS EAST, 170.00 FEET TO A POINT OF CURVATURE; THENCE NORTHEASTERLY 37.21 FEET (37.42 FEET, RECORD) ALONG THE ARC OF A CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 299.53 FEET, A CHORD BEARING NORTH 86 DEGREES 14 MINUTES 22 SECONDS EAST, AND A CHORD DISTANCE OF 37.19 FEET; THENCE SOUTH 26 DEGREES 04 MINUTES 35 SECONDS EAST, 267.29 FEET (267.70 FEET, RECORD); THENCE NORTH 89 DEGREES 12 MINUTES 11 SECONDS WEST, 38.76 FEET; THENCE SOUTH 00 DEGREES 23 MINUTES 01 SECONDS WEST, 291.00 FEET; THENCE SOUTH 89 DEGREES 38 MINUTES 51 SECONDS EAST, 149.16 FEET TO A POINT OF CURVATURE; THENCE SOUTHERLY 25.64 FEET (25.59 FEET, RECORD) ALONG THE ARC OF A CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 15.00 FEET, A CHORD BEARING SOUTH 40 DEGREES 40 MINUTES 16 SECONDS EAST, AND A CHORD DISTANCE OF 22.63 FEET TO A POINT OF TANGENCY; THENCE SOUTH 08 DEGREES 18 MINUTES 18 SECONDS WEST, 59.38 FEET; THENCE SOUTH 81 DEGREES 27 MINUTES 58 SECONDS EAST, 439.65 FEET (440.00 FEET, RECORD); THENCE NORTH 73 DEGREES 35 MINUTES 09 SECONDS EAST, 256.08 FEET (256.42 FEET, RECORD) TO THE SOUTHEAST CORNER OF SAID LAKE LORRAINE ESTATES UNIT ONE, SAID POINT BEING ON THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 33;

THENCE SOUTH 00 DEGREES 29 MINUTES 33 SECONDS EAST, 542.38 FEET ALONG SAID EAST LINE TO THE SOUTHEAST CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 33; THENCE NORTH 89 DEGREES 55 MINUTES 29 SECONDS WEST, 470.37 FEET ALONG THE SOUTH LINE OF SAID SOUTHEAST QUARTER TO THE WEST LINE OF THE EAST 450.00 FEET OF THE NORTHEAST QUARTER OF SAID SECTION 4, ACCORDING TO A DEED RECORDED MAY 30, 1990 AS DOCUMENT NUMBER 2909469; THENCE SOUTH 00 DEGREES 16 MINUTES 32 SECONDS WEST, 230.92 FEET ALONG SAID WEST LINE TO A NORTH LINE OF A PARCEL OF LAND DESCRIBED IN SAID DEED RECORDED MAY 30, 1990 AS DOCUMENT NUMBER 2909469; THENCE NORTH 89 DEGREES 55 MINUTES 29 SECONDS WEST, 1405.62 FEET ALONG SAID NORTH LINE TO A WEST LINE THEREOF; THENCE SOUTH 02 DEGREES 13 MINUTES 24 SECONDS EAST, 1095.61 FEET ALONG SAID WEST LINE TO A POINT ON A SOUTH LINE THEREOF, SAID POINT ALSO BEING ON THE NORTH LINE OF GOVERNMENT LOT 1 OF THE NORTHEAST QUARTER OF SAID SECTION 4; THENCE SOUTH 89 DEGREES 34 MINUTES 30 SECONDS EAST, 1799.85 FEET ALONG SAID NORTH LINE TO A POINT ON A LINE THAT IS 8.00 FEET WEST OF AND PARALLEL WITH THE EAST LINE OF SAID GOVERNMENT LOT 1; THENCE SOUTH 00 DEGREES 16 MINUTES 32 SECONDS WEST, 693.00 FEET ALONG SAID PARALLEL LINE TO A POINT ON THE SOUTH LINE OF THE NORTH 693.00 FEET OF SAID GOVERNMENT LOT 1; THENCE SOUTH 89 DEGREES 34 MINUTES 30 SECONDS EAST, 8.00 FEET ALONG SAID SOUTH LINE TO A POINT ON THE EAST LINE OF SAID GOVERNMENT LOT 1; THENCE SOUTH 00 DEGREES 16 MINUTES 32 SECONDS WEST, 627.99 FEET ALONG SAID EAST LINE TO THE SOUTHEAST CORNER OF SAID GOVERNMENT LOT 1; THENCE NORTH 89 DEGREES 37 MINUTES 08 SECONDS WEST, 2636.65 FEET ALONG THE SOUTH LINE OF SAID GOVERNMENT LOT 1 TO THE CENTER OF SAID SECTION 4; THENCE SOUTH 00 DEGREES 05 MINUTES 41 SECONDS EAST, 349.00 FEET ALONG THE EAST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 4 TO A POINT

