

THIS INSTRUMENT
PREPARED
BY AND SHOULD BE
RETURNED
TO:

Victoria C. Bresnahan
MELTZER, PURTILL & STELLE LLC
300 South Wacker Drive #2300
Chicago, Illinois 60606

ABOVE SPACE FOR RECORDER'S USE ONLY

**[Blanks in Recitals and Sections 1.07, 1.25 and 1.31;
Exhibit A (Legal Description) Incomplete;
Exhibit B Incomplete; Exhibit D to be attached]**

DECLARATION OF COVENANTS FOR THE TRAILS OF WOOD CREEK

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DECLARATION OF COVENANTS FOR THE TRAILS OF WOOD CREEK

This Declaration is made by Pulte Home Company, LLC, a Michigan limited liability company (“Declarant”).

R E C I T A L S

Declarant is 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 single family development called “The Trails of Wood Creek” (the “Development”).

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

Certain portions of the Premises are designated as Lots and other portions are designated as Community Area or Association Maintained Public Areas. The Declarant has formed (or will form) the Association under the Illinois Limited Liability Company Act. The Association shall have the responsibility for administering and maintaining the Community Area and shall set budgets and fix assessments to pay the expenses incurred in connection with such responsibility. Each Owner of a Lot shall be a member of the Association and shall be responsible for paying assessments with respect to the Lot owned by such Owner, as more fully described in this Declaration.

As of the Recording of this Declaration, the Declarant’s Development Plan provides for the construction of 143 single family homes in Neighborhood One, 124 single family homes in Neighborhood Two and certain common area lots, all as shown on the Plat, as may be added or amended from time to time.

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 manage the affairs of the Association, or to designate the Manager of the Association, as more fully described in Article Nine and in the Operating Agreement, the right to come upon the Premises in connection with Declarant's efforts to sell Lots and other rights reserved in Article Nine.

NOW, THEREFORE, the Declarant hereby declares as follows:

ARTICLE ONE

Definitions

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

1.01 ASSOCIATION: The Trails of Wood Creek Homeowners' Association LLC, an Illinois limited liability company, and its successors and assigns. As more fully provided in Section 5.10, the Association may be merged into an Illinois not for profit corporation, which would become the Association hereunder.

1.02 ASSOCIATION MAINTAINED PUBLIC AREA: Those landscaped areas located in the dedicated rights of way, or other areas owned or controlled by the Municipality which serve the Development as further described on Exhibit B.

1.03 CHARGES: The Community Assessment, Neighborhood Two 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 Operating Agreement.

1.04 COMMUNITY AREA: Those portions of the Premises which are described and designated as "Community Area" in Exhibit B hereto, together with all improvements located above and below the ground and rights appurtenant thereto. The Community Area shall generally include, without limitation, detention areas, retention areas, wetlands, stormwater management areas, landscaped easement areas and Shared Paths within the Development, together with improvements located thereon.

1.05 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.

1.06 COMMUNITY EXPENSES: The expenses of administration (including management and professional services), operation, maintenance, repair, replacement and landscaping and other improvements (including any monument signage on the Community Area and the Shared Paths), Association Maintained Public Area, or as otherwise provided in this Declaration or the Cost Sharing Agreement; the cost of insurance for the Community Area; the cost of general and special real estate taxes and assessments levied or assessed against the Community Area owned by the Association; the cost to maintain, repair and replace the Stormwater Management System; 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 or the Association Maintained Public Area; if not separately metered or charged to the Owners, the cost of necessary utility services to the Premises; costs, expenses, fees or charges payable to the Municipality pursuant to this Declaration; and any other expenses lawfully incurred by the Association for the common benefit of all of the Owners. Notwithstanding the foregoing, Community Expenses shall not include any payments made out of Capital Reserves. Community Expenses shall not include Neighborhood Two Expenses.

1.07 COST SHARING AGREEMENT: The Easement and Cost Sharing Agreement by and between Declarant and _____ Recorded _____ as Document No. _____ regarding the maintenance, repair and replacement of detention, drainage and landscaping on the Community Area.

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

1.09 DECLARANT: Pulte Home Company, LLC, a Michigan limited liability company, its successors and assigns.

1.10 DECLARANT'S DEVELOPMENT PLAN: Declarant's current plan for the Development. Declarant's Development Plan shall be maintained by the Declarant at its principal place of business and may be changed at any time or from time to time without notice.

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

1.12 DEVELOPMENT AREA: The real estate described in Exhibit A hereto with all improvements thereon and rights appurtenant thereto 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.

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

1.14 HOME: That portion of a Lot which is improved with a single family home, including any steps or decks which serve the Home.

1.15 LOT: A subdivided lot which is designated in Exhibit B as a "Lot" and upon which a Home is or will be constructed. A Lot may be a Neighborhood One Lot or a Neighborhood Two Lot.

1.16 MANAGERS: The manager or managers from time to time as appointed or elected as provided in this Declaration or the Operating Agreement; provided, that if the Association is merged into an Illinois not for profit corporation, as more fully provided in Section 5.10 below, the Managers shall be the board of directors of the Association.

1.17 MUNICIPALITY: The Village of Algonquin, an Illinois municipal corporation, 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.

1.18 NEIGHBORHOOD: A neighborhood as designated in Exhibit B attached hereto. It is anticipated at that there will be two (2) Neighborhoods: Neighborhood One and Neighborhood Two.

1.19 NEIGHBORHOOD ONE LOT: A Lot which is designated in Exhibit B as a "Neighborhood One Lot".

1.20 NEIGHBORHOOD TWO LOT: A Lot which is designated in Exhibit B as a "Neighborhood Two Lot".

1.21 NEIGHBORHOOD TWO ASSESSMENT: The amounts which the Association shall assess and collect from the Owners of Neighborhood Two Lots to pay the Neighborhood Two Expenses and accumulate reserves for such expenses, as more fully described in Article Six.

1.22 NEIGHBORHOOD TWO EXPENSES: The expenses associated with Neighborhood Two Lots identified in Section 3.02(c) of this Declaration.

1.23 OPERATING AGREEMENT: The Operating Agreement of the Association; a true copy of which is attached hereto as Exhibit D, provided that, if the Association is merged into an Illinois not for profit corporation, as more fully provided in Section 5.10 below, the term Operating Agreement as used herein shall mean the by-laws of the Association.

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

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

1.26 PHASE ONE: That portion of the Development Area described in Exhibit A as "Phase One".

1.27 PHASE TWO: That portion of the Development Area described on Exhibit A as "Phase Two".

1.28 PLAT: The Plat – Phase One and/or the Plat – Phase Two.

1.29 PLAT – PHASE ONE: The Plat of Subdivision of The Trails of Wood Creek – Phase One Recorded on _____, 20____, as Document No. _____ in McHenry County, Illinois, and any revisions, corrections or resubdivisions thereof.

1.30 PLAT – PHASE TWO: The Plat of Subdivision of The Trails of Wood Creek – Phase Two to be Recorded in McHenry County, Illinois, and any revisions, corrections or resubdivisions thereof, which affects the Phase Two property.

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

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

1.33 RESIDENT: An individual who resides in a Home.

1.34 SHARED PATHS: Those shared use paths that are located on the Community Area which connect to those on the adjacent real estate owned or controlled by the Municipality and which are open for the use by the public.

1.35 STORMWATER MANAGEMENT FACILITY: All storm sewer lines, inlets, outlets and any other infrastructure and appurtenances that are part of the system, along with the storm water detention and retention basins and their appurtenances.

1.36 SUBJECT TO ASSESSMENT: A Lot shall only be “Subject to Assessment” hereunder from and after such time as a temporary, conditional or permanent certificate of occupancy has been issued for the Home constructed thereon and the Lot is conveyed by the Declarant to the first purchaser thereof.

1.37 TURNOVER DATE: The date on which the right of the Declarant to designate the Managers is terminated under Section 9.04.

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

ARTICLE TWO Scope of Declaration

2.01 PROPERTY SUBJECT TO DECLARATION: Declarant, as the owner of fee simple title to the Premises, expressly intends to and by Recording this Declaration, does hereby subject the Premises to the provisions of this Declaration. Declarant 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 or to remove portions of the Development Area from the terms hereof, 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 in whole or in part 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 Managers.

