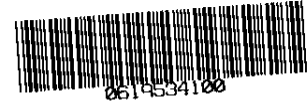


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This document prepared by
and after recording return to:
Stephen F. Galler, Esq.
c/o LR Development Company LLC
350 W. Hubbard, Suite 301
Chicago, Illinois 60610

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Doc#: 0619534100 Fee: \$112.00
Eugene "Gene" Moore RHSP Fee: \$10.00
Cook County Recorder of Deeds
Date: 07/14/2006 02:38 PM Pg: 1 of 45

Permanent Index Numbers:

17-17-323-004
17-17-323-005
(affects subject property and other land)

Common Address:
1205 - 1231 West Arthington
Chicago, Illinois 60607

RECORDING FEE 112-
DATE 7-14-06 COPIES 6
OK BY [Signature]

DECLARATION OF EASEMENTS, RESTRICTIONS, AND COVENANTS
FOR
1205 - 1231 WEST ARTHINGTON HOMEOWNERS ASSOCIATION

THIS DECLARATION (the "**Declaration**") is made and entered into as of this 14th day of July, 2006 by RS Homes I LLC, an Illinois limited liability company (hereinafter referred to as the "**Declarant**"):

RECITALS

A. Declarant is the legal title holder of the land, property and space located in the City of Chicago, County of Cook and the State of Illinois, which is legally described in **Exhibit A** attached hereto and made a part hereof (the "**Premises**");

B. The Premises is improved with, among other things, twelve (12) 3-story attached single-family townhomes (collectively, the "**Townhome Units**") and certain Common Areas (as hereinafter defined);

C. The Property (as hereinafter defined) includes, but is not limited to, the Premises, the Townhome Units and the Common Areas;

D. It is the desire and intention of the Declarant to provide for the preservation of the value and the harmonious, beneficial, and proper use of the Property and, to this end, Declarant desires to subject the Property to the rights, easements, covenants, restrictions, charges, and liens hereinafter set forth; and

E. Declarant intends that the several owners of the Property, their successors and assigns, and their mortgagees, guests, and invitees shall at all times enjoy the benefit of, and that the several owners of and all persons hereafter acquiring an interest in the Property hold their interests subject to, the terms of this Declaration, all of which are established for the purpose of enhancing and perfecting the value, desirability, and attractiveness of such Property.

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Box 334

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NOW, THEREFORE, Declarant hereby declares that the Property shall be held, conveyed, occupied, and encumbered subject to the rights, easements, covenants, restrictions, charges, and liens hereinafter set forth, each and all of which shall, with respect to the Property, attach to and constitute covenants running with the land, and Declarant further DECLARES AS FOLLOWS:

ARTICLE I

DEFINITIONS

The following terms shall have the following meanings:

“**1217-1219 West Arthington Property**” means that certain land, property and space and all improvements, structures and fixtures constructed or to be constructed therein or thereon from time to time, and located at 1217 and 1219 West Arthington Street, Chicago, Illinois.

“**Alteration**” means any change in the exterior appearance of any Improvement, landscaping or in the grading or drainage pattern of any Parcel.

“**Association**” means the 1205 – 1231 West Arthington Homeowners Association, an Illinois not-for-profit corporation, and its successors and assigns, acting pursuant to the By-Laws through its duly elected Board of Directors.

“**Board**” or “**Board of Directors**” means the Board of Directors of the Association, being the persons determined pursuant to the By-Laws who are vested with the authority and responsibility of administering the Property.

“**By-Laws**” means the By-laws of the Association, a copy of which is attached as **Exhibit B** hereto and incorporated herein, as they may be amended pursuant thereto.

“**Common Area**” or “**Common Areas**” means all property, real or personal, owned by the Association, which shall initially include the real estate described in **Exhibit C** attached hereto, and shall include without limitation any curbs, gutters, sidewalks, including but not limited to Shared Sidewalks, common emergency exit stairs and stairwells, walls, fences and landscaping on the Common Area.

“**Damaged Common Improvement**” means any and all damage by fire or other disaster to improvements in the Common Area.

“**Declarant**” means RS Homes I LLC, an Illinois limited liability company, and any successor or successors to the then existing Declarant’s entire remaining interest in the Property (other than the purchaser of an individual Parcel) and any assignee or assignees of Declarant pursuant to Article 12. For purposes hereof, any receiver or mortgagee – in – possession with respect to such entire remaining interest shall be entitled to exercise all rights of Declarant during the period of its receivership or possession as mortgagee – in – possession, as the case may be.

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“Declaration” means this Declaration of Easements, Restrictions, and Covenants for 1205 – 1231 West Arthington Homeowners Association, as amended and modified from time to time.

“Eligible Mortgage Holders” means those First Mortgagees who have requested the Association to notify them of any proposed action which requires the consent of a specified percentage of Eligible Mortgage Holders.

“First Mortgagees” means those holders of notes secured by mortgages or trust deeds which constitute first mortgage liens against a Parcel or Parcels.

“Improvement” means any permanent structure attached to the Property which is erected after the date hereof, including, without limitation, the Townhome Units, any ancillary facilities such as garages or parking areas, driveways, curbs, fences, sidewalks and stairs, emergency exit stairs and stairwells, installed play equipment, and landscaping for the remaining portion of the Parcels not occupied by Buildings and their ancillary facilities.

“Maintenance Fund” means all monies collected by the Association pursuant to the terms hereof.

“Member” means each person or entity who is a member of the Association, as provided in the By-laws.

“Occupant” means a Person or Persons, other than a Parcel Owner, lawfully in possession of one or more Parcels.

“Parcel” means each individual parcel of Property legally described on **Exhibit D** hereto, as amended from time to time. Each Parcel consists of a lot designated to be improved with an attached single-family home.

“Parcel Landscaping” means the lawn, sod, trees and shrubs located on the Parcels, but excluding any annual and perennial flowers on the Parcels.

“Parcel Owner” means the person or persons whose estate or interests, individually or collectively, aggregate fee simple ownership of a Parcel (without reference to the interests of lien holders or tenants for terms of years or otherwise).

“Person” means a natural person, corporation, partnership, trustee or other entity capable of holding title to real property.

“Premises” shall have the meaning set forth in the introductory paragraphs.

“Property” means, collectively, all of the land, property and space comprising the Premises, the Improvements, including but not limited to the Townhome Units, and all easements, rights and appurtenances belonging thereto, all as legally described on **Exhibit A** attached hereto, portions of which shall be resubdivided from time to time into the Parcels.

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“**Reciprocal Easement Agreement**” means that certain Reciprocal Easement Agreement dated of same date herewith and recorded prior to the recording of this Declaration. The Reciprocal Easement Agreement grants certain easements over, under, on, across and in portions of the Property and the 1217-1219 West Arthington Property and sets forth certain rights, duties and obligations among the Parcel Owners and Occupants of the Property and the owners and occupants of the 1217-1219 West Arthington Property.

“**Recorder**” means the Office of the Recorder of Deeds of Cook County, Illinois.

“**Roof Walkway**” means each Parcel Owner’s roof walkway, which shall be subject to easement rights in favor of the other Parcel Owners and Occupants for emergency access, ingress and egress

“**Share**” means a percentage assigned to each Parcel Owner, the numerator of which is the Declarant’s estimate of the projected value of the Parcel when improved and the denominator of which is the Declarant’s estimate of the projected value of all of the Parcels when improved. See **Exhibit E** attached hereto.

“**Shared Sidewalks**” means the shared sidewalks and walkways providing pedestrian access to the Parcels.

“**Townhome Unit**” or “**Townhome Units**” shall have the meaning set forth in the introductory paragraphs.

“**Transition Event**” means the first to occur of the following: (i) the expiration of three (3) years after the date of recording of this Declaration and (ii) the date which is not later than sixty (60) days after conveyance of seventy-five percent (75%) of the Parcels.

ARTICLE 2

ARCHITECTURAL CONTROL

(a) Except for Improvements heretofore or hereafter constructed or placed upon the Property by the Declarant, no Improvement shall be constructed or placed on any Parcel, nor shall any Alterations be made, without, in each case, the prior written approval of the Board. The Board may require as a condition for its approval compliance with such reasonable conditions as the Board may determine are appropriate to insure that the proposed Improvements or Alterations are reasonably compatible with the appearance and quality of the theretofore approved Improvements and that proposed landscaping and drainage are acceptable to the Board in its discretion. The Parcel Owner seeking approval shall submit preliminary plans and specifications for any proposed Improvements or Alterations showing, among other things, the location of the Improvements or Alterations within the Parcel.

Schematic architectural and engineering plans, landscape drawings, and such other information as the Board may reasonably require shall also be furnished and shall disclose, among other things, elevations of all Improvements, construction materials, aesthetic treatment

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of exterior surfaces, including exterior architectural design and decor, and other like pertinent data.

The Board will not approve the plans and specifications for a proposed Improvement or Alteration unless the Board, in its sole discretion, deems the proposed Improvement or Alteration to be consistent with other approved Improvements for the Property and with high quality standards of design and construction. Fences will not be changed unless all fences in the Property are changed.

If, within thirty (30) days after submission of all required information the Board fails either to approve or disapprove of the proposals or to suggest changes therein, the Board shall be conclusively presumed to have approved the proposals as submitted. The Board shall notify the affected Parcel Owner of any disapproval and in such notice shall set forth in reasonable detail the reasons for such disapproval.

(b) If, within two (2) years (or such longer period as the Board may permit) from the date of approval, work on the Improvements or Alterations shall not have been substantially commenced, or if commenced, construction shall not, in the Board's reasonable judgment, have been prosecuted with due diligence, then any prior approval of such work shall be deemed withdrawn, automatically, and without any further act by the Board or any other party. In that event, such Parcel Owner shall not commence or continue, as the case may be, construction of the Improvements or Alterations without further written approval by the Board obtained in the manner of the initial approval and shall, at the option of the Board, restore the Parcel to a condition similar to such Parcel's condition prior to such approval.

Construction of any Alteration or Improvement shall be completed within two (2) years after approval of the plans therefor (or such longer period as the Board may permit).

To the extent that commencement or completion is rendered impossible or would result in great hardship due to strikes, casualty, shortage of material, national emergencies, or forces beyond the control of the Parcel Owner, the commencement or completion date, as the case may be, shall be extended by the Board for a period corresponding to the duration of such delay-causing event.