ON THE CENTERLINE OF FAIRFIELD ROAD (COUNTY HIGHWAY 49) PER HIGHWAY PLAT RECORDED AS DOCUMENT NUMBER 911716; THENCE NORTH 52 DEGREES 01 MINUTES 58 SECONDS WEST, 63.90 FEET ALONG SAID CENTERLINE TO A POINT OF CURVATURE; THENCE NORTHWESTERLY 623.99 FEET ALONG SAID CENTERLINE PER HIGHWAY PLATS RECORDED AS DOCUMENT NUMBER 911716 AND DOCUMENT NUMBER 981291, BEING THE ARC OF A CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 2864.93 FEET AND A CHORD BEARING NORTH 45 DEGREES 47 MINUTES 35 SECONDS WEST, 622.76 FEET; THENCE NORTH 52 DEGREES 49 MINUTES 27 SECONDS EAST, 623.48 FEET TO A POINT ON THE EAST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 4; THENCE NORTH 00 DEGREES 03 MINUTES 58 SECONDS EAST, 251.73 FEET ALONG SAID EAST LINE TO THE SOUTH LINE OF THE NORTH 570.00 FEET OF GOVERNMENT LOT 1 OF THE NORTHEAST QUARTER OF SAID SECTION 4; THENCE SOUTH 89 DEGREES 34 MINUTES 30 SECONDS EAST, 620.01 FEET ALONG SAID SOUTH LINE TO A POINT ON THE EAST LINE OF THE WEST 620.00 FEET OF SAID GOVERNMENT LOT 1; THENCE NORTH 00 DEGREES 03 MINUTES 58 SECONDS EAST, 570.01 FEET ALONG SAID EAST LINE TO A POINT ON THE NORTH LINE OF SAID GOVERNMENT LOT 1; THENCE NORTH 89 DEGREES 34 MINUTES 30 SECONDS WEST, 620.01 FEET ALONG SAID NORTH LINE TO THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 1; THENCE NORTH 89 DEGREES 39 MINUTES 05 SECONDS WEST, 2656.81 FEET ALONG THE SOUTH LINE OF GOVERNMENT LOT 2 OF THE NORTHWEST QUARTER OF SAID SECTION 4 TO THE SOUTHWEST CORNER THEREOF; THENCE NORTH 00 DEGREES 16 MINUTES 14 SECONDS WEST, 1308.57 FEET ALONG THE WEST LINE OF SAID GOVERNMENT LOT 2 TO THE NORTHWEST CORNER THEREOF; THENCE SOUTH 89 DEGREES 54 MINUTES 39 SECONDS EAST, 26.56 FEET ALONG THE NORTH LINE OF SAID GOVERNMENT LOT 2 TO THE POINT OF BEGINNING, EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PARCEL OF LAND:

BEGINNING AT THE INTERSECTION OF THE NORTH LINE OF SAID GOVERNMENT LOT 2 OF THE NORTHEAST QUARTER OF SECTION 4, TOWNSHIP 43 NORTH, RANGE 10 EAST OF THE THIRD PRINCIPAL MERIDIAN AND THE CENTERLINE OF FAIRFIELD ROAD (COUNTY HIGHWAY 49) PER DOCUMENT NUMBER 981291; THENCE SOUTHEASTERLY 110.53 FEET ALONG SAID CENTERLINE, BEING THE ARC OF A CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 2046.48 FEET AND A CHORD BEARING SOUTH 29 DEGREES 29 MINUTES 11 SECONDS EAST, 110.52 FEET TO A POINT OF TANGENCY; THENCE SOUTH 31 DEGREES 02 MINUTES 01 SECONDS EAST, 463.20 FEET ALONG SAID CENTERLINE; THENCE NORTH 21 DEGREES 34 MINUTES 57 SECONDS EAST, 588.56 FEET; THENCE NORTH 35 DEGREES 03 MINUTES 37 SECONDS WEST, 267.00 FEET; THENCE SOUTH 66 DEGREES 08 MINUTES 11 SECONDS WEST, 440.98 FEET TO THE CENTERLINE OF SAID FAIRFIELD ROAD (COUNTY HIGHWAY 49); THENCE SOUTHEASTERLY 105.40 FEET ALONG SAID CENTERLINE, BEING THE ARC OF A CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 2046.48 FEET AND A CHORD BEARING SOUTH 26 DEGREES 27 MINUTES 49 SECONDS EAST, 105.39 FEET TO THE POINT OF BEGINNING, ALL IN LAKE COUNTY, ILLINOIS.

**EXHIBIT B TO
DECLARATION FOR HAWTHORN WOODS COUNTRY CLUB**

The Premises

I. PREMISES

- A. Lots 1 through 38, both inclusive, Lots 74 through 110, both inclusive, Lots 150 through 167, both inclusive, Lots 261 through 271, both inclusive, Lots 295 through 323, both inclusive, Lots 540 through 592, both inclusive, and Outlots A, B, C and G in Hawthorn Woods Country Club Phase 1 Subdivision, begin a subdivision of Part of Section 4, Township 43 North, Range 10 and Part of Section 33 and Section 34, Township 44 North, Range 10, East of the Third Principal Meridian, Lake County, Illinois ("Hawthorn Woods Country Club Phase 1 Subdivision").

II. Dwelling Units

A. Detached Homes Lots:

1. Estate Home Lots:

Lots 19 through 31, both inclusive, Lots 74 through 110, both inclusive, Lots 269 through 271, both inclusive, and Lots 295 through 323, both inclusive in Hawthorn Woods Country Club Phase 1 Subdivision.

2. Golf Villa Lots:

Lots 1 through 18, both inclusive, Lots 32 through 38, both inclusive, Lots 150 through 167, both inclusive and Lots 261 through 268, both inclusive, in Hawthorn Woods Country Club Phase 1 Subdivision.

B. Townhome Lots:

Lots 540 through 592, both inclusive, in Hawthorn Woods Country Club Phase 1 Subdivision.

III. Community Area:

- A. Outlots A, B, C and G in Hawthorn Woods Country Club Phase 1 Subdivision

IV. Townhome Common Area

- A. Outlots D, E and F in Hawthorn Woods Country Club Phase 1 Subdivision.