2.05 ACCESS EASEMENT: Each Owner and Resident of a Lot shall have a non-exclusive perpetual easement for ingress to and egress from his Lot to public streets and roads

over and across the roads, driveways and walkways, if any, located on the Community Area, which easement shall run with the land, be appurtenant to and pass with title to every Lot. The Municipality, United States Army Corps of Engineers, or any other governmental authority which has jurisdiction over the Premises, shall have a non-exclusive easement of access over roads and driveways located on the Community Area for police, fire, ambulance, waste removal, or for the purpose of furnishing or performing municipal or emergency services to the Premises, including, without limitation, enforcement activities. The Association, its employees, agents and contractors, shall have the right of ingress to, egress from, the Community Area, and the Association Maintained Public Area, and the right to store equipment on the Community Area, for the purpose of furnishing any maintenance, repairs or replacements required or permitted to be furnished by the Association hereunder. The public shall have access to and ingress and egress over the Shared Paths wherever located on the Premises and the right to use same in accordance with any rules the Association may adopt from time to time.

2.06 RIGHT OF ENJOYMENT: Each Owner shall have the non-exclusive right and easement to use and enjoy the Community Area and the exclusive right to use and enjoy the Owner's Lot. Such rights and easements shall run with the land, be appurtenant to and pass with title to every Lot, and shall be subject to and governed by the laws, ordinances and statutes of jurisdiction, the provisions of this Declaration, the Operating Agreement, and the reasonable rules and regulations from time to time adopted by the Association, including the right of the Association to come upon a Home to furnish services hereunder.

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

2.08 RULES AND REGULATIONS: The use and enjoyment of the Premises shall at all times be subject to reasonable rules and regulations duly adopted by the Managers from time to time.

2.09 UTILITY EASEMENTS: The Municipality and all public and private utilities (including cable companies) serving the Premises are hereby granted the right to lay, construct, renew, operate, repair, and maintain conduits, cables, pipes, wires, transformers, switching apparatus and other equipment, into and through the Community Area for the purpose of providing utility or other services to the Premises or any other portion of the Development Area.

2.10 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 for such uses and purposes as the Managers deem 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 Managers deem to be in the best interests of the Owners. Any and all proceeds from leases, easements, licenses or concessions with respect to the Community Area shall be used to pay the Community Expenses. Also, the Association shall have the right and power to dedicate any part or all of the roads or parking areas (if any) or other vacant areas located on the Community Area to the Municipality or other governmental authority which has jurisdiction over the Community Area. Each person, by acceptance of a deed, mortgage, trust

deed, other evidence of obligation, or other instrument relating to a Home, shall be deemed to grant a power coupled with an interest to the Managers, as attorney-in-fact, to dedicate portions of the Community Area or to grant, cancel, alter or otherwise change the easements provided for in this Section 2.10. Any instrument executed pursuant to the power granted herein shall be executed by the Manager of the Association prior to the Turnover Date or by the majority of the Managers thereafter and duly Recorded.

2.11 ASSOCIATION'S ACCESS: The Association shall have the right and power to come onto any Lot for the purpose of furnishing the services required to be furnished hereunder, including, without limitation, the services described in Section 3.02 and Section 3.05, or enforcing its rights and powers hereunder.

2.12 NO DEDICATION TO PUBLIC USE: Except for (i) easements granted or dedications made as permitted in Section 2.10 or as shown on the Plat and (ii) the right to ingress and egress over and across the Shared Paths as permitted in Section 2.05 or, 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 to or for any public use or purpose whatsoever.

2.13 OWNERSHIP OF COMMUNITY AREA: Those portions of the Community Area which are part of a Lot, if any, shall be owned by the Owner of the Lot subject to the rights of the Association to maintain, repair and replace improvements thereon as provided in Article Three. Those portions of the Community Area which are not part of a Lot shall be conveyed to the Association free of mortgages no later than sixty (60) days after the Turnover Date or sixty (60) days after such Community Area becomes subject to the terms hereof, whichever is later, subject to the rights of Owners from time to time of Lots to use and enjoy the Community Area as provided herein.

2.14 REAL ESTATE TAXES FOR COMMUNITY AREA: If a tax bill is issued with respect to Community 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 is made subject to this Declaration, and the Association shall be responsible for the balance of the tax bill for such year, and any tax bills for subsequent years. Each Owner of a Lot shall be responsible for the payment of real estate taxes levied with respect to the Owner's Lot (including that portion of the Owner's Lot which is designated as Community Area hereunder).

ARTICLE THREE

Community Area/Association 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, REPAIR AND REPLACEMENT BY ASSOCIATION:

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

(i) Added planting, replanting, care and maintenance of trees, shrubs, flowers, grass and all other landscaping on the Community Area and the Association Maintained Public Area;

(ii) Maintenance, repair and replacement of the entryway monuments, fences, Shared Paths and other improvements located on the Community Area;

(iii) Subject to subparagraph (e) below, maintenance, repair and replacement of Stormwater Management Facility, detention, retention, storm water management areas, basins and wetlands located on the Community Area;

(iv) Maintenance, repair and replacements of cluster mailboxes located in the Development, as needed, as provided in Section 8.17; and

(v) Maintenance, repair and replacements as required by the Cost Sharing Agreement.

(b) All maintenance, repair and replacement work required pursuant to this Declaration shall be promptly completed in a good and workmanlike manner consistent with any applicable governmental regulations or standards, or, if no such regulations or standards apply, then consistent with good engineering, forestry, or other similar professional standards so as to ensure the safe and effective condition of the portion of the Development subject to maintenance, repair or replacement. The cost of any maintenance, repairs and replacement furnished by the Association pursuant to this Section shall be Community Expenses. The Declarant reserves the right to add additional responsibilities to be furnished by the Association at such time as any Supplemental Declarations are Recorded from time to time.

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

(i) grass, shrubs and trees installed by the Declarant on Neighborhood Two Lots ("Initial Plantings") with generally accepted landscape maintenance standards, including mowing, trimming, fertilization, pruning, re-mulching, applications of insect and disease control, as needed; and

(ii) snow removal from the driveways, sidewalks, porches and service walks located in Neighborhood Two and which serve the Neighborhood Two Lots.

(d) The Association may offer to the Owners of Neighborhood One Lots to furnish a higher level of services to their individual Neighborhood One Lot similar to those provided to the Neighborhood Two lots pursuant to Section 3.02(c) hereof ("Optional Services"). If the Owner of a Neighborhood One Lot elects to have the Association provide the Optional Services to his Lot, such election shall be made by the Owner on an annual basis and any fees that the Association may charge to the Owner for the Optional Services shall be a Charge hereunder.

(e) Maintenance of those portions of the Premises which are designated as "Wetlands" by the United States Army Corps of Engineers ("Corps"), and, if applicable, pursuant to any permit issued by the Corps (the "Permit") which applies to the maintenance of the Wetlands on the Premises and the requirements of any management and monitoring plan adopted pursuant to the Permit. No Wetlands shall be altered without the prior written consent

of the Association. The Managers shall not permit, cause or authorize any modification, alteration or improvement to be made to any portion of the Wetlands without complying with applicable laws, rules and regulations governing the alteration of Wetlands, the Permit or the management and monitoring plan adopted pursuant to the Permit.

(f) The Association shall maintain the Stormwater Management Facility, including all detention basins, in accordance with this Section and its maintenance plan, a copy of which shall be on file with the Association and which maintenance plan may be amended from time to time upon the agreement of the Association.

(g) The Association shall maintain the grass, shrubs, trees, and flowers, if any, installed by the Declarant on the Community Area ("Initial Plantings") in accordance with the Declarant's Development Plan and with generally accepted landscape maintenance standards, including mowing, trimming, fertilization, pruning, re-mulching, applications of insect and disease control, as needed, and any other maintenance which will promote the health of the Initial Plantings. If the Association fails to maintain the Initial Plantings in accordance with generally acceptable landscape maintenance standards and Initial Plantings die or decline as a result of this failure, then, the Association shall be responsible for the replacement of the declining or dead Initial Plantings, including, but not limited to replacements required by the Municipality in connection with the Municipality's acceptance of the Initial Plantings. All expenses incurred under this subsection shall be Community Expenses.