(c) Any waiver by the Association or the Board, as the case may be, in one or more instances of the provisions and requirements contained in this Article 2 shall not be deemed to be a waiver by the Association or the Board, as the case may be, of its rights to enforce such provisions and requirements thereafter, no matter how many waivers may have been granted previously.

ARTICLE 3

MAINTENANCE OF TOWNHOME UNITS AND IMPROVEMENTS

(a) Except as otherwise set forth herein, each Parcel Owner, at his sole cost and expense, shall maintain, repair and replace the interior of the Townhome Unit on his Parcel,

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including the Improvements therein, and the annual and perennial flowers, keeping the same sightly and in good condition and repair.

(b) In the event any Parcel Owner shall fail to fulfill such obligation to maintain, repair and replace his Parcel, including the Townhome Unit and the Improvements thereon, the Association, in addition to all other remedies available to it hereunder or by law, and without waiving any of said alternate remedies, shall have the right (but not the obligation), through its employees and agents or through independent contractors, upon reasonable notice or, in the case of an emergency, without notice, to enter upon any Parcel, and, if required, into any Townhome Unit or garage, to repair and maintain the Parcel, including the Townhome Unit and the Improvements situated thereon; the cost thereof shall be paid by the Parcel Owner.

(c) Each Parcel Owner, by acceptance of a deed or other instrument of conveyance for his Parcel, hereby covenants and agrees to pay to the Association the cost of any repairs and maintenance provided for in this Article 3 upon demand, and the failure of such Parcel Owner to pay such costs shall carry with it the same consequences as the failure to pay any assessments levied hereunder when due, as herein provided. The Association shall have a lien upon said Parcel in the amount of such costs enforceable in the manner and to the extent herein set forth in this Declaration.

(d) The Association, through its officers, employees, agents or contractors, may enter any Parcel when necessary in connection with any maintenance or repair for which the Association is responsible or which the Association has the right or duty to do. Such entry shall be made with as little inconvenience to the Parcel Owner as practicable, and, except in the event of emergency, shall be done upon reasonable notice to the Parcel Owner. Any damage caused thereby shall be repaired by the Association, the cost of which shall be paid out of the Maintenance Fund.

(e) The Association shall maintain, repair and replace (if necessary) the exterior of each Townhome Unit and other Improvements located on the Parcel, including, without limitation, all painting, staining, refinishing, maintenance, repair, replacement and tuckpointing of the exterior surfaces, roofs (including Roof Walkways) and structural components of the Townhome Units and garages, including, without limiting the generality of the foregoing, all sidings, outer walls, shutters, gutters, and downspouts of the dwellings and garages, all screens, doors and glass surfaces, and window repair and exterior washing. The cost of such expenses shall be assessed from time to time when incurred to the Parcel Owners pro rata in accordance with the relative amounts of their Shares.

ARTICLE 4

MAINTENANCE OF COMMON AREA, PARCEL LANDSCAPING AND SHARED SIDEWALKS

(a) The construction, operation, maintenance, repair and replacement of the Common Area (including but not limited to snow and ice removal) and landscaping and maintenance of the Parcel Landscaping shall be within the sole control, responsibility, and discretion of the Association. The cost of all capital improvements (other than capital improvements constructed

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by the Declarant), including fences, non-dedicated utilities and roads, whether located on or off the Property, and new construction and replacement of facilities and landscaping within the Common Area and Parcel Landscaping as well as all expenses for maintenance and upkeep of the Common Area and Parcel Landscaping and all real estate taxes on the Common Area, shall be paid from the Maintenance Fund.

(b) The Association also shall be responsible for maintaining, repairing and replacing (if required) the Shared Sidewalks and any stairs and stairwells which are part of the Common Area and are designated for emergency use.

ARTICLE 5

EASEMENTS

(a) The Declarant, or the Association upon conveyance of title to the Common Area from the Declarant to the Association as provided in Article 5, Section (h) below, hereby grants to the Parcel Owners, their guests and invitees, but not the public generally (except as otherwise specifically granted in the Reciprocal Easement Agreement), easements for use and enjoyment and ingress and egress from any portions of the Property over, upon, and across the Common Area, or portions thereof, and shall have the power to grant such easements, leases or licenses for such other purposes as may be appropriate to such Persons, and upon such terms and conditions, at such costs, if any, and for such duration as the Association deems appropriate.

(b) Each Parcel Owner shall maintain those portions of its Parcel which are subject to the easement rights of other Parcel Owners, except as otherwise provided herein; provided the Association, in its sole discretion, shall have the authority to assume any such costs as it deems appropriate.

(c) All easements and rights described in this Declaration are easements appurtenant, running with the land, and shall inure to the benefit of, burden and be binding upon the undersigned, their successors and assigns, and upon any owner, purchaser, mortgagee, or other Person having an interest in the Property, or any part thereof.

(d) All persons who reside in a Townhome Unit on a Parcel shall have the same rights to use and enjoy the Common Area and all improvements situated thereon as the Parcel Owner of that Parcel.

(e) SBC, Commonwealth Edison Company, People's Energy, the City of Chicago and all other suppliers of utilities serving the Property, including without limitation, cable television and internet service providers, are hereby granted the right to install, lay, construct, operate, maintain, renew, repair and replace conduits, cables, pipes, wires, transformers, mains, switching apparatus and other equipment, including housings for such equipment, into, over, under, on and through portions of the Property for the purpose of providing utility services to the Property. The easement granted in connection with the electrical conduits, wire and equipment is specifically granted to Commonwealth Edison Company, its successors and assigns. Every Parcel Owner is also hereby granted an easement of ingress and egress over and upon any other Parcel, except portions thereof improved by a Townhome Unit, for any and all purposes arising out of the

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construction, installation, repair, maintenance, replacement and inspection of utilities servicing such Parcel Owner's Parcel; provided, however, that a Parcel Owner shall restore to its pre-existing condition any portion of the other Parcel damaged by any such construction, installation, repair, maintaining or inspection.

(f) Notwithstanding any provision herein to the contrary, the easements created under this Article 5 shall be subject to: (1) the right of the Declarant to improve the Common Area in accordance with such plans and specifications as the Declarant deems appropriate; and (2) the right of Declarant to execute all documents and do all other acts and things affecting the Common Area which, in the Declarant's opinion, are desirable in connection with Declarant's rights hereunder, provided any such document or act or thing is not inconsistent with the property rights of any Parcel Owner or of the Association. Declarant reserves the right to use any portion of the Common Area as it deems necessary in connection with the sale or rental of Improvements being constructed or to be constructed within the Property, including but not limited to parking for sales personnel and sales prospects.

(g) In the event that (i) by reason of design, construction, location, repair, settlement, shifting or movement, any Townhome Unit, garage or other Improvement as originally constructed by the Declarant on any Parcel overhangs or otherwise encroaches or shall hereafter encroach upon any other Parcel or the Common Area, or (ii) by reason of the design or construction of utility, ventilation, and exhaust systems, as originally constructed by the Declarant, any mains, pipes, ducts or conduits servicing any Parcel or more than one Parcel, encroach or shall hereafter encroach upon any part of any Parcel, then, in any such case, perpetual easements for the maintenance of such encroachment together with the right to enter upon such other Parcel to maintain, repair, and replace such encroachment are hereby established and shall exist for the benefit of such Parcel so long as such Townhome Unit, garage, or other improvement shall remain standing; provided, however, that if any such Townhome Unit, garage or other improvement is partially or totally destroyed and thereafter repaired or rebuilt, the same encroachment may be reestablished and the easements herein granted for the maintenance, repair and replacement thereof shall continue in force.

(h) At such time as this Declaration is first recorded or as soon thereafter as the Declarant shall deem appropriate, the Declarant will cause to be conveyed to the Association and the Association shall accept title to the Common Area herein described, as amended from time to time, together with such facilities and improvements as the Declarant may elect to install thereon and subject to such easements as the Declarant may cause to be placed thereon.

(i) An easement for emergency exit purposes is hereby declared for the benefit of any Parcel over the Roof Walkways located on one or more contiguous Parcels and over the common emergency stairs and stairwells (if any) to the extent necessary to give such Parcels access to common emergency stairwell exits located one or more contiguous Parcels away from the benefited Parcel. Parcel Owners are prohibited from obstructing this easement area in any way.

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ARTICLE 6

DECLARANT'S RIGHTS

In addition to any rights or powers reserved in this Declaration, the Declarant shall have the rights and powers set forth in this Article 6. In the event of a conflict between the provisions of this Article 6 and any other provisions of this Declaration, the provisions of this Article 6 shall govern. Except as otherwise provided in this Section, the Declarant's rights under this Article 6 shall terminate at such time as the Declarant is no longer vested with or controls title to any portion of the Property. The Declarant shall have the right, in its discretion, to maintain on the Property model Improvements, sales, management, and/or administrative offices (which may be located in an Improvement), displays, signs and other forms of advertising and, to the extent not prohibited by law, to come upon any portion of the Property for the purpose of showing the Property to prospective purchasers or lessees of Parcels, all without the payment of any fee or charge whatsoever other than the assessments payable by the Declarant with respect to Parcels owned by it. The Declarant and all of its agents, prospective purchasers and lessees of Parcels shall have a non-exclusive access easement over and across the roads and walkways located on the Property (including the Shared Sidewalks) for ingress and egress to and from those portions of the Property which have not been made subject to this Declaration in order to exercise the rights reserved under this Section and to park in any outdoor parking areas, for or incident to such sales or leasing purposes and, during construction by the Declarant, the right of ingress and egress for construction traffic and model parking in and throughout the Property in connection with such construction. The Declarant, and all of its agents and contractors, shall have the right to come upon the Property to construct Improvements thereon and to make alterations, repairs or improvements to the Property and shall have the right to store equipment and materials used in connection with such work on the Property without payment of any fee or charge whatsoever. The provisions of this Article 6 shall inure to the benefit of any assignee of Declarant. Except as provided above, no signs of any kind will be displayed by any Parcel Owner or the Association without the Declarant's express written consent for a period of three (3) years from the date hereof. In addition to the foregoing, the Declarant, or its agents or designees, shall have access to and ingress and egress over the Property or any part thereof for a period of three (3) years from the date hereof, and shall have the right to use photographs or drawings of any Improvements and the Property in any marketing or other materials as the Declarant shall choose.

