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THIS DOCUMENT IS PREPARED BY,
AND UPON RECORDATION, RETURN TO:

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Eugene "Gene" Moore RHSP Fee: \$10.00
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DECLARATION OF EASEMENTS, RESTRICTIONS AND COVENANTS FOR THE CLEVELAND FLORAL TOWNHOME ASSOCIATION

RECITALS

This Declaration of Easements, Restrictions and Covenants ("Declaration") is made and entered into on the date hereinafter set forth by Norwood Skokie LLC, an Illinois limited liability company ("Declarant and/or Developer"), and its successors and assigns.

A. Declarant is the owner and legal title holder of certain real estate in the Village of Skokie ("Village"), County of Cook and State of Illinois ("Village") which real estate is legally described in Exhibit "A" attached hereto and by this reference made a part hereof (the "Property"); and

B. Declarant procured an ordinance from the Village (Ordinance Number 04-4-Z-3261) ("Ordinance") that approved, among other things, a site plan ("Site Plan") for the Property and adjacent property, for redevelopment purposes for a townhome development and a condominium development with shared facilities. **Exhibit "1"** to this Declaration is a reduced version of the "Site Plan" approved by the Ordinance. In connection with the Ordinance, the Village also required the Declarant to enter into a landscaping and maintenance agreement recorded in Cook County, Illinois as Document No. 0411450104 ("Landscape Agreement") that is binding on the Property and is incorporated by this reference as though set forth at length herein; and

C. Declarant intends to construct a development containing Five (5) Townhome Units (as hereinafter defined) together with certain common areas that will require uniformity and continuing care and maintenance for the privacy, benefit and enjoyment of all persons owning and residing in the Townhome Units and that will require easements and cross-easements relating to the condominium development and the Landscape Agreement, all as substantially shown on the Site Plan and a Condominium Association with certain common elements appurtenant thereto located adjacent to the Townhome Association, which the owners of the Townhome Association will have easement rights to use, and for ingress and egress (collectively the "Project").

D. Declarant has deemed it desirable for the efficient preservation of the values and amenities of the Project and to comply with the Project's required participation in the Ordinance requirements and the Landscape Agreement, to create an agency to which shall be delegated and assigned the powers of maintaining and administering the Common Area (as hereinafter

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defined) and administering and enforcing the covenants and restrictions hereinafter contained and created; and

E. The Cleveland Floral Townhome Association, an Illinois not for profit corporation ("Association"), has been formed for the purpose of exercising the functions aforesaid and representing the Owners (as defined in this Declaration) in connection with the Condominium Association (as defined in this Declaration); and

F. Declarant desires to establish for its own benefit and the mutual benefit of all future owners, tenants and occupants of the Project and any part thereof, certain easements or rights in, over, under, upon and along the Project and certain mutually beneficial restrictions and obligations with respect to the use, conduct and maintenance thereof; and

G. Declarant, from time to time for the purposes hereinafter enumerated, may convey certain portions of the Property to the Association, as well as to various Owners.

NOW, THEREFORE, Declarant hereby declares that the Property is, and hereafter shall be, transferred, held, sold, conveyed and accepted subject to this Declaration.

Declarant does hereby further declare that the following rights, easements, covenants, restrictions, conditions, burdens, uses, privileges, charges and liens shall: (1) exist at all times among all parties having or acquiring any right, title or interest in any portion of the Property; (2) be binding upon and inure to the benefit of each Owner; and (3) run with the land subject to this Declaration, to be held, sold and conveyed subject thereto.

ARTICLE 1 DEFINITIONS

For purposes of brevity and clarity, the following terms when used in this Declaration shall have the following meanings unless otherwise required by the context:

1.01 Association. The term "Association" shall have the meaning set forth in the recitals.

1.02 Board. The Board of Directors of the Association as constituted at any time or from time to time, in accordance with the applicable provisions of Article 3.

1.03 By-Laws. The By-Laws of the Association, a copy of which is attached as Exhibit "C" hereto and by this reference made a part hereof.

1.04 Common Area. Those portions of the Property owned by the Association or the Declarant for the common use and enjoyment of all members of the Association (except for those portions reserved for the exclusive use of certain Owners as hereinafter set forth) and such uses thereto by way of easement or other grant from Declarant, the Association or others as may be granted to or by the Association for the common use and enjoyment of the Owners, subject to the requirements of the Ordinance and the Site Plan. The Common Area shall not include the 20 feet of driveway behind the garages of the townhome units; patios appurtenant to townhome units or front steps/walks attached to townhome units. The Common Area to be conveyed to and owned by the Association is hereinafter legally described on Exhibit "B"

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attached hereto and by this reference made a part hereof, and such additions thereto as may hereafter be brought within the jurisdiction of, or conveyed to, the Association.