(h) The Association shall not be required to provide maintenance to any Lot which is not yet Subject to Assessment hereunder.

3.03 MAINTENANCE BY OWNER:

(a) Except as otherwise specifically provided for in this Declaration each Owner of a Lot shall be responsible for the maintenance, repair and replacement of the Owner's Lot and the Home thereon.

(b) Except as provided in Section 3.02(c)(ii), each Owner shall be responsible for snow removal on the sidewalk located on the Lot or in the right of way adjacent to his Lot as required by the Municipality. Each Owner shall be responsible for the maintenance, repair and replacement of all landscaping on his Lot, including any landscaping, fences, and retaining walls installed by the Declarant.

(c) Each Owner shall be responsible for key replacements and the locking mechanisms on individual mail compartments located in the cluster mailboxes.

(d) If, in the judgment of the Managers, 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 Managers from time to time, then the Managers 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 Managers, in its sole judgment, then the Managers 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.

(e) Neighborhood Two Lot Owners shall be responsible for the repair and replacement of any landscape plantings on the Owners Lot.

(f) Neighborhood Two Lots or the optional services for the Neighborhood One Lots, no deicing agents will be placed on driveways, sidewalks, porches and service walks, unless it is determined by the Managers to do so and added to the annual budget. The Association assumes no liability with the placement of these materials

3.04 ALTERATIONS, ADDITIONS OR IMPROVEMENTS TO THE COMMUNITY AREA: Subject to the provisions of Article Nine, (i) no alterations, additions or improvements shall be made to the Community Area and (ii) no modifications shall be made to the Association Maintained Public Area without the prior approval of the Managers and, if required under applicable Municipal ordinances, without the prior approval of the Municipality. The Association may cause alterations, additions or improvements to be made to the Community Area or may cause modifications to be made to the landscaping on the Association Maintained Public Area, and the cost thereof shall be paid from a special assessment, as more fully described in Section 6.05, or from the Capital Reserve, as more fully described in Section 6.06; except, that, any such alteration, addition or improvement which shall cost more than four (4) months assessments then in effect under the then current budget shall be approved in advance at a special meeting of the Owners.

3.05 ALTERATIONS, ADDITIONS OR IMPROVEMENTS TO LOTS: Except as provided in Article Nine, no additions, alterations or improvements, including, without limitation, (i) changes in the exterior color of a Home, (ii) construction of awnings, antenna or satellite dish, (iii) installation of or changes or additions to a patio or deck, (iv) installation of a swimming pool or playset, or (v) other similar improvements, shall be made to any Lot or any part of the Home which are visible from outside the Home by an Owner without first (a) complying with applicable ordinances of the Municipality, including the issuance of any necessary permits and satisfaction of any lot coverage restrictions required by the Municipality, and second (b) obtaining the prior written consent of the Managers, and, until the Declarant no longer owns or controls title to any portion of the Development Area, the Declarant. Applications for approvals shall not be submitted to the Managers unless and until the Owner has obtained any necessary Municipal approvals.

If an addition, alteration or improvement which requires prior approval of the Municipality and the consent of the Managers and/or Declarant hereunder is made to a Lot by an Owner without such prior Municipal approval or the prior written consent of the Managers or Declarant, or both, as applicable, then (i) the Managers may, in their discretion, take either of the following actions; and (ii) until such time as the Declarant no longer owns or controls title to any portion of the Development Area, the Declarant may, in its discretion take either of the following actions:

(a) Require the Owner to remove the addition, alteration or improvement and restore the Lot 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), may cause such work to be done and may charge the Owner for the cost thereof as determined by the Managers or the Declarant, as applicable.

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

(a) If in the opinion of the Managers, 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 Managers, the Owner of a Home is being charged disproportionately for costs allocable to the Community Area and Association Maintained Public Area, 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 Managers is properly allocable to the Community Area and the amount thereof shall be Community Expenses hereunder. Any determinations or allocations made hereunder by the Managers shall be final and binding on all parties.

3.07 DAMAGE BY RESIDENT: If, due to the act or omission of a Resident of a Home, or of a household pet or guest or other authorized occupant or invitee of the Owner of a Lot, damage shall be caused to the Community Area, or the Association Maintained Public Area and maintenance, repairs or replacements shall be required thereby, which would otherwise be a Community Expense, then the Owner of the Lot shall pay for such damage and such maintenance, repairs and replacements, as may be determined by the Managers, to the extent not covered by insurance carried by the Association or an Owner.

ARTICLE FOUR Insurance/Condemnation

4.01 COMMUNITY AREA INSURANCE:

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

(b) The Association shall have the authority to and shall obtain comprehensive public liability insurance, including liability for injuries to and death of persons, and property damage, in such limits as it shall deem desirable, and workmen's compensation insurance and other liability insurance as it may deem desirable, insuring each Owner, the Association, its managers and officers, the Declarant, the managing agent, if any, and their respective employees and agents, as their interests may appear, from liability resulting from an occurrence on or in connection with, the Community Area, the Association Maintained Public Area, and/or adjacent dedicated rights of way or detention areas. The Managers may, in their discretion, obtain any other insurance which it deems advisable including, without limitation, insurance covering the managers and officers from liability for good faith actions beyond the scope of their respective

authorities and covering the indemnity set forth in Section 5.06. Such insurance coverage shall include cross liability claims of one or more insured parties.

(c) Fidelity bonds indemnifying the Association, the Managers 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 Managers may deem desirable.

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

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

ARTICLE FIVE The Association

5.01 IN GENERAL: Declarant has caused or shall cause the Association to be organized as a limited liability company under the laws of the State of Illinois law. The Association shall be the governing body for all of the Owners for the administration and operation of the Community Area. The Association shall be responsible for the maintenance, repair and replacement of the Community Area, the Association Maintained Public Area, and such other portions of the Premises as set forth in this Declaration.

5.02 MEMBERSHIP: Each Owner shall be a member of the Association. There shall be one membership per Lot. Membership shall be appurtenant to and may not be separated from ownership of a Lot. There shall be two (2) classes of membership. Each Owner of a Lot (other than Declarant) shall be a "Class A Member"; and the Declarant shall be a "Class B Member" with respect to its ownership of any Lot. Ownership of a Lot shall be the sole qualification for membership. The Association shall be given written notice of the change of ownership of a Lot within ten (10) days after such change.

5.03 VOTING MEMBERS: Subject to the provisions of Section 9.04, voting rights of the members of the Association shall be vested exclusively in the Voting Members. One individual shall be designated as the "Voting Member" for each Lot. The Voting Member or his proxy shall be the individual who shall be entitled to vote at meetings of the Owners. If the Record ownership of a Lot shall be in more than one person, or if an Owner is a trustee, corporation, partnership or other legal entity, then the Voting Member for the Lot shall be designated by such Owner or Owners in writing to the Managers and if in the case of multiple

individual Owners no designation is given, then the Managers at their election may recognize an individual Owner of the Lot as the Voting Member for such Lot.

5.04 MANAGERS: Prior to the Turnover Date, the Managers shall be the Declarant, or one or more entities or persons designated by the Declarant from time to time, who need not be Owners or Voting Members. Initially, the Declarant shall be the sole Manager of the Association. After the Turnover Date, the Managers shall consist of that number of individuals provided for in the Operating Agreement, each of whom shall be an Owner or Voting Member.

5.05 VOTING RIGHTS: Prior to the Turnover Date, all of the voting rights at each meeting of the Association shall be vested exclusively in the Class B Member, the Declarant, and the Owners (other than Declarant) 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 who represents a Lot owned by a Class A Member shall have one (1) vote for each Lot which the Voting Member represents, and the Declarant, as the Class B Member, shall have ten (10) votes for each Lot which it owns. 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 Operating Agreement) upon an affirmative vote of a majority of the votes represented by Voting Members and the Declarant, except as otherwise provided herein or in the Operating Agreement.