ARTICLE 7

COVENANTS AND RESTRICTIONS AS TO USE AND OCCUPANCY

The Parcels shall be occupied and used as follows:

- (a) No part of the Property shall be used for other than housing, parking, and related common purposes for which the Property was designed. Each Parcel shall be used for residential purposes and for no other purposes.
- (b) No boats, trailers, trucks, motorcycles, motor scooters, recreational vehicles, campers, or vehicles bearing signs on their exteriors or other vehicles or property of any kind

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shall be parked or stored thereon or on any other portion of a Parcel unless permitted by such rules and regulations as may be adopted by the Board. Every Parcel Owner, Occupant and other person shall be responsible for his personal property in any outdoor parking areas. Neither the Board nor the Association shall be considered the bailee of any such personal property, nor shall either be responsible for any loss or damage thereto, whether or not due to the negligence of the Board and/or the Association.

(c) There shall be no obstruction of the Shared Sidewalks, Roof Walkways, stairs, stairwells or roads on the Common Area (to the extent applicable) nor shall ready access to a garage or entrance to any Parcel be obstructed or impeded in any manner. No waste shall be committed in the Common Area.

(d) No Parcel Owner shall permit anything to be done or kept on his Parcel which will increase the rate charged for or cause the cancellation of insurance carried by the Association or which would be in violation of any law. Each Parcel Owner shall be obligated to maintain and keep in good order and repair his own Parcel. No Parcel Owner shall overload the systems or structural components of the Townhome Unit or operate any machines, appliances, accessories, or equipment in such a manner as to cause, in the judgment of the Board, an unreasonable disturbance to others.

(e) No animals, including but not limited to, reptiles, rabbits, livestock, fowl or poultry, of any kind shall be raised, bred, or kept on any Parcel or in the Common Areas, except that dogs, cats, or other reasonable and customary household pets may be kept in Parcels, subject to rules and regulations adopted by the Board, provided they are not kept, bred, or maintained for any commercial purpose; and provided further that any such pet causing or creating a nuisance or unreasonable disturbance shall be permanently removed from the Property upon ten (10) days' written notice from the Board. Each Parcel Owner and each Occupant shall be responsible for picking up after any animal kept in such Parcel Owner's or Occupant's respective Parcel, including, without limitation, removing any waste deposited by such animal anywhere on the Common Areas or anywhere on the Property. The Board or the Declarant may from time to time adopt rules and regulations governing the keeping of pets in the Parcels. Such rules and regulations may prohibit certain species of pets (including certain breeds of dogs, cats, small birds and fish) from being kept in the Parcels.

(f) No noxious or offensive activity shall be conducted on any Parcel, nor shall anything be done therein or thereon, either willfully or negligently, which may be or become an annoyance or a nuisance to other Parcel Owners or Occupants.

(g) No industry, business, trade, occupation or profession of any kind, commercial, religious, educational or otherwise, designated for profit, altruism, exploration or otherwise, shall be conducted, maintained or permitted on any Parcel, except as otherwise provided herein.

(h) Subject to the provisions of Article 6, no "For Sale" or "For Rent" signs, advertising or other displays shall be maintained or permitted on any part of the Property except at such location and in such form as shall be determined by the Board.

(i) Except as constructed or altered by or with the permission of the Declarant,

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nothing shall be altered or constructed in or removed from the Common Area, except upon the written consent of the Board.

(j) The restrictions in Sections (a) and (g) of this Article 7 shall not, however, be construed in such a manner as to prohibit a Parcel Owner from: (i) maintaining a personal professional library therein; (ii) keeping personal business records or accounts therein; (iii) handling personal or professional telephone calls or correspondence therefrom; (iv) maintaining a computer or other office equipment within his Parcel; or (v) utilizing secretarial assistance and having occasional business visitors. Such uses are expressly declared customarily incident to the principal residential use and not in violation of said Sections.

(k) The provisions of this Declaration and the By-laws attached hereto, and the rules and regulations that relate to the use of a Parcel or the Common Areas shall be applicable to any Person leasing a Parcel from a Parcel Owner and shall be deemed to be incorporated in any lease executed in connection with a Parcel. The Board may proceed directly against such tenant, at law or in equity, for any breach by a tenant of any covenants, rules, regulations or By-Laws relating to the property.

ARTICLE 8

ADMINISTRATION

(a) The administration of the Common Area as set forth herein shall be vested in the Association.

(b) The duties and powers of the Association and its Board shall be those set forth in this Declaration, the By-laws, and its Articles of Incorporation, as such Articles may be amended from time to time upon recommendation of the Board and affirmative votes of Members whose Shares aggregate at least sixty-six and two-thirds percent (66-2/3%).

(c) Notwithstanding anything in this Declaration or the By-laws of the Association to the contrary, the first and each subsequent Board of the Association shall consist of, and vacancies on the Board shall be filled by, such persons as the Declarant shall from time to time appoint, who may be (but need not be) Members of the Association, until the occurrence of a Transition Event. The Declarant shall have the right, from time to time, to remove from office any director appointed by it. Without the prior written consent of the Declarant, neither the Articles of Incorporation of the Association nor the By-laws shall be amended, modified or changed in any way to diminish the authority of the Board during the time in which the Declarant has the right to appoint all members of the Board. The Declarant may, from time to time, by written notice to the Association, elect to relinquish its right to appoint anyone or more Board and continue to exercise its right to appoint the remaining members of the Board for the period hereinabove specified. All directors not appointed by the Declarant shall be elected as provided in the By-laws.

(d) All funds collected by the Association shall be held and expended for the purposes designated herein and in the By-laws. All funds shall be deemed to be held for the

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benefit, use and account of the Parcel Owners. Upon termination of the Association, any surplus shall be distributed as provided in the By-laws.

(e) The Members of the Board and the Board and the officers and employees of the Association shall not be liable to the Parcel Owners for any mistake or judgment, or any acts or omissions, made in good faith as such members, officers or employees.

(f) The Board, on behalf of the Association, shall have such powers as are contained in the By-laws.

ARTICLE 9

ASSESSMENTS – MAINTENANCE FUND

(a) Each year on or before the first day of October of each calendar year, the Board shall estimate the annual budget of common expenses, including the total amount required for the cost of wages, materials, insurance, services and supplies that will be required during the ensuing calendar year for the rendering of all services by the Association as provided herein, together with a reasonable amount considered by the Board to be necessary for a reserve for contingencies and replacements, if any, and it shall also notify each Parcel Owner on or before October 1st in writing as to the amount of such estimate with a reasonable itemization thereof. Such common expenses shall be assessed to the Parcel Owners according to each such Parcel Owner's Share, except that no such assessments shall accrue or be payable with regard to any Parcel owned by the Declarant until the Townhome Unit on such Parcel is occupied or the ownership of the Parcel is transferred, whichever occurs first.

A copy of a proposed annual budget shall be made available to each Parcel Owner at least thirty (30) days prior to the adoption of such annual budget by the Board. The annual budget for the following year shall be adopted not later than the end of the then current calendar year at a meeting of the Board for which the Parcel Owners receive written notice mailed or delivered no less than ten (10) and no more than thirty (30) days prior to the meeting.

On or before the first day of January following receipt of the annual budget and the first day of each and every month or calendar quarter, as the Board may determine, of such year thereafter, each Parcel Owner shall pay to the Association, or as the Association may direct, one-twelfth (1/12) or one-quarter (1/4), as the case may be, of the assessment made pursuant to this paragraph (a). On or before the first day of April of each year commencing in the calendar year following the year in which the Transition Event occurs, the Board shall supply to all Parcel Owners an itemized accounting of the Association's expenses for the preceding year, whether paid or accrued, together with a tabulation of the amounts collected, and showing the net income or deficit of income over expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves as provided herein shall be credited equally against the next installments due from Parcel Owners under the current year's annual budget until such excess is exhausted. Any net shortage shall be divided equally among the Parcel Owners and added to each Parcel Owners' installments due in the six (6) months succeeding the rendering of the accounting, allocated between those installments as the Board, in its sole discretion, shall determine.

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The Board may build up and maintain a reasonable reserve for contingencies and replacements of the facilities and Improvements, if any, located within the Common Area or within any easements granted to the Association herein. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged against such reserve. If the annual budget proves inadequate for any reason, including non-payment of any Parcel Owner's assessment, the Board may at any time prepare an adjusted budget and levy a further assessment based thereon, which shall be assessed equally to the Parcel Owners. The Board shall serve notice of such further assessment on all Parcel Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall become effective with the next monthly installment which is due more than thirty (30) days after the delivery in person of such notice of further assessment.

The failure or delay of the Board in preparing or delivering the annual or adjusted budget to the Parcel Owners shall not constitute a waiver or release in any manner of the Parcel Owner's obligation to pay the assessments, as herein provided, whenever the same shall be determined, and in the absence of the preparation and delivery of any annual budget or adjusted budget, the Parcel Owners shall continue to pay the monthly assessment charges at the then existing monthly rate established for the previous period until the first monthly installment which is due more than ten (10) days after such new annual or adjusted budget shall have been mailed or delivered.

(b) The Board shall keep full and correct books of account on such basis as the Board shall determine. Upon request of any Parcel Owner or mortgagee, such books of account may be inspected by such requesting person or its representative, duly authorized in writing, at such office and at such reasonable time or times during the Board's normal business hours, as the Board shall designate in writing.

(c) From and after the date of any assessment against any Parcel and until paid, the assessments provided for herein shall be a lien upon the Parcel owned by such Parcel Owner and after the recording of notice of the amount then due for which a lien claim is being asserted by the Association and the giving of at least thirty (30) days prior written notice to all other lien holders, said lien may be foreclosed by the Association in the same manner as a mortgage of real property under the laws of the State of Illinois, and each Parcel Owner for itself and its successors and assigns, hereby waives any right of redemption from foreclosure sale as may exist under Illinois law. In addition, the obligation of each Parcel Owner to pay all of the assessments provided for herein shall be a personal obligation of each Parcel Owner at the time the obligation is incurred and shall be deemed to be assumed as a personal obligation by anyone who succeeds to such Parcel Owner's interest in the Parcel or in the case where the Parcel is owned by a land title holding trust, to the interest of the beneficiary under such trust; provided, however, that the obligation of any Parcel Owner or trust beneficiary to pay assessments may be satisfied only out of such Parcel and any Improvements thereon and not from the Parcel Owner's or trust beneficiary's other assets.