5.06 MANAGER LIABILITY: The Managers, the committee members or the officers of the Association shall not be personally liable to the Association or the Owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such Managers, committee members or officers except for any acts or omissions found by a court to constitute criminal conduct, gross negligence or actual fraud. The Association shall indemnify and hold harmless the Declarant and each of the Managers, committee members or officers, and their 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 Managers, the committee members or the officers on behalf of the Owners or the Association or arising out of their status as Managers, committee members 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 Manager, committee member or officer may be involved by virtue of such person being or having been such Manager, committee member 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 actual fraud in the performance of his duties as such Manager, committee member 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 Managers, there is not reasonable ground for such person being adjudged liable for criminal conduct, gross negligence or actual fraud in the performance of his duties as such Manager, the officer or committee member.

5.07 MANAGING AGENT: The Declarant (or an entity affiliated with the Declarant) may be engaged by the Association to act as the managing agent for the Association and as managing agent shall be paid a reasonable fee for its services as fixed by a written agreement

between the Association and the Declarant (or an entity controlled by the Declarant). Any management agreement entered into by the Association prior to the Turnover Date shall have a term of not more than two years and shall be terminable by the Association without payment of a termination fee on ninety (90) 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. 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 Areas and any such settlement shall be final and shall bind all of the Owners.

5.09 LITIGATION: No judicial or administrative proceedings shall be commenced or prosecuted by the Association without first holding a special meeting of the members and obtaining the affirmative vote of Voting Members representing at least seventy-five percent (75%) of the total votes represented by all Voting Members 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 Operating Agreement or rules and regulations adopted by the Managers (including, without limitation, an action to recover unpaid assessments or other charges or to foreclose a lien for unpaid assessments or other Charges) or actions to enforce the terms of any contract or agreement to which the Community Association is a party, or (b) counterclaims brought by the Association in proceedings instituted against it.

5.10 MERGER: Prior to the Turnover Date, the Declarant, or after the Turnover Date, the Managers, shall have the right, power and authority to convert the Association from an Illinois Limited Liability Company to an Illinois Not for Profit Corporation (“NFP Conversion”), as permitted under applicable laws of the State of Illinois, as amended from time to time (“IL Law”). In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to the Declarant and/or the Managers, as applicable, to make, consent to, and execute such documents as may be required under the IL Law on behalf of each Owner and the Association. 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 of the Declarant and/or the Managers to make, consent to, and execute the NFP Conversion and take such other actions as the Declarant and/or the Managers deem necessary or appropriate to carry out the intent of the NFP Conversion, including, without limitation, adopting By-Laws for the Association to replace the Operating Agreement.

5.11 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.

ARTICLE SIX Assessments

6.01 PURPOSE OF ASSESSMENTS: The assessments levied by the Association shall be exclusively to administer the affairs of the Association to pay the Community Expenses and the Neighborhood Two Expenses and to accumulate reserves for any such expenses.

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

(a) Community Expenses:

(i) The estimated Community Expenses;

(ii) The estimated amount, if any, to maintain adequate reserves for Community Expenses including, without limitation, amounts to maintain the Capital Reserve;

(iii) The estimated net available cash receipts from the operation and use of the Community Area plus the estimated excess funds, if any, from the current year's assessments;

(iv) The amount of the "Community Assessment" payable by the Owners, which is hereby defined as the amount determined in (a) above, plus the amount determined in (b) above, minus the amount determined in (c) above;

(v) That portion of the Community Assessment which shall be payable with respect to the ensuing calendar year by the Owner of each Lot which is Subject to Assessment hereunder, until the next Community Assessment or revised Community Assessment becomes effective, which monthly amount shall be equal to the Community Assessment, divided by the number of Lots, divided by twelve (12), so that each Owner shall pay equal Community Assessments for each Lot owned. The Community Assessment shall be paid in periodic installments as determined by the Managers from time to time, but no less frequently than once each calendar year.

(b) Neighborhood Two Assessment:

(i) The estimated Neighborhood Two Expenses;

(ii) The estimated amount, if any, to maintain adequate reserves for the Neighborhood Two Expenses;

(iii) The amount of "Neighborhood Two Assessment" payable by Owners of Neighborhood Two Lots which shall be equal to the amount determined in (i) above, plus the amount determined in (ii) above; and

(iv) That portion of the Neighborhood Two Assessment which shall be payable by the Owner of each Neighborhood Two Lot which is Subject to Assessment hereunder each quarter until the next Neighborhood Two Assessment or revised Neighborhood Two Assessment becomes effective shall be equal to the Neighborhood Two Assessment, divided by the number of Neighborhood Two Lots then subject to this Declaration, divided by twelve (12), so that each Owner shall pay an equal share of the Neighborhood Two Assessment for each Neighborhood Two Lot owned.

(c) Stabilized Budget:

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 Managers prior to the Turnover Date shall be based on the assumptions that (i) Phase One and Phase Two of the Development has been fully constructed as shown on the then current Declarant's Development Plan and (ii) all proposed Homes thereon have been sold and are occupied and are Subject to Assessment.

(d) Assessments Prior to Turnover Date:

(i) Prior to the Turnover Date, each Owner of a Lot (other than Declarant) which is Subject to Assessment shall pay as the Owner’s share of the annual Community Assessment an amount equal to the total cash needs as shown on the Stabilized Budget divided by the total number of proposed Homes on the Declarant’s Development Plan, so that each Owner (other than Declarant) will pay, with respect to each Lot which is Subject to Assessment and owned by the Owner, a monthly Community Assessment equal to what such Owner would be paying with respect to the Owner's Lot if the Development were fully constructed pursuant to the Declarant’s Development Plan and all proposed Homes have been built and are occupied and are Subject to Assessment.

(ii) In addition to the amount provided for in subparagraph (i) above, each Owner of a Neighborhood Two Lot (other than Declarant) shall pay as the Owner’s monthly share of the Neighborhood Two Assessment, an amount equal to the total Neighborhood Two Expenses, as shown on the Stabilized Budget divided by the number of Neighborhood Two Lots, as shown on the Development Plan, divided by twelve (12), so that each Owner of a Neighborhood Two Lot (other than Declarant) will pay, with respect to each Neighborhood Two Lot owned, a quarterly Neighborhood Two Assessment equal to what such Owner would be paying with respect to the Owner’s Neighborhood Two Lot if the Development were fully constructed pursuant to the Development Plan and all proposed Neighborhood Two Lots have been built and are sold and occupied; and

(iii) Each Owner shall pay such assessment at such times as determined by the Managers, but not less frequently than once each year. The Declarant shall not be obligated to pay any Community Assessments or Neighborhood Two 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 levied (as opposed to paid), Neighborhood Two Assessments levied (as opposed to paid), plus working capital contributions under Section 6.08 payable (whether or not paid) by Owners (other than Declarant) less the portions thereof which are to be added to Capital Reserve is less than the Community Expenses and Neighborhood Two 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 may (but shall not be obligated to) advance to the Association funds to be used by the Association to pay its expenses (“Advanced Funds”). A final accounting and settlement of the amount, if any, owed by Declarant to the Association shall be made as soon as practicable after the Turnover Date. If, and to the extent that, the final accounting determines that the Advanced Funds, if any, are less than the amount owed by the Declarant to the Association pursuant to this Section, the Declarant shall pay the difference to the

Association. If, and to the extent that, the final accounting determines that the Advanced Funds, if any, exceed the amount owed by the Declarant to the Association pursuant to this Section, then the Association shall pay such excess to the Declarant.

6.03 PAYMENT OF COMMUNITY ASSESSMENT: On or before the first 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 Community Assessment or Neighborhood Two Assessment, each Owner of a Lot which is Subject to Assessment shall pay to the Association, or as the Managers may direct, that portion of the Community Assessment or Neighborhood Two Assessment which is payable by each Owner of a Lot under Section 6.02 or Section 6.07, as applicable, at such times as the Managers shall determine from time to time. For purposes hereof, a Lot shall only be Subject to Assessment hereunder from and after such time as a temporary, conditional or permanent occupancy certificate has been issued with respect to the Home constructed thereon.