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(d) Any lien under this Declaration shall be subordinate to any mortgage or trust deed made, owned or held by any lender recorded prior to the recording of a notice by the Association setting forth the amount due by a delinquent Parcel Owner, except that the Association's lien shall not be subordinate (x) to the extent that the amount due is for services rendered after such lender (i) takes possession of the Parcel, or (ii) accepts a conveyance of the Parcel, or (iii) has a receiver appointed in a suit to foreclose the lien of such mortgage or trust deed or (y) to the extent the lien for unpaid assessments represents said Parcel's proportionate share of any previous unpaid assessment levied against the affected Parcel prior to its foreclosure or conveyance, which unpaid assessment the Association now seeks to collect by reassessment of all Parcel Owners.

(e) If a Parcel Owner is in default in the payment of any charges or assessments hereunder for fifteen (15) days, the unpaid balance of such charges and assessments shall bear interest at the lower of (i) the rate of two percent (2%) per month for each month or part thereof that such amount remains unpaid, or (ii) the highest lawful rate that may be charged under the Illinois usury laws to borrowers such as the Parcel Owner. In addition, there shall be added to the amount due, the costs of any suit, including reasonable attorneys' fees.

(f) No Parcel Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of the Parcel.

(g) It is understood that real estate taxes are to be separately taxed to each Parcel Owner for his Parcel. In the event that for any year such taxes are not separately taxed to each Parcel Owner, then the Association shall collect from each Parcel Owner not separately taxed, the share of the tax bill attributable to his Parcel on an equitable basis, based on the number of Parcels not separately taxed. Such taxes shall be considered a common expense of each such Parcel. If any Parcel Owner shall fail or refuse to make any such payment of real estate taxes when due, the amount thereof shall constitute a lien on the interest of such Parcel Owner in the Property. No Parcel Owner shall, or shall have the right to, protest the validity or amount of any taxes or assessments levied or assessed against the Property as a whole, and only the Declarant and the Association shall have the right to initiate and pursue any such protest on behalf of the Parcel Owners. Nothing in the immediately preceding sentence shall limit, restrict or otherwise affect a Parcel Owner's right to protest any taxes or assessments levied or assessed against its Parcel and its corresponding percentage ownership in the Common Areas.

ARTICLE 10

INSURANCE

(a) The Board on behalf of the Association, shall acquire and maintain out of the Maintenance the Fund the following insurance coverage:

(i) If the Common Area contains improvements subject to loss by fire or other casualty, a policy of insurance with respect to the Common Area insuring against loss or damage by fire and such other hazards as the Board deems advisable, for at

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least one hundred percent (100%) of the full insurable replacement cost of such improvements. Each such insurance policy shall be written in the name of, and the proceeds thereof shall be payable to, the Association;

- (ii) Comprehensive public liability, directors' and officers' liability (if directors and officers' liability insurance is available at reasonable cost and the Board deems such insurance appropriate), and property damage insurance in such limits as the Board shall deem appropriate (provided the comprehensive public liability insurance shall in no event be in an amount less than \$1,000,000 per occurrence), insuring the Association, the Board, the Members, the managing agent, if any, and their respective directors, officers and agents, from any liability in connection with the Property;
- (iii) Worker's compensation insurance as may be necessary to comply with applicable laws;
- (iv) Fidelity or fiduciary insurance coverage insuring the Association, the Board and the Parcel Owners against loss of funds as a result of the fraudulent or dishonest acts of any officer, director or employee of the Association or the management company or of any other person handling the funds of the Association, the Board or the Parcel Owners in such amounts as the Board shall deem necessary or otherwise may be required by FHLMC, FNMA, HUD, FHA or VA, but not less than the level of maintenance within the custody or control of the Association at any time, plus any reserves; and
- (v) Such other forms of insurance as the Board deems appropriate.

(b) Except as otherwise provided in this Declaration, premiums for all insurance obtained or maintained by the Association, and the cost of any appraisals which the Board deems advisable in connection with any insurance, shall be an expense of the Association payable from the Maintenance Fund.

(c) The Association may obtain the insurance coverage required herein in connection with and as part of a master policy of insurance maintained by or for any Parcel Owner provided the cost of such coverage is no more than the estimated cost of providing the same coverage under a policy written directly for the Association.

(d) Each Parcel Owner shall obtain and maintain property insurance: (i) on such Parcel Owner's Parcel and Improvements for at least one hundred percent (100%) of the full insurable replacement cost of such improvements, including all party walls and Roof Wallways relating thereto, (ii) on all furnishings and personal property located in such Parcel Owner's Parcel, and (iii) on such Parcel Owner's personal property stored elsewhere on the Property. Further, each Parcel Owner shall obtain and maintain personal liability insurance to the extent not otherwise covered by the liability insurance for all of the Parcel Owners obtained as above provided, and the Board shall have no obligation whatsoever to obtain any such insurance coverage on behalf of the Parcel Owners.

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(e) Each Parcel Owner hereby waives and releases any and all claims which he may have against any other Parcel Owner, the Association, its directors and officers, the Declarant, and their respective employees and agents, for damage to Improvements, to the Common Area, to the Parcels, or to any personal property located in the Parcels caused by fire or other casualty, to the extent that such damage is covered by fire or other form of casualty insurance, and to the extent this release is allowed by policies for such fire or other casualty insurance.

(f) In the case of a Damaged Common Improvement for which the insurance proceeds are sufficient to repair or reconstruct the Damaged Common Improvement, the proceeds shall be used by the Association to repair or reconstruct the Damaged Common Improvement.

(g) In the case of Damaged Common Improvement for which the insurance proceeds are insufficient to repair or reconstruct the Damaged Common Improvement or the Damaged Common Improvement cannot be reconstructed as originally designed and built because of zoning, building or other applicable laws, ordinances or regulations, the following procedure shall be followed:

- (i) A meeting of the Parcel Owners shall be held not later than the first to occur of (i) the expiration of thirty (30) days after the final adjustment of the insurance claims; or (ii) the expiration of ninety (90) days after the occurrence which caused the damage.
- (ii) At the meeting, the Board shall present a plan for the repair or reconstruction of the Damaged Common Improvement and an estimate of the cost of repair or reconstruction, together with an estimate of the amount thereof which must be raised by way of special assessment and a proposed schedule for the collection of a special assessment to pay the excess cost.
- (iii) A vote shall then be taken on the question of whether or not the Damaged Common Improvement shall be repaired or reconstructed based on the information provided by the Board under (b) above, including the proposed special assessment. The Damaged Common Improvement shall be repaired or reconstructed and the proposed special assessment shall be levied only upon the affirmative vote of Members representing at least three-fourths (3/4) of the votes cast.

(h) If the Damaged Common Improvement is repaired or reconstructed, it shall be done in a workmanlike manner and in a manner which is substantially similar in design and construction as originally constructed, with any variations or modifications required to comply with applicable law.

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

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(j) In the case of a taking or condemnation by competent authority of any part of the Common Area, the Association shall, if necessary, restore the improvements in the remaining portion of the Common Area to conform as closely as possible to the general design, structure and materials used with respect to such improvements as they existed prior to the taking or condemnation. Any proceeds or awards paid to the Association shall be applied first to the cost of any restoration and any remaining portion of such proceeds or awards shall be, in the discretion of the Board, either (i) applied to pay the Association's expenses; or (ii) distributed to the remaining Parcel Owners and their respective First Mortgagees, as their interests may appear. In the event that part or all of one or more Parcels is taken or condemned, then the portions so taken or condemned shall be deemed to have been removed from the provisions of the Declaration and the Board shall adjust the assessment rates of the remaining Parcel Owners in a just and equitable manner. The President and Secretary of the Association shall execute and record an instrument on behalf of the Association which amends this Declaration, effective as of the effective date of the taking or condemnation, to reflect the removal of property and adjustments, if any, in the assessment rates as a result of an occurrence covered by this Section.

ARTICLE 11

VIOLATION OF DECLARATION

The violation or breach of any covenant, restriction or condition contained herein or rule or regulation adopted by the Association, shall give the Association the right, in addition to any other remedies provided for in this Declaration and under law, to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of such breach, and the costs of said suit, including reasonable attorneys' fees, shall be awarded to the Association. Failure by the Association to enforce any covenant, restriction or lien herein contained or rule or regulation adopted by the Association shall in no event be deemed a waiver of the right to do so thereafter, no matter how many violations or breaches may occur.

ARTICLE 12

GRANTEES

Each grantee of the Declarant by the acceptance of a deed of conveyance, each purchaser under Articles of Agreement for Deed, and each mortgagee or trustee under trust deed, accepts the portions of the Property covered by such instrument subject to all rights, easements, covenants, restrictions, charges and liens, and the jurisdiction, rights, and powers created in or reserved by, this Declaration, as it may at any time be amended pursuant to Article 15 hereof, as though the provisions of this Declaration were recited in their entirety in each and every instrument of conveyance or Articles of Agreement for Deed; it being further agreed that at such times and to such extent as the holder of any mortgage or other security instrument in the nature of a mortgage upon any Parcel or any successor of such holder shall come into actual possession or ownership (other than as security for debt) of any Parcel or Parcels, the said holder or such successor (as may be the case) shall succeed to all the rights and obligations of the owner of such Parcel or Parcels in this Declaration expressed.

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ARTICLE 13

NOTICES

Notices required or permitted to be given to the Association, any Parcel Owner or Member may be delivered to any member of the Board, such Parcel Owner or Member, as the case may be, either personally or by certified or registered mail with proper postage prepaid, addressed to such party, at the last address of such party shown in the records of the Association, and shall be effective, in the case of personal delivery, upon such delivery, and in the case of mailing, as of the date of mailing. Any mortgagee that registers with the Association by giving written notice of its interest shall receive copies of all notices sent by the Association to the Parcel Owner of the encumbered Parcel as the case may be. Any mortgagee that fails to register with the Association shall have no right to receive any notices whatsoever from the Association.

ARTICLE 14

RIGHTS OF FIRST MORTGAGEES

In addition to all other rights of First Mortgagees pursuant to this Declaration, and notwithstanding any other provisions herein to the contrary:

(a) Except as provided in Article 19 below, unless Eligible Mortgage Holders representing Parcels holding at least fifty-one percent (51%) of the Shares shall have given their prior written approval, the Association shall not be entitled to amend or supplement any of the provisions of this Declaration which deal with the following matters:

- (i) voting rights;
- (ii) assessments, assessment liens, or subordination of assessment liens;
- (iii) reserves for maintenance, repair, and replacement of Common Areas;
- (iv) responsibility for maintenance and repairs;
- (v) reallocation of interests in the Common Areas, or to their use;
- (vi) boundaries of any Parcel;
- (vii) convertibility of Parcels into Common Areas or vice versa;
- (viii) expansion or contraction of the Property;
- (ix) insurance or fidelity bonds;
- (x) leasing of Parcels;

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- (xi) imposition of any restrictions on a Parcel Owner's right to sell or transfer such Parcel Owner's Parcel;
 - (xii) a decision by the Association to establish self management when professional management had been required previously by an Eligible Mortgage Holder;
 - (xiii) restoration or repair of improvement to the Parcels or Common Areas (after a hazard damage or partial condemnation) in a manner other than that specified in the documents;
 - (xiv) any action to terminate the legal status of the Association after substantial destruction or condemnation occurs; or
 - (xv) any provisions that expressly benefit mortgage holders, insurers, or guarantors.
- (b) Each Eligible Mortgage Holder shall have one vote for each first mortgage on a Parcel.
- (c) First Mortgagees shall have the right to examine the books and records of the Association at reasonable times during normal business hours.
- (d) First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for the Common Area, and First Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.
- (e) Any First Mortgagee, at its written request, shall be entitled to written notice from the Board of any default by the mortgagor of such Parcel in the performance of such mortgagor's obligations hereunder or under the By-laws or rules and regulations of the Association which is not cured within thirty (30) days.
- (f) Neither the Declarant nor the Association shall cancel (or cause to be canceled) the terms of this Declaration or dissolve (or cause to be dissolved) the Association without the prior written consent of Eligible Mortgage Holders representing Parcels holding at least seventy-five percent (75%) of the Shares.

ARTICLE 15

COMBINATION OF PARCELS

- (a) Any Parcel Owner or Owners may, with the consent of the Association, combine any Parcel or Parcels owned by it or them. The Board, on behalf of the Association, shall withhold its consent if it believes such combination not to be in the interest of the Association.

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The Share of the Parcel or Parcels which have been created by such combination shall be allocated by the Parcel Owner or Parcel Owners of such Parcels on an equitable basis. Any such combination shall be subject to such reasonable rules and regulations as the Board may adopt with respect thereto.

(b) The legal description of the Parcels, as combined under Section (a) of this Article 15, and their reallocated Shares shall be set forth in an amendment to this Declaration signed by such affected Parcel Owner or Owners and duly authorized officers of the Association, and which amendment shall amend Exhibit D to reflect the revised legal descriptions of the Parcels and shall amend Exhibit E to reflect their reallocated Shares. Said combination shall be effective upon the recording of such amendment to Declaration with the Recorder.

ARTICLE 16

LEASING

Any lease agreement between a Parcel Owner and a lessee shall be in writing, shall be for a term of not less than six (6) months, and shall provide that the terms of such lease are subject in all respects to the provisions of this Declaration and the By-laws and rules and regulations of the Association and that failure by the lessee to comply with the terms of such documents, rules and regulations shall be a default under the lease. Any Parcel Owner who leases a Parcel shall provide the Association prior to occupancy by a tenant, with the following: (a) a copy of the lease, and (b) the names of all persons who will occupy the Parcel. Other than the foregoing, there is no restriction on the right of any Parcel Owner, including the Declarant, to lease any Parcel it owns.

ARTICLE 17

PARTY WALLS

(a) Each wall which is built as a part of the original construction of the Improvements upon the Property and placed on the dividing line between the Parcels or in the case of construction of the emergency exit stairs and stairwells, on the dividing line between the residential portion of the Improvements and the emergency exit stairs and stairwells, and/or serves two or more Improvements shall constitute a party wall and, to the extent not inconsistent with the provisions of this Declaration, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(b) The reasonable cost of repair, maintenance, and replacement of a party wall shall be shared equally by the Parcel Owners who make use of the wall or, in the case of emergency exit stairs and stairwells, the Parcel Owner and the Association who make use of the wall, except that the entire cost of repairing damage caused by the negligence or willful act or omissions of one Parcel Owner or, in the case of the emergency exit stairs and stairwells, the Association, shall be paid for by that Parcel Owner or, in the case of the emergency exit stairs and stairwells, the Association.

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(c) If a party wall is destroyed or damaged by fire or other casualty, any Parcel Owner who has used the wall may restore it, and the other Parcel Owners or, in the case of the emergency exit stairs and stairwells, the Association who shared the use of the wall shall contribute to the cost of restoration thereof equally without prejudice, subject, however, to the right of any such Parcel Owners or, in the case of the emergency exit stairs and stairwells, the Association to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

(d) Notwithstanding any other provisions of this Section, the Association, in the case of the emergency exit stairs and stairwells, or a Parcel Owner who by negligence or willful act causes a party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

(e) The right of any Parcel Owner or the Association to contribution from any other Parcel Owner or the Association under this Section shall be appurtenant to the land and shall pass to such Owner's successors in title.

(f) The title of each Parcel Owner sharing a party wall is subject to a cross easement in favor of the adjoining Parcel Owner for joint use of said party wall.

ARTICLE 18

REMEDIES

(a) In the event of a violation by a Parcel Owner of the provisions, covenants or restrictions of this Declaration, the By-laws, or rules or regulations of the Board, where such violation or breach may be cured or abated by affirmative action, the Board, upon not less than ten (10) days' prior written notice, shall have the right to enter upon that part of the Property where the violation or breach exists and summarily abate, remove or do whatever else may be necessary to correct such violation or breach. Any and all expenses in connection with the exercise of the right provided by this Section shall be charged to and assessed against the violating Parcel Owner.

(b) If any Parcel Owner (either by his own conduct or by the conduct of any other occupant of his Parcel) shall violate any of the covenants or restrictions or provisions of this Declaration, the By-laws, or the rules or regulations adopted by the Board, and such violation shall not be cured within thirty (30) days after notice in writing from the Board, or shall reoccur more than once thereafter, then the Board shall have the power to issue to said defaulting Parcel Owner a 10-day notice in writing to terminate the rights of said defaulting Parcel Owner to continue as a Parcel Owner and to continue to occupy, use, or control his Parcel and thereupon

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an action may be filed by the Board against said defaulting Parcel Owner for a decree declaring the termination of said defaulting Parcel Owner's right to occupy, use or control the Parcel owned by him on account of said violation, and ordering that all the right, title, and interest of said defaulting Parcel Owner in the Property shall be sold (subject to the lien of any existing mortgage) at a judicial sale upon such notice and other terms as the court shall determine equitable. The proceeds of any such judicial sale shall first be paid to discharge court costs, court reporter charges, reasonable attorneys' fees and all other expenses of the proceeding and sale, and all such items shall be taxed against said defaulting Parcel Owner in the decree. Any balance of proceeds, after satisfaction of such charges and any unpaid assessments hereunder or any liens, shall be paid to the defaulting Parcel Owner. Upon the confirmation of such sale, the purchaser shall thereupon be entitled to a deed to the Parcel and to immediate possession of the Parcel sold and may apply to the court for a writ of assistance for the purpose of acquiring such possession, and it shall be a condition of any such sale, and the decree shall so provide, that the purchaser shall take the Parcel so purchased subject to this Declaration.

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

(d) All expenses incurred by the Board in connection with the actions, 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 highest legal contract rate of interest then permitted in Illinois until paid but not to exceed eighteen percent (18%) per annum, shall be charged to and assessed against the defaulting Parcel Owner, and the Association shall have a lien for all the same upon his Parcel.

(e) The provisions contained in this Declaration and the rules and regulations adopted hereunder may be enforced by any proceeding at law or in equity by any aggrieved Parcel 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 Parcel to enforce any lien created hereunder.

ARTICLE 19

AMENDMENTS

(a) The provisions of Article 5, Article 8, Section (d), Articles 16 and 17 and this Article 19 may be amended only by an instrument in writing setting forth such amendment,

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signed and acknowledged by the duly authorized officers of the Association, all of the Parcel Owners and all First Mortgagees having liens of record against any Parcels.

(b) All other provisions of this Declaration may be amended by an instrument in writing setting forth such amendment, signed and acknowledged by the duly authorized officers of the Association and accompanied by a certificate signed by such officers stating that Parcel Owners whose Shares aggregate at least seventy-five percent (75%) of the Shares have approved such amendment, provided, no amendment to Article 6, Article 8, Section (c), or Article 16 may be adopted without the consent of the Declarant. Notwithstanding the foregoing, however, until the first annual meeting of Parcel Owners is called, Declarant, or its successors or assigns, shall have the right from time to time to change or modify this Declaration; provided that such right shall only be exercised (i) to conform the Declaration to the requirements of FHLMC, FNMA, HUD, FHA or VA, or (ii) to correct clerical or typographical errors in the Declaration. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to Declarant to make any change or modification as authorized hereunder on behalf of each Parcel Owner as attorney-in-fact for such Parcel Owner. Each deed, mortgage, trust deed, other evidence of obligation or other instrument affecting a Unit and the acceptance thereof shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of, the power to Declarant as aforesaid.

(e) All amendments shall be effective upon recording with the Recorder.

ARTICLE 20

GENERAL PROVISIONS

(a) The Declarant hereby reserves the right, from time to time, for and on behalf of the Association, to engage a manager for the Association and its property during all or any portion of the period during which Declarant has the right to appoint Directors as provided in Section 8(c). Thereafter, the Board may engage the services of an agent to manage the Property to the extent deemed advisable by the Board.