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

6.05 SPECIAL ASSESSMENT: After the Turnover Date, the Managers may levy a special assessment as provided in this Section (i) to pay (or build up reserves to pay) expenses other than Community Expenses or Neighborhood Two Expenses incurred (or to be incurred) by the Association from time to time for a specific purpose including, without limitation, to make alterations, additions or improvements to the Community Area, or any other property owned or maintained by the Association; or (ii) to cover an unanticipated deficit under the prior year's budget. Any special assessment shall be levied against all of the Lots which are Subject to Assessment in equal shares for each such Lot; provided, however, that special assessment applicable to Neighborhood Two Expenses shall only be payable by Owners of Neighborhood Two Lots. 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 Lots against which the proposed special assessment shall be levied may vote on the question. The Managers 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 Managers. 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 a special reserve account to be used solely for making capital expenditures in connection with the Community Area, and the Association Maintained Public Area (the "Capital Reserve"). The Managers shall determine the appropriate level of the Capital Reserve based on (i) a periodic review of the useful life of improvements to the Community Area, the Association Maintained Public Area and other property owned or required to be maintained by the Association, and (ii) periodic projections of the cost of anticipated major repairs or replacements to the Community Area and the purchase of other property to be used by the Association in connection with its

duties hereunder. The Capital Reserve may be built up by separate or special assessments or out of the Community Assessment as provided in the budget. Special accounts set up for portions of the Capital Reserve to be used to make capital expenditures with respect to the Community Areas shall be held by the Association as agent and trustee for the Owners of Homes with respect to which the Capital Reserve is held and such accounts shall be deemed to have been funded by capital contributions to the Association by the Owners. The budgets which will be adopted from time to time by the Managers prior to the Turnover Date shall include reserve buildups which the Managers deem to be appropriate based on information available to the Managers. Managers elected by the Owners after the Turnover Date may use different approaches from those used by Managers appointed by the Declarant prior to the Turnover Date for the buildup of reserves or may choose not to provide for the buildup of reserves for certain capital expenditures or deferred maintenance for repairs or replacements of the Community Area. If the Managers choose not to provide for the buildup of reserves for a particular anticipated expenditure or if the buildup of reserves that the Managers do provide for in its budgets does not result in sufficient funds to pay for the expenditure when the expenditure must be made, then (i) neither the Manager(s) nor any of its past or present members shall be liable to the Association or the Owners for failing to provide for sufficient reserves and (ii) the Managers shall have the right and power to either levy a separate or special assessment to raise the funds to pay the expenditure or to borrow funds to pay the expenditure and repay the borrowed funds out of future Community Assessments, separate assessments or special assessments. The final accounting and settlement calculation between the Declarant and the Association (provided for in Section 6.02 above) shall not include any amounts allocated to, or deposited in, the Capital Reserve.

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

6.08 INITIAL CAPITAL CONTRIBUTION: Upon the closing of the sale of each Home by the Declarant to a purchaser for value, the purchasing Owner shall make a capital contribution to the Association in an amount equal to six (6) monthly installments of the then current Community Assessment for that Home, which amounts shall be held and used by the Association for its working capital needs (and not as an advance payment of the Community Assessment). In addition, the purchasing Owner shall pay to the Association an amount equal to six (6) monthly installments of the then current Community Assessment for that Home which shall be added to the Capital Reserve.

ARTICLE SEVEN

Collection of Charges and Remedies for Breach or Violation

7.01 CREATION OF LIEN AND PERSONAL OBLIGATION: The Declarant hereby covenants, and each Owner of a Lot by acceptance of a deed therefor (whether or not it shall be so expressed in any such deed or other conveyance) shall be and is deemed to covenant and hereby agrees to pay to the Association all Charges made with respect to the Owner or the Owner's Lot. Each Charge, together with interest thereon and reasonable costs of collection, if any, as hereinafter provided, shall be a continuing lien upon the Lot against which such Charge is made and also shall be the personal obligation of the Owner of the Lot at the time when the Charge becomes due. The lien or personal obligation created under this Article Seven 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 Managers may add a reasonable late fee to any installment of an assessment which is not paid within thirty (30) days of its due date. No Owner may waive or otherwise escape personal liability for the Charges hereunder by nonuse of the Community Area or by abandonment or transfer of his Lot.

7.04 LIEN FOR CHARGES SUBORDINATED TO MORTGAGES: The lien for Charges, provided for in Section 7.01, shall be subordinate to the Mortgagee's mortgage on the Lot 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 Lot. Where title to a Lot 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 Lot shall be personally liable for his share of the Charges with respect to which a lien against his Lot has been extinguished pursuant to the preceding sentence where such Charges are reallocated among all the Owners pursuant to a subsequently adopted annual or revised Community Assessment or special assessment, and non-payment thereof shall result in a lien against the transferee's Lot, as provided in this Article.

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

7.06 OTHER REMEDIES OF THE MANAGERS: In addition to or in conjunction with the remedies set forth above, to enforce any of the provisions contained in this Declaration or any rules and regulations adopted hereunder the Managers may levy a fine or the Managers 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 Lot 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 Managers in connection with any action, proceedings or self-help in connection with the exercise of its rights and remedies under this Article, including, without limitation, court costs, attorneys' fees and all other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon at the rate of eighteen percent (18%) per annum or the maximum rate permitted by law, whichever is less until paid, shall be charged to and assessed against the defaulting Owner, and the Association shall have a lien for all the same, upon his Lot as provided in Section 7.01.

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

ARTICLE EIGHT Use Restrictions

8.01 RESIDENTIAL USE: Each Lot shall be used only for residential purposes, as a private residence, and no professional, business or commercial use shall be made of a Lot or any portion thereof, nor shall any Resident's use of a Lot endanger the health or disturb the reasonable enjoyment of any other Owner or Resident, except that professional and quasi-professional persons may use their residence as an ancillary or secondary facility to an office elsewhere. The foregoing restrictions shall not, however, be construed to prohibit a Resident from: (a) maintaining his personal professional library; (b) keeping his personal business or professional records or accounts; (c) handling his personal business or professional telephone calls or correspondence therefrom, or (d) conducting an in-home business not prohibited by applicable laws, ordinances or regulations.

8.02 OUTBUILDINGS, CLOTHESLINES AND DOG RUNS AND OTHER ACCESSORY STRUCTURES AND USES:

(b) No outbuilding, shed, storage shed, gazebos, doghouses, greenhouse or other temporary or permanent structure shall be constructed on any Lot. There shall be no clotheslines or dog runs constructed or placed on any Lot.

(c) There shall be no construction on any Lot which results in a building or structure inconsistent with the general architectural design and aesthetic flavor of either (i) the Home on the Lot or (ii) the remainder of the Homes on the Premises.

8.03 INDUSTRY/SIGNS: No industry, business, trade, occupation or profession of any kind shall be conducted, maintained or permitted on any part of the Community Area nor shall any "For Sale" or "For Rent" signs be maintained or permitted on any part of the Community Area or any Lot, except as permitted by the Managers or as permitted under Article Nine. No advertising signs, billboards, or objects of unsightly appearance or nuisances shall be erected, placed or permitted to remain on any portion of any Lot. The foregoing restrictions shall not apply to the signs and billboards, if any, of Declarant or its designees. Notwithstanding the foregoing, during the two (2) week period prior to and during the one (1) week period

subsequent to a primary or general election, one (1) political sign (not to exceed 2 feet by 2 feet in size) may be placed in the window of a Home.

8.04 PETS: No animals, livestock or poultry of any kind shall be raised, bred, or kept on the Community Area. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any Lot except for dogs, cats, birds or fish, as household pets (“Pets”) but not for breeding purposes. Farm animals, snakes, other reptiles, exotic animals and wild animals are prohibited. Owners shall keep no more than the maximum number of Pets which is allowable under the ordinances of the Municipality, as may be amended from time to time; and if there is no ordinance in the Municipality, then no more than three (3) dogs, or three (3) cats, or a combination of dogs and cats not to exceed three (3) in total in any Home. The owner of any Pet shall immediately remove any bodily waste deposited by its Pet on any Lot, Community Area, parkways, cul-de-sac islands or dedicated streets. The Managers may from time to time adopt rules and regulations governing (a) the keeping of Pets in the Home, which may include prohibiting certain species of Pets from being kept in the Home and (b) the use of the Community Area by Pets.

8.05 TRASH: All rubbish, trash, or garbage shall be kept so as not to be seen from neighboring Homes and roads, and shall be regularly removed from the Premises, and shall not be allowed to accumulate thereon. Garbage may not be burned on a Lot or on the Community Area. Currently, trash containers shall be placed on the curb for collection and empty containers shall be removed on the pick-up day at such times as provided in the current Municipal ordinance, as may be amended from time to time.