(b) The invalidity of any restriction hereby imposed, or of any provision hereof, or of any part of such restriction or provision, shall not impair or affect in any manner the validity, enforceability or effect of the remainder of this Declaration and all of the terms hereof are hereby declared to be severable.

(c) The provisions of this Declaration shall be liberally construed to effectuate its purposes. The terms and provisions of this Declaration shall control in the event of any inconsistency between this Declaration, on the one hand, and the By-laws on the other hand.

(d) In the event title to any Parcel should be conveyed to a land title holding trust under which all powers of management, operation and control of the premises remain vested in the trust beneficiary or beneficiaries, then the trust estate under such trust and the beneficiaries thereunder from time to time shall be liable for payment of any obligation, lien, or indebtedness chargeable or created under this Declaration against such Parcel. No claims shall be made

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against any such title holding trustee personally for payment of any such obligations, lien or indebtedness, and the trustee shall not be obligated to sequester funds or trust property to apply in whole or in part against any such lien or obligation, but the amount thereof shall continue to be a charge or lien upon the Parcel, notwithstanding any transfer of the beneficial interest or title to such Parcel.

(e) If any of the options, privileges, covenants, or rights created by this Declaration should be unlawful or void for violation of (a) the rule against perpetuities or some other or 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 Richard M. Daley, Mayor of the City of Chicago, and Robert F. Kennedy, former Senator of the United States.

(f) This Declaration may be abrogated upon recommendation by the Board and approval of all Parcel Owners, and all mortgagees with then existing recorded liens on the Property. Such abrogation shall be evidenced by an instrument setting forth such abrogation signed by the duly elected officers of the Association, all Parcel Owners and any such mortgagees, and shall be effective upon recording of the same with Recorder. All property then owned by the Association shall be disposed of as provided in the By-laws. All easements created pursuant to Article 5 of this Declaration and in use as of the date of the recording of such instrument shall remain in full force and effect until vacated by all parties having an interest therein.

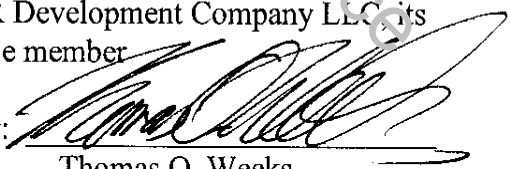
IN WITNESS WHEREOF, the parties have caused this instrument to be duly executed on the day and year first above written.

RS HOMES I LLC, an Illinois
limited liability company

By: ABLA HOMES LLC, its sole member

By: LR ABLA LLC, its manager

By: LR Development Company LLC, its
sole member

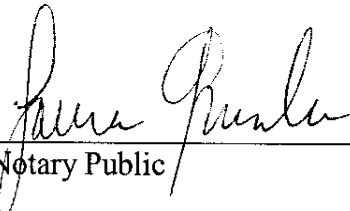
By: 
Thomas O. Weeks
Its: President

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STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

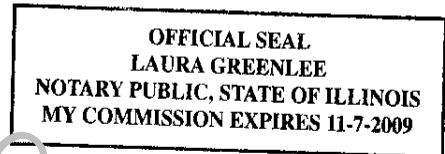
I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Thomas O. Weeks, the President of LR Development Company LLC, as sole member of LR ABLA LLC, as manager of ABLA Homes LLC, as sole member of RS Homes I LLC, an Illinois limited liability company, and personally known to me to be the same person whose name is subscribed to the foregoing instrument as such President, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said limited liability company, on behalf of such limited liability companies, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 7th day of July, 2006.



Notary Public

My commission expires 11/7/2009



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CONSENT OF MORTGAGEE

LaSalle Bank National Association, a national banking association (“LaSalle”), in its capacity as Senior Lender and Agent for Lenders, as the holder of that certain Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing on the Property dated as of May 1, 2005 and recorded at the Office of the Recorder of Deeds of Cook County, Illinois (the “Recorder”) on June 6, 2005 as Document No. 0515727126, together with various ancillary loan and security documents, and any modifications, amendments, increases, extensions and refinancings of the foregoing (collectively, the “Mortgage”), hereby consents to the execution and recording of the within Declaration of Easements, Restrictions, and Covenants for 1205-1231 West Arthington Homeowners Association (the “Declaration”) and agrees that the Mortgage is subject to the provisions of the Declaration; provided, however that such consent and agreement by LaSalle is subject to the condition that by the execution and recording of the Declaration, the Declarant agrees to the following (it being understood that all capitalized terms used and not otherwise defined below shall have the same meanings as in the Declaration):

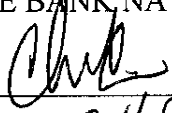
1. The lien and encumbrance of the Mortgage is hereby spread to encumber (i) the Townhome Units, Common Areas and rights and easements in favor of Townhome Units and Parcel Owners created under the Declaration, and (ii) the rights of the Declarant under the Declaration.
2. LaSalle as holder of the Mortgage is a mortgagee, First Mortgagee and Eligible Mortgage Holder as those terms are used in the Declaration. Notwithstanding any provisions of the Declaration, no additional notices or requests to the Declarant or the Association shall be required of LaSalle’s status as a mortgagee, First Mortgagee and Eligible Mortgage Holder, or of LaSalle’s request to receive all notices and other communications to which mortgagees, First Mortgagees and Eligible Mortgage Holders are entitled under the terms of the Declaration. The address of LaSalle for purposes of notices and other communications under the Declaration is LaSalle Bank National Association, 135 South LaSalle Street, Chicago, Illinois 60603, Attention: Commercial Real Estate Division.
3. As between the Declarant and LaSalle and the other Lenders referred to in the Mortgage, so long as the Mortgage is outstanding as a lien on any one or more of the Parcels and the Townhome Units created under the Declaration, the Declaration shall not be deemed to supersede or take precedence over any provisions of the Mortgage.
4. Notwithstanding the provisions of Articles 14 and 19 of the Declaration, so long as the Mortgage is outstanding as a lien on any one or more of the Parcels and the Townhome Units created under the Declaration, the Declarant shall not take action described in Article 14 or 19 of the Declaration without the prior written consent of LaSalle.
5. Notwithstanding any provisions of the Declaration, so long as the Mortgage is outstanding as a lien on any one or more of the Parcels and the Townhome

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Units created under the Declaration, no modification or amendment of the Declaration shall be effective without the prior written consent of LaSalle.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be signed by its duly authorized officer on its behalf, at Chicago, Illinois, on this 10 day of July, 2006.

LASALLE BANK NATIONAL ASSOCIATION

By: 
Its: S.V.P.

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STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, Preeti Saini a Notary Public in and for the County and State aforesaid, DO HEREBY CERTIFY, that Clara Cravin a SU President of said banking corporation, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such President, appeared before me this day in person and acknowledged that he signed, sealed and delivered said instrument as his free voluntary act and as the free and voluntary act of said corporation for the use and purpose therein set forth.

Given under my hand and Notarial Seal this 10th day of July, 2006.

My Commission Expires: 5-20-08

Preeti Saini
Notary Public



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EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

Lots 1 through 8, both inclusive, and Lots 10 through 16, both inclusive, in Resubdivision of Lots 3 and 4 of Plat 1 Roosevelt Square Subdivision, being a Subdivision of Part of the East Half, of the Southwest Quarter of Section 17, Township 39 North, Range 14 East of the Third Principal Meridian, City of Chicago, County of Cook, and State of Illinois.

Permanent Index Numbers: 17-17-323-004
17-17-323-005
(affects subject property and other land)

Commonly known as: 1205-1231 West Arthington Street, Chicago, Illinois

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EXHIBIT B

BY-LAWS

OF

1205 – 1231 WEST ARTHINGTON HOMEOWNERS ASSOCIATION

ARTICLE I

PURPOSES.

The purposes of 1205 – 1231 West Arthington Homeowners Association (the "**Association**") are as stated in its Articles of Incorporation (the "**Articles of Incorporation**"). The Board also has such powers as are now or may hereafter be granted by the General Not-For-Profit Corporation Act of the State of Illinois.

ARTICLE II

OFFICES.

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

ARTICLE III

MEMBERS.

SECTION 1. CLASSES OF MEMBERS, MEMBERSHIP AND TERMINATION THEREOF. The Association shall have one (1) class of Members. The designation of such class and the qualifications of the Members of such class shall be as follows:

Each Parcel Owner, as defined and set forth in the Declaration of Easements, Covenants and Restrictions for 1205 – 1231 West Arthington Homeowners Association to which these By-Laws are attached as Exhibit B (the "**Declaration**"), shall automatically be a Member of this Association, which membership shall terminate upon the sale or other disposition of such Member's Parcel, at which time the new Parcel Owner shall automatically become a Member of the Association. Such termination shall not relieve or release any such former Member from any liability or obligation incurred under or in any way connected with this Association during the period of such ownership and membership in this Association. Furthermore, such termination shall not impair any rights or remedies which the Board or others may have against such former owner and Member arising out of, or in any way connected with, such ownership and membership and the covenants and obligations incident thereto. No certificates of stock or other certificates evidencing membership shall be issued by the Association.

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SECTION 2. VOTES AND VOTING RIGHTS.

(a) The total number of votes of all Members shall be one hundred (100). Each Member shall be entitled to the number of votes equal to the Share of its Parcel at the time any matter is submitted to a vote of the Members.

(b) If a Parcel is owned by more than one (1) person, the voting rights with respect to such Parcel shall not be divided, but shall be exercised as if the Parcel Owner consisted of only one (1) person in accordance with the proxy or other designation made by the persons constituting such Parcel Owner.

(c) If a Parcel is sold by a Member other than the Declarant pursuant to an installment sales contract, the purchaser of such Parcel shall, during times as he or she resides in the Parcel, be counted towards a quorum for purposes of election of the Board, be allowed to serve on the Board, and shall have the exclusive right to vote on behalf of such Parcel, unless the seller has retained any of those rights in writing. In no event may seller and purchaser both be counted towards a quorum, be permitted to vote, or be elected to serve on the Board.

(d) If a Parcel is owned by a land trust and the trustee designates a person to cast votes on behalf of such Member, then such designation shall remain in effect until a subsequent designation document is filed with the Association.

(e) Any specified percentage of the Members, whether majority or otherwise, for purposes of voting and for any other purpose, wherever provided in these By-Laws, or the Declaration shall mean such percentage of the total number of votes hereinabove set forth.

SECTION 3. TRANSFER OF MEMBERSHIP. Membership in this Association is not transferable or assignable, except as provided in ARTICLE II, SECTION 1, hereof.

ARTICLE IV

MEETINGS OF MEMBERS.

SECTION 1. ANNUAL MEETING. The first annual meeting of the Members shall be held on such date as is fixed by the Board, which date shall in no event be later than the occurrence of the Transition Event. Thereafter, an annual meeting of the Members shall be held in each year within thirty (30) days of the anniversary of the first annual meeting for the purpose of electing Directors (subject to the provisions of Article V of these By-laws) and for the transaction of such other business as may come before the meeting. If the annual meeting shall not be held within such 30-day period, the Board shall cause the election to be held at a special meeting of the Members called as soon thereafter as conveniently may be scheduled.

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SECTION 2. SPECIAL MEETING. Special meetings of the Members may be called by the President or by the Board or by not less than thirty-three and one-third percent (33-1/3%) of the Members, the notice for which shall specify the matters to be considered at such special meeting.

SECTION 3. PLACE AND TIME OF MEETING. All meetings of the Members shall take place at 7:00 p.m., in some section of the Property designated by the person or persons calling the meeting, or at such other reasonable place or time designated by the person or persons calling the meeting.

SECTION 4. NOTICE OF MEETINGS. Written or printed notice stating the place, day and hour of any meeting of Members shall be delivered, either personally or by mail, to each Member entitled to vote at such meeting, not less than ten (10) nor more than thirty (30) days before the date of such meeting, by or at the direction of the President or the Secretary, or the officers or persons calling the meeting, provided at least twenty-one (21) days notice of the first annual meeting of the Members shall be given. If mailed, the notice of a meeting shall be deemed delivered one (1) day after it is deposited in the United States mail addressed to the Member at his address as it appears on the records of the corporation, with postage thereon prepaid.

SECTION 5. QUORUM. The Members holding twenty-five percent (25%) of the votes which may be cast at any meeting shall constitute a quorum at such meeting, provided that if an insufficient number of Members are present to constitute a quorum, a majority of the Members present at the meeting may adjourn the meeting from time to time without further notice.

SECTION 6. PROXIES. At any meeting of Members, a Member entitled to vote may vote either in person or by proxy executed in writing by the Member or by his duly authorized attorney-in-fact.

ARTICLE V

BOARD OF DIRECTORS.

SECTION 1. GENERAL POWERS. The affairs of the Association shall be managed by its Board. Except as expressly provided to the contrary in the Declaration or in these By-laws, all of the rights, powers, options, duties and responsibilities of the Association shall be performed by the Board, provided the Board may delegate specific power and responsibilities to Boards composed of less than all members of the Board established by resolution of the Board.

SECTION 2. SPECIFIC POWERS.

(a) The Board, on behalf of the Association, shall have the power without the approval of the Members:

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(i) To engage the services of a manager or managing agent, who may be any person, firm or corporation (including the Declarant or a related Person), upon such terms and compensation as the Board deems fit, and to remove such manager or managing agent at any time, in accordance with the terms of any management agreement executed from time to time by the Board;

(ii) To engage the services of any persons (including but not limited to accountants and attorneys) deemed necessary by the Board at such compensation as the Board deems reasonable, for the operation, repair, maintenance and management of the Common Area and to carry on the business of the Association, and to remove, at any time, any such personnel;

(iii) To establish and maintain one or more bank accounts or other depository arrangements for the deposit of any funds paid to, or received by, the Association;

(iv) To borrow funds to pay for capital improvements and the costs of operation or to meet its obligations, which debts may be secured by giving one or more mortgages or trust deeds against all or part of the Common Area or by giving a security interest in such other property owned by the Association as the Board deems appropriate;

(v) To enter into contracts and, generally to have all powers necessary or incidental to the operation and management of the Association and the Common Area, or as may be appropriate to carry out all functions authorized to the Association hereunder;

(vi) To protect the Common Area from loss or damage by suit or otherwise and to provide adequate reserves for replacement;

(vii) To adopt reasonable rules and regulations to effectuate the purposes and powers of the Association and for the operation and use of the Property and to amend such rules and regulations from time to time;

(viii) To purchase, own, lease, sell or otherwise deal in and with tangibles, intangibles, personality or real estate in furtherance of its duties and functions;

(ix) To levy and collect from the Members, either separately or as a part of the assessment collected pursuant to Article 10 of the Declaration, assessments for the maintenance of, and other costs related to, the Shared Sidewalks, Roof Walkways and other easement areas;

(x) To levy and collect, after notice and an opportunity to be heard, reasonable fines from Members for violation of the Declaration, By-laws, rules or regulations of the Association; and

(xi) To carry out all obligations upon the Property, the Association or the Parcel Owners pursuant to the Reciprocal Easement Agreement of this Declaration, and to exercise, enforce and administer (and promulgate and enforce rules and regulations in connection therewith), on behalf of the Parcel Owners and Occupants, all rights, easements and benefits appurtenant to and inuring to the benefit of the Parcel Owners under the Reciprocal Easement Agreement and this Declaration.

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(xii) To do all other acts to be done by the Association in furtherance of this Declaration and the By-laws except in such cases where approval of the Parcel Owners or Members is specifically required.

(b) The Association shall provide or cause to be provided, and paid for, in addition to the manager, managing agent or other personnel and/or services and materials above provided for, the following:

(i) Such insurance as the Board is required or permitted to obtain pursuant to the terms of the Declaration; and

(ii) Any other materials, supplies, equipment, furnishings, labor, services, maintenance, repairs and replacements, decorating, cleaning, structural alterations, landscaping, and snow and ice removal, that the Board deems proper for the maintenance and operation of the Common Area, Parcels, and adjoining public streets, alleys, and parkways, including all work required by all applicable laws. All work shall be performed in accordance with all applicable law.

SECTION 3. NUMBER, TENURE AND QUALIFICATIONS. Until the date of the first annual meeting of the Members as hereinabove provided, the number of Directors shall be three (3), who shall be the Directors named in the Articles of Incorporation. Until the occurrence of the Transition Event, the Directors shall be elected as provided in Article 8 of the Declaration. Commencing with the date of the first annual meeting of the Members to occur after a Transition Event, the number of Directors shall be three (3), who shall be elected by the Members as provided herein. Each Director shall hold office without compensation until his successor shall have been elected and qualified. Each Director also shall be a Parcel Owner and shall reside in his/her Townhome Unit. After the occurrence of a Transition Event, only a Member of the Association may be a Director of the Association. In the event that a Member is a corporation, partnership, trust or other legal entity other than a natural person or persons, then any shareholder, officer, or director of such corporation, partner of such partnership, beneficiary or individual trustee of such trusts, or manager of such other legal entity, may be eligible to serve as a Director. If any such shareholder, partner, beneficiary, trustee, or manager is in turn a corporation, partnership, trust, or other legal entity, then any shareholder, officer, or director of such corporation or partner of such partnership, beneficiary, or individual trustee of such trust, or manager of such other legal entity, may be eligible to serve as a Director.

SECTION 4. ELECTION. Upon the occurrence of a Transition Event, the Declarant shall give at least twenty-one (21) days notice to the Members of the meeting to elect the initial Board not appointed by the Declarant, and the Declarant shall, upon request by any Member, provide the names, addresses and Share of each Member within three (3) working days of such request. Subsequent to the first election following a Transition Event, the Members shall, by a vote of a plurality of the Members present at such meeting, elect Directors to fill vacancies created by any expiring term of office. At the first annual meeting of the Members after the occurrence of a Transition Event, the three (3) candidates receiving the highest total votes shall be elected. The one (1) receiving the highest total of votes shall serve a term of two (2) years and

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the two (2) with the next highest totals shall serve a term of one (1) year each. Thereafter, at each annual meeting of the Members, the Members shall elect the Directors for terms of one (1) year each. Upon request by a Member prior to any such meeting, the Board will supply the requesting member within ten (10) days after request the names, addresses and Share of each Member.

SECTION 5. REGULAR MEETINGS. A regular annual meeting of the Board shall be held without further notice other than this By-law, immediately after, and at the same place as, the annual meeting of Members. The Board may provide by regulations that the Board may, from time to time, adopt, the time and place for the holding of additional regular meetings of the Board without other notice than such regulation. All Members shall have the right to attend all regular meetings, but shall not have the right to participate therein.

SECTION 6. SPECIAL MEETINGS. Special meetings of the Board may be called by or at the request of the President or any two (2) Directors. The person or persons authorized to call special meetings of the Board may fix any reasonable place and time as the place and time for holding any special meeting of the Board called by them. All Members shall have the right to attend all special meetings, but shall not have the right to participate therein.

SECTION 7. NOTICE. Notice of any special meeting of the Board shall be given at least forty-eight (48) hours prior to the date of such meeting by written notice delivered personally or sent by mail to each Director and to each Member. If mailed, such notice shall be deemed to be delivered one (1) day after it is deposited in the United States mail addressed to the Director or Member at his or its address as it appears on the records of the Association with postage thereon prepaid. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these By-laws. Copies of notices shall be posted in conspicuous places on the Property at least forty-eight (48) hours prior to the meeting, and the Board may designate one or more locations on the Property where such notices shall be posted.

In the event that a Special Meeting of the Board is called to deal with any matter, for which a delay of three (3) days to comply with the Notice requirements herein contained might result in damage to property or injury to any person, then the notice provisions herein contained shall be deemed waived if every Director receives actual notice of such meeting and a good faith effort is made to give every Member actual notice.

SECTION 8. OPEN MEETINGS. Meetings of the Board shall be open to any Member except that portion of the meeting held (i) to discuss pending or probable litigation; (ii) to consider information regarding the appointment, employment or dismissal of an employee; or

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(iii) to discuss violations of rules or regulations or unpaid Common Expenses owed to the Association. Any Member may record the proceedings at open meetings by tape, film or other means, subject to the Board's right to make reasonable rules and regulations governing such recordings.

SECTION 9. QUORUM. A majority of the Directors shall constitute a quorum for the transaction of business at any meeting of the Board, provided, that if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

SECTION 10. MANNER OF ACTING. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board, unless otherwise provided by law or by these By-laws.