8.06 NUISANCE: No nuisance, noxious or offensive activity shall be carried on in the Premises nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the Owners or occupants of any Home.

8.07 PLANTS: No plants, seeds, or other things or conditions harboring or breeding infectious plant diseases or noxious insects shall be introduced or maintained upon any part of the Premises.

8.08 PARKING: The parking of vehicles on the Premises shall be subject to rules and regulations adopted by the Managers from time to time, which rules and regulations may provide for the removal of any violating vehicles at the vehicle owner's expense or for the imposition of a fine for a violation of the rules and regulations. Without limiting the foregoing, the following shall apply:

(a) Residents shall not be permitted to park any vehicle (which has “D” or equivalent plates, more than two (2) axles, more than four (4) tires and/or a gross weight when fully loaded in excess of 8,000 pounds), recreational vehicle, boat, trailer or other similar vehicle on any portion of the Premises, other than within a garage which is part of a Home. In no event can any portion of a vehicle which is permitted to be parked on the Premises hereunder (including any ladder or other equipment attached thereto) block or overhang any portion of a sidewalk located on the Premises.

(b) Except for emergencies, no repairs or maintenance work shall be performed on any vehicle on the Premises, other than within a garage which is part of a Home.

(c) The Owner of any Lot shall keep the garage door of his residence shut at all times when it is not in use. No Owner shall park or store vehicles on public streets or on driveways within his Lot if there is capacity for storage for such vehicles in the garage on his Lot. No owner shall utilize the space within his garage to store any commercial materials or products or for purposes which adversely affect or limit the storage of vehicles therein to meet the designed capacity of such garage.

(d) No inoperable vehicles shall be kept on any portion of a Lot, except within the garage.

8.09 SATELLITE DISHES/ANTENNAE: Subject to applicable federal, state and local regulations, laws and ordinances, no satellite dish, television antenna or other similar device shall be attached to or installed (i) on any portion of the Community Area, or (ii) on any portion of a Lot which is visible from the front of the Home. The installation of satellite dishes, television antennae and other similar devices shall be subject to additional reasonable rules and regulations adopted from time to time by the Managers. The restrictions set forth in this Section 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.

8.10 LANDSCAPE MAINTENANCE: Except as provided herein, each Owner shall regularly mow and trim all areas of his Lot covered with grass and ground cover and shall keep all areas of his Lot designed or intended for the proper drainage or detention of water, including swale lines and ditches, unobstructed and shall mow and maintain such areas regularly so as to keep such areas in good and functional condition. Any landscaping installed in any easement area as shown on the Plat shall be installed at the Owners expense and if disturbed when maintenance is performed, shall be replaced at the Owners expense.

8.11 FENCES: No fencing shall be installed on a Lot, unless specifically approved in writing by the Managers. All fences installed on any Lot shall be done in conformance with the "Fence Standards" included in Exhibit C attached. Notwithstanding the foregoing, fences are not permitted on a Neighborhood Two Lot unless installed by the Association.

8.12 PROHIBITION OF ABOVE GROUND SWIMMING POOLS: No above ground swimming pools shall be installed on any Lot within the Premises.

8.13 PROHIBITIONS IN FRONT OR SIDE YARDS: Playgrounds, trampolines, sandboxes, swing sets, outside storage, furniture and inoperable motor vehicles are prohibited in front or side yards.

8.14 SCREENING OF OUTDOOR HOT TUBS: Installation of outdoor hot tubs shall be subject to the review and approval of the Managers to ensure that they are screened from view from public streets or neighboring Lots through installation of appropriate and sufficient fencing or landscaping. Screening with fencing shall not be allowed.

8.15 PROHIBITION OF WINDOW AIR CONDITIONERS OR WINDOW FANS: No window air conditioners or window fans shall be placed in any Home constructed on the Premises.

8.16 CLEARANCE OF UTILITIES: The Owner of a Lot, and not the Association, shall be responsible for the clearance and relocation of any utilities that must be made in connection with the installation of any improvements by the Owner on his Lot.

8.17 COMPLIANCE WITH U.S. POSTAL SERVICE REGULATIONS: All mailboxes located in any right-of-way shall be in compliance with U.S. Postal Service Regulations and must be approved by the Municipality. To the degree not maintained by USPS, the maintenance, repair and replacement of the cluster mailboxes (but excluding key replacements or the locking mechanisms of any individual mail compartment, which shall be the responsibility of each Owner) shall be provided by the Association and the cost thereof shall be a Community Expense.

8.18 DRIVEWAYS: Driveways shall be constructed of concrete, asphalt or pavers. No driveway alteration, repair or replacement shall be permitted to extend past the width of the initial installation when replaced and shall not be increased at any time.

8.19 LEASES OF LOTS: Any Owner may lease his Lot, but no lease may be for less than the full Home, subject to the provisions of the subsections (a) through (e) below:

(a) The total number of Lots allowed to be leased shall be limited to no more than ten percent (10%) of the total number of Lots approved on the final plat of subdivision;

(b) No Owner shall be allowed to lease more than one (1) Lot within the subdivision;

(c) No Lot shall be leased for less than twelve (12) months or for hotel or transient purposes;

(d) 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. Each Owner who leases his Lot shall promptly provide a complete copy of such lease to the Managers, which shall keep a record of the number of Lots leased. A lessee shall be bound by the provisions hereof regardless of whether the lease specifically refers to this Declaration;

(e) The Managers may temporarily, for a period not to exceed one (1) year, grant an Owner a temporary exception to the maximum limit on Lots allowed to be leased based on documented and validated Owner medical hardship, financial hardship or an extended leave of absence due to a military deployment.

8.20 PLAYSET: Subject to the terms of Section 3.05 and 8.22, playsets shall be constructed of wood or PVC materials and shall not be made of metal.

8.21 TRELLISES, ARBORS AND PERGOLAS: Free standing trellises and other latticework built to support climbing plants or vines shall be permitted on a deck or patio. Arbors, pergolas or other structures creating archways, entryways or built with posts supporting a roof, however, are not permitted.

8.22 NEIGHBORHOOD TWO RESTRICTIONS: The following restrictions apply to Neighborhood Two Lots only. In the event there is a conflict between the provisions of this Section and the remainder of this Declaration, the terms of this Section shall govern.

(a) No basketball courts or hoops, playsets, swingsets, jungle gyms or other playground equipment shall be maintained on any Neighborhood Two Lot.

(b) No above ground or in-ground swimming pools shall be maintained on any Neighborhood Two Lot.

8.23 SEASONAL DECORATIONS: Seasonal decorations (statues, artifacts, and lighting) customarily associated with any national, state, local, or religious holiday celebrations may be erected or displayed no earlier than thirty (30) days before the holiday and must be removed no later than fourteen (14) days after the holiday. During the winter months, this period may be extended by the Managers due to extreme weather conditions. During such extended periods, any lighting shall not be illuminated.

8.24 ENERGY POLICY STATEMENT: PURPOSE OF STATEMENT: In compliance with Section 5 of the Homeowner's Energy Policy Statement Act (765 ILCS 165/1 et. seq.) the Managers has adopted this Energy Policy Statement for the purpose of protecting the public health, safety, and welfare of the Members of the Association in connection with permitting the use of solar energy systems.

(a) The terms "solar energy", "solar collector", "solar storage mechanisms" and "solar energy systems" and the phrases related thereto when used within this Section shall have the meanings and definitions prescribed to them in Section 10 of the Homeowner's Energy Policy Statement Act.

(b) Application for the installation of solar collectors, solar storage mechanisms and solar energy systems must be made to the Managers by submission of an Architectural Review Form.

(c) Owners shall not permit solar collectors, solar storage mechanisms or solar energy systems to fall into disrepair or to become safety hazards.

(d) Owners shall be responsible for maintenance and repair of solar collectors, solar storage mechanisms and solar energy systems.

(e) Owners shall be responsible for repainting or replacement of solar collectors, solar storage mechanisms and solar energy systems.

(f) Solar collectors, solar storage mechanisms and solar energy systems shall meet applicable standards and requirements imposed by state and local permitting authorities and shall be certified by the Solar Rating Certification Corporation (SRCC) or other nationally recognized certification agency, as applicable.

(g) Solar collectors shall only be installed on residence roofs and should be, upon installation, completely contained within the vertical plane of the exterior wall line of the structure.

(h) Solar collectors, solar storage mechanisms and solar energy systems, whenever possible, should be installed on existing plane of roof material.

(i) Solar collectors, solar storage mechanisms and solar energy systems installed on roofs must be firmly affixed to roof surface.

(j) All plumbing lines should be concealed where possible, on exterior of the building and the method of installation shown and detailed in the Owner's application described in paragraph (b) herein. Lines should be painted colors consistent with the building and other materials adjacent to the system.

(k) Roof solar collectors should be dark in color.

(l) A sample or illustrated brochure of the proposed solar collectors, solar storage mechanisms and solar energy systems should be submitted to the Managers as part of an Owner's application under paragraph (b) herein, and should clearly depict the system and define the materials used. Construction drawings for the specific installation shall also be provided. Drawings shall clearly show all elevations, roof planes, proposed assembly and attachment to the roof structure, proposed installation location on the residence and the location of any storage tanks.

(m) All applications concerning solar collectors, solar storage mechanisms and solar energy systems made pursuant to paragraph (b) herein should include calculations indicating the number and area of panels required.

(n) Any material used in the solar collectors, solar storage mechanisms and solar energy systems, if flammable, should be self-extinguishing.

(o) Ground-mounted, free-standing solar collectors, solar storage mechanisms and solar energy systems are prohibited anywhere on the Premises.

(p) A solar energy system may be installed on the roof within an orientation to the south or within 45 degrees east or west of due south provided that the orientation does not impair the effective operation of the solar energy system.

(q) A solar energy system shall only be installed by a professional contractor, licensed or accredited by the North American Board of Certified Energy Practitioners (NABCEP), Interstate Renewable Energy Council (IREC) or other similar nationally recognized accrediting/licensing authority. The appropriate credentials of the professional contractor shall be submitted along with the Owner's application described in paragraph (b) herein.

(r) If, as a result of an Owner's installation, maintenance or repair of a solar energy system, solar collection, solar storage mechanism or any of their component parts, damage is caused to the Community Area or any portion of the Premises that is maintained by the Association, the Owner shall pay for any such damage, maintenance and repairs as may be necessary and as determined by the Managers in their sole discretion.

(s) Any party that installs, maintains, repairs or replaces a solar energy system, solar collection or solar storage mechanism must first provide the Association with adequate proof of insurance, providing coverage for the type of work described in this Section. The Association shall be named as an additional insured on any such

policies and no installation, maintenance, repairs or replacements may commence until proof of the insurance required by this Section is provided to the Association.

(t) The Association does hereby prohibit the installation, placement or construction of wind energy collection systems and composting systems anywhere on the Premises.

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 Operating Agreement, the Declarant shall have the rights and powers set forth in this Article. Except to the extent relating to the rights of the Municipality, anything in this Declaration or the Operating Agreement to the contrary notwithstanding, the provisions set forth in this Article shall govern. Except as otherwise provided in this Article, the rights of the Declarant in this Article shall terminate and be of no further force and effect five (5) years after the Declarant is no longer vested in or controls title to any portion of the Development Area (“Declarant Rights Period”).

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 Declarant), sales or leasing offices or other facilities for the purpose of selling or leasing homes 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 Premises, at any and all reasonable times without fee or charge. The Declarant shall have the right and power to lease any unit owned by it or the Declarant to any person or entity which it deems appropriate in its sole discretion.

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

9.04 DECLARANT CONTROL OF ASSOCIATION: Prior to the Turnover Date, the Managers shall be the Declarant, or one or more entities or persons designated by the Declarant from time to time who need not be Owners or Voting Members. Initially the Declarant shall be the sole Manager. The rights and powers of the Declarant to manage the affairs of the Association, or designate the Managers of the Association shall terminate on the first to occur of (i) such time as Declarant no longer holds or controls title to any portion of the Development Area, (ii) the giving of written notice by Declarant to the Association of Declarant's election to terminate such rights, (iii) ten (10) years from the date of Recording hereof, or (iv) the date required under any applicable statute. The date on which the Declarant's rights under this Section shall terminate shall be referred to as the "Turnover Date". From and after the Turnover Date, the Managers shall be constituted and elected as provided in the Operating Agreement. 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 (other than Declarant) shall have no voting rights.

9.05 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.

9.06 ASSIGNMENT BY DECLARANT: All rights which are specified in this Declaration to be rights of the Declarant are mortgageable, pledgeable, assignable or transferable in whole or in part. 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.

9.07 GRANT OF EASEMENTS AND DEDICATIONS: Declarant shall have the right to dedicate portions of the Community Area to the County, the Municipality or other governmental authority which has jurisdiction over such portions. Declarant shall also have the right to reserve or grant easements over the Community Area to any governmental authority, public utility or private utility for the installation and maintenance of utility services serving any Lot.

9.08 MATTERS AFFECTING COMMUNITY AREA: During the Declarant Rights Period, the Association shall not cause or permit a lien or encumbrance to be placed or imposed on any portion of the real estate legally describe in Section II of Exhibit B hereto (each a "Community Area Lot") without the prior written consent of the Declarant. Any such lien or encumbrance placed or imposed on a Community Area Lot without Declarant's consent shall be null and void. In order to reflect or conform to a change in the Declarant's Development Plan, any time prior to the end of the Declarant Rights Period, the Declarant shall have the right and power to require the Association to convey such portion or portions of a Community Area Lot which are so withdrawn and removed from the Community Area to Declarant or its nominee, free and clear of any liens or encumbrances other than those created by or consented to by the Declarant pursuant to this Section.

9.09 ARCHITECTURAL CONTROLS: Prior to such time as the Declarant no longer holds or controls title to any portion of the Development Area, no additions, alterations or improvements (including, without limitation, changes in the exterior color of a Home or

construction or installation of a deck, patio, terrace, shed, outbuildings, antennae, satellite dish or similar changes) shall be made to the exterior of any Home or any part of the Home which is visible from outside the Home by an Owner without the prior written consent of the Declarant. If an addition, alteration or improvement which requires Declarant approval hereunder is made to a Home without the prior written consent of the Declarant, then the Declarant may seek injunctive relief to cause the Owner to cease construction of and/or remove the addition, alteration or improvement. Declarant's decision to approve or disapprove an alteration, addition or improvement in one instance shall not in any way create or establish a precedent for how the Declarant must respond to a request for an alteration, addition or improvement subsequently made, it being understood that circumstances, situations and standards may change and the Declarant reserves the right and power to grant or deny requests as Declarant believes are appropriate in Declarant's sole and absolute discretion.

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, (v) to amend Exhibit A to include additional real estate, (vi) to amend Exhibit B to remove real estate from the Premises and the terms of this Declaration and (vii) to reflect a change in the Declarant's Development Plan. 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 of the Declarant to Record a Special Amendment hereunder shall terminate five (5) years after such time as Declarant no longer holds or controls title to a portion of the 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 (75%) of the total votes or by an instrument consented to, in writing, executed by Owners of at least Seventy-Five Percent (75%) of the Lots; except, that (i) the provisions of this Section 10.02 may be amended only by an instrument executed by all of the Owners and all First Mortgagees, (ii) the provisions relating only to Neighborhood Two Lots may only be amended by the affirmative vote of Voting Members representing at least Seventy-Five Percent (75%) of the total votes of Neighborhood Two Lots or by an instrument consented to, in writing, executed by Owners of at least Seventy-Five Percent (75%) of the Neighborhood Two Lots, and (iii) until such time as the rights and powers of the Declarant under this Declaration terminate, this

Declaration may only be amended with the written consent of the Declarant. 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 Lot shall no longer have the legal access to a public way from his Lot. No amendment shall become effective until properly Recorded.

ARTICLE ELEVEN
First Mortgagees Rights

11.01 NOTICE TO FIRST MORTGAGEES: Upon the specific, written request of Mortgagee or the insurer or guarantor of a First Mortgagee's mortgage, such party shall receive some or all of the following and these notices can be delivered by any means the Managers determines which is not contrary to the provisions of the Act.

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

(g) 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

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

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

(i) Adoption of an amendment to this Declaration which (i) changes Article Six or otherwise changes the method of determining the Community Assessments or other Charges which may be levied against an Owner; (ii) changes Section 7.04 or Article Ten, (iii) changes this Article Eleven, or any other provision of this Declaration or by Operating Agreement 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 Lot;

(ii) The withdrawal of the Premises from the provisions of this Declaration;

(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 sixty (60) days after making the request for consent.

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

12.01 IN GENERAL: Declarant reserves the right at any time and from time to time prior to twenty (20) years from the date of Recording of this Declaration to (i) annex, add and subject additional portions of the Development Area to the provisions of this Declaration as additional Premises or (ii) remove certain portions of the Development Area from the Premises by recording a supplement to this Declaration (a “Supplemental Declaration”), as hereinafter provided. Notwithstanding the foregoing, the Declarant may exercise the rights described herein to annex, add and subject additional portions of the Development Area to the provisions of this Declaration.

Any portion of the Development Area which is made subject 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 Lots contained in the Added Premises shall be referred to as “Added Lots”; and any Association Maintained Public Areas contained in the Added Premises shall be referred to as “Added Association Maintained Public Areas”. Each Added Lot shall also be designated as a Neighborhood One Lot or Neighborhood Two Lot. Any portion of the Development Area which is removed from the terms of this Declaration by a Supplemental Declaration shall be referred to herein as “Removed Real Estate.” The Removed Real Estate may only include (i) a Lot planned to be improved with a Home (as shown on the Declarant’s Development Plan), provided that no portion of such Lot is Subject to Assessment hereunder, and (ii) portions of the Community Area, if any, which, in Declarant’s sole and absolute determination, serve the Lots being removed.

After the expiration of said twenty (20) 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 or remove portions of the Development Area from the Premises, provided that the consent of the Owners (by number) of two-thirds (2/3) of all Lots then subject to this Declaration is first obtained. If any portion of the Added Premises or Removed Real Estate, as the case may be, is owned by an Owner other than the Declarant, then such Owner shall join in the Supplemental Declaration for the purpose of making the Added Premises owned by it subject to this Declaration or removing the portion of the Removed Real Estate owned by it from the terms of this Declaration, as applicable.

12.02 POWER TO AMEND: Declarant hereby retains the right and power to Record a Supplemental Declaration, at any time and from time to time as provided in Section 12.01, which amends or supplements Exhibit B. Exhibit B may only be amended or supplemented pursuant to this Article to (i) either add portions of the Development Area to Exhibit B or (ii) remove from the Premises 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 or the Removed Real Estate as the Declarant deems necessary or appropriate.

12.03 SUPPLEMENTAL DECLARATION TO ADD PREMISES: Upon the Recording of a Supplemental Declaration by Declarant which annexes and subjects Added Premises, Added Community Area, Added Association Maintained Public Areas, or Added Lots to this Declaration, as provided in this Article, then:

(a) The easements, restrictions, conditions, covenants, reservations, liens, charges, rights, benefits and privileges set forth and described herein shall run with and bind the Added Premises and inure to the benefit of and be binding on any Person having at any time any interest or estate in the Added Premises in the same manner, to the same extent and with the same force and effect that this Declaration applies to the Premises, 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 Added Lot shall be a Lot hereunder and every Owner of an Added Lot shall be a member of the Association on the same terms and subject to the same qualifications and limitations as those members who are Owners of Lots immediately prior to the Recording of such Supplemental Declaration;

(c) The provisions of Article Three shall be revised to add any new obligations or responsibilities of the Association or Lot Owners with regards to the maintenance, repair or replacement of the Added Lots, Added Community Areas or the Added Association Maintained Public Areas, if any.

(d) 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 Association Maintained Public Areas, or the Added Lots, if any) made subject to this Declaration by any such Supplemental Declaration and the Owners, First 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;

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

(f) 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

(g) Each Owner of an Added Lot which is Subject to Assessment hereunder shall be responsible for the payment of the Community Assessment (and the Neighborhood Two Assessment if a Neighborhood Two Lot) pursuant to Section 6.02 or Section 6.07, but shall not be responsible for the payment of any special assessment which was levied prior to the time that the Added Lot became Subject to Assessment hereunder.

12.04 SUPPLEMENTAL DECLARATION TO REMOVE REAL ESTATE: Upon the Recording of a Supplemental Declaration by Declarant which removes Removed Real Estate from the terms of this Declaration, as provided in this Article, then:

(a) Except as specifically provided in the Supplemental Declaration, none of the easements, restrictions, conditions, covenants, reservations, liens, charges, rights, benefits and privileges set forth and described herein shall apply to or affect any portion of the Removed Real Estate;

(b) The owner or owners from time to time of any portion of the Removed Real Estate shall not be members of the Association;

(c) The Supplemental Declaration may grant or reserve easements or covenants with respect to a portion of all of the Removed Real Estate or may impose upon a portion or all of the Removed Real Estate, the obligation to share in certain costs incurred by the Association which benefit such portion or all of the Removed Real Estate, as determined by the Declarant in its sole and absolute judgment; and

(d) The provisions of Section 9.08 shall apply to any Community Area Lot or portion thereof which is part of the Removed Real Estate.

ARTICLE THIRTEEN
Miscellaneous

13.01 NOTICES: Any notice required to be sent to any Owner under the provisions of this Declaration or the Operating Agreement shall be deemed to have been properly sent if (i) mailed, postage prepaid, to his or its last known address as it appears on the records of the 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 Lot. 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.

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

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

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

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

13.06 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 Home 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 Home and, accordingly, no Owner of a Home shall be able to assert a claim against Declarant for a breach of the Implied Warranty of Habitability or any other implied warranty.

13.07 JURISDICTION: This agreement and its validity, enforcement and interpretation shall be governed by the law of the state of Illinois (without regard to any conflict of laws, principles) and applicable United States federal law.

EXHIBIT A
TO
DECLARATION OF COVENANTS FOR THE TRAILS OF WOOD CREEK

The Development Area
[LEGAL DESCRIPTIONS TO COME]

Phase One:

Phase Two:

EXHIBIT B
TO
DECLARATION OF COVENANTS FOR THE TRAILS OF WOOD CREEK

The Premises

I. Neighborhoods and Lots:

Each of the following described lots in each neighborhood shall be a "Lot" hereunder:

A. Neighborhood One : _____ (each a "Neighborhood One Lot");

B. Neighborhood Two: _____ (each a "Neighborhood Two Lot")

II. Community Area:

A.

III. Association Maintained Public Area:

A.

EXHIBIT C
TO
DECLARATION OF COVENANTS FOR THE TRAILS OF WOOD CREEK

Fence Standards

Fence Standards

- Except as provided herein, all fences on the Premises must be aluminum or wrought iron and shall not exceed five (5') feet in height.
- In order to provide a cohesive, well planned fencing program that provides a fencing alternative for homeowners with small pets, the illustrated “puppy picket” style fence will be permitted.
- Fences may only be installed (i) in the rear yard and (ii) in the side yards if the service door to the garage is present.
- Under no circumstances shall a fence be installed in a front yard.
- Fences are not permitted on a Neighborhood Two Lot, unless installed by the Declarant.

Illustration of “Puppy Picket” fence

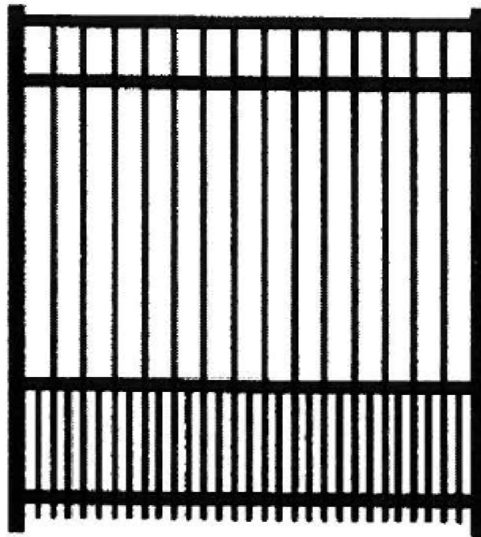


EXHIBIT D
TO
DECLARATION OF COVENANTS FOR THE TRAILS OF WOOD CREEK

Operating Agreement

See attached

{to be inserted}