SECTION 11. VACANCIES. Any vacancy occurring in the Board shall be filled by a two-thirds vote of the Board. A Director elected to fill a vacancy shall be elected for a term expiring at the next annual meeting of the Members.

SECTION 12. REMOVAL. From and after the date of the first annual meeting of the Members to occur after a Transition Event, any Director may be removed from office by the affirmative vote of sixty-six and two-thirds percent (66-2/3%) of all of the Members at a special meeting called for such purpose.

SECTION 13. ADOPTION OF RULES AND REGULATIONS. All rules and regulations or amendments thereto, adopted by the Board shall be effective upon their adoption, provided that the Members may at any time, after the occurrence of the Transition Event, revoke the rule or regulation at a special meeting of the Members called for such purpose, by a vote of seventy-five percent (75%) of all the Members of the Association, or by written consent executed by seventy-five percent (75%) of all of the Members of the Association.

ARTICLE VI

OFFICERS.

SECTION 1. OFFICERS. The officers of the corporation shall be a President, a Treasurer and a Secretary. If desired, the Board may determine that either the Secretary or the Treasurer (or both) shall also serve as Vice President.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers of the corporation shall be elected annually by the Board at the regular annual meeting of the Board, from among the members of the Board. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as is convenient. Vacancies may be filled or new offices created and filled at any meeting of the Board. Each officer shall hold office until his successor shall have been duly elected and shall have qualified.

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SECTION 3. REMOVAL. Any officer elected by the Board may be removed by a majority vote of the Board.

SECTION 4. VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board for the unexpired portion of the term.

SECTION 5. PRESIDENT. The President shall be the principal executive officer of the Association and shall, in general, supervise and control all of the business and affairs of the Association. He shall preside at all meetings of the members and of the Board. He may sign, with the Secretary or any other proper officer of the Association authorized by the Board, any amendments to these By-laws or the Declaration, deeds, mortgages, contracts or other instruments which the Board has authorized to be executed; and, in general, shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

SECTION 6. VICE PRESIDENT. In the absence of the President or in the event of his inability or refusal to act, the Vice President (or in the event there shall be more than one Vice President, the Vice Presidents, in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned to him by the President or by the Board.

SECTION 7. TREASURER. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the Association in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of ARTICLE VIII of these By-laws; and, in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board.

SECTION 8. SECRETARY. The Secretary shall keep the minutes of the meetings of the members and of the Board in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these By-laws or as required by law; be custodian of the corporate records and of the seal of the Association and see that the seal of the Association is affixed to all documents, the execution of which on behalf of the Association under its seal is duly authorized in accordance with the provisions of these By-laws; and, in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board.

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ARTICLE VII

CONTRACTS, CHECKS, DEPOSITS AND FUNDS.

SECTION 1. CONTRACTS. The Board may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by these By-laws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation and such authority may be general or confined to specific instances.

SECTION 2. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instruments shall be signed by the Treasurer and countersigned by the President of the Association.

SECTION 3. DEPOSITS. All funds of the Association shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the Board may select.

SECTION 4. GIFTS. The Board may accept on behalf of the Association any contribution, gift, bequest or devise for the general purposes or for any special purpose of the Association.

ARTICLE VIII

BOOKS AND RECORDS.

SECTION 1. DOCUMENT INSPECTION. The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Members, Board and Boards having any of the authority of the Board, and shall keep at the registered or principal office a record giving the names and addresses of the Members entitled to vote and all mortgagees who have registered with the Association. The Board shall also maintain copies of the recorded declaration, by-laws, recorded covenants, articles of incorporation and any amendments thereto, annual reports, any rules and regulations adopted by the Association or the Board, detailed and accurate records in chronological order of the receipts and expenditures affecting the Common Areas and any other expenses incurred, and copies of all contracts, leases, or other agreements entered into by the Association, and such other records of the Association as are available for inspection by members of a not-for-profit corporation. All books and records of the Association may be inspected by any Member, or his agent or attorney for any proper purpose at any reasonable time. Upon ten (10) days' prior notice to the Association, and the payment of a reasonable fee fixed by the Association not to exceed Fifty Dollars (\$50.00), any Member shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Member, signed by a duly authorized officer of the Association. Failure of the Association to respond to a written request for records

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within thirty (30) days shall be deemed a denial of such request, and a Member may seek appropriate relief for properly requested records.

SECTION 2. DOCUMENT RETENTION. The minutes of all Association and Board meetings shall be retained for not less than seven (7) years. Ballots and proxies shall be retained for not less than one (1) year.

SECTION 3. DOCUMENTS AVAILABLE. The Board shall make available for inspection by Members and prospective purchasers from Members upon demand, the following:

- (1) A copy of the Declaration, other instruments and any rules and regulations.
- (2) A statement of any liens, including a statement of the account of the Parcel setting forth the amount of unpaid assessments and other charges due and owing.
- (3) A statement of any capital expenditures anticipated by the Association within the current or succeeding two (2) fiscal years.
- (4) A statement of the status and amount of any reserve for replacement fund and any portion of such fund earmarked for any specified project by the Board.
- (5) A copy of the statement of financial condition of the Association for the last fiscal year for which such a statement is available.
- (6) A statement of the status of any pending suits or judgments in which the Association is a party.
- (7) A statement setting forth what insurance coverage is provided for all Members by the Association.
- (8) A statement that any improvements or alterations made to the Parcel, or any part of the Common Areas assigned thereto, by the prior Members are in good faith believed to be in compliance with the Declaration.

ARTICLE IX

FISCAL YEAR.

The fiscal year of the Association shall be fixed by resolution of the Board.

ARTICLE X

SEAL.

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

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ARTICLE XI

WAIVER OF NOTICE.

Whenever any notice whatever is required to be given under the provisions of the General Not-For-Profit Corporation Act of Illinois or under the provisions of the Articles of Incorporation or By-laws of the Association, or the Declaration, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Attendance at any meeting shall constitute waiver, except where such person attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE XII

AMENDMENTS TO BY-LAWS.

These By-laws, except this ARTICLE XIII and ARTICLE XVI, may be altered, amended or repealed and new By-laws may be adopted by the affirmative vote of sixty-six and two-thirds percent (66-2/3%) of all of the Members, at a regular meeting or at any special meeting. This ARTICLE XIII and ARTICLE XVI may be amended only by an instrument in writing setting forth such amendment, signed and acknowledged by the duly authorized officers of the Association, all of the Members of the Association and all mortgagees having bona fide liens of record against any Parcel.

ARTICLE XIII

TERMINATION OF THE ASSOCIATION.

In the event of the abrogation of the Declaration, either pursuant to its terms or otherwise, all of the Common Area and all other property of the Association shall continue to be held by the Association for the benefit of each of the Members in the ratio of their respective Shares. The Association shall, however, liquidate or distribute such property within two (2) years from the date of the recording of the instrument of abrogation. After payment of all obligations of the Association and all expenses of liquidation, the cash proceeds of such liquidation, all other cash held by the Association and all property which has not been liquidated shall be distributed to the Members in proportion to their respective Shares. Any real property being distributed in liquidation shall be transferred to all of the Members as tenants in common, with each Member having an undivided interest in such property equal to such Member's Share. Upon distribution of all property, the Association shall be dissolved.

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ARTICLE XIV

INDEMNIFICATION.

The Association shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he or she is or was a member of the Board, or officer of the Association, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such conduct was unlawful.

The Association may indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he or she is or was a member of the Board, or an officer of the Association against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit, if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Association, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Association.

To the extent that a member of the Board, member of the Board or officer of the Association has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in the foregoing two paragraphs, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

Any indemnification under the first two paragraphs of this Article shall be made by the Association only as authorized in the specific case, upon a determination that indemnification of the member of the Board, member of the Board, or officer of the Association is proper in the circumstances because such person has met the applicable standard of conduct set forth in the first two paragraphs of this Article. Such determination shall be made (1) by the Board by a majority vote of a quorum consisting of members of the Board who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by a majority of the Members of the Association.

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ARTICLE XV

CONSTRUCTION.

(a) Nothing hereinabove contained shall in any way be construed as altering, amending or modifying the Declaration. Said Declaration and these By-laws shall always be construed to further the harmonious, beneficial, cooperative and proper use and conduct of the Property. If there is any inconsistency or conflict between these By-laws and the aforesaid Declaration, the provisions of the Declaration shall control.

(b) All words and terms used herein which are also used in the Declaration shall have the same meaning as provided for such words and terms in the Declaration.

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EXHIBIT C

LEGAL DESCRIPTION OF COMMON AREAS

Lots 1, 8 and 10 in Resubdivision of Lots 3 and 4 of Plat 1 Roosevelt Square Subdivision, being a Subdivision of Part of the East Half, of the Southwest Quarter of Section 17, Township 39 North, Range 14 East of the Third Principal Meridian, City of Chicago, County of Cook, and State of Illinois.

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EXHIBIT D

LEGAL DESCRIPTION OF PARCELS

Lots 2 through 7, both inclusive, and Lots 11 through 16, both inclusive, in Resubdivision of Lots 3 and 4 of Plat 1 Roosevelt Square Subdivision, being a Subdivision of Part of the East Half, of the Southwest Quarter of Section 17, Township 39 North, Range 14 East of the Third Principal Meridian, City of Chicago, County of Cook, and State of Illinois.

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EXHIBIT E

SCHEDULE OF PARCELS, LOTS AND SHARES

<u>Parcel Address</u>	<u>Lot #</u>	<u>Share</u>
1205 West Arthington	Lot 2	9.04 %
1207 West Arthington	Lot 3	7.95 %
1209 West Arthington	Lot 4	7.95 %
1211 West Arthington	Lot 5	7.95 %
1213 West Arthington	Lot 6	7.95 %
1215 West Arthington	Lot 7	9.16 %
1221 West Arthington	Lot 11	9.16 %
1223 West Arthington	Lot 12	7.95 %
1225 West Arthington	Lot 13	7.95 %
1227 West Arthington	Lot 14	7.95 %
1229 West Arthington	Lot 15	7.95 %
1231 West Arthington	Lot 16	9.04 %
TOTAL		<hr/> 100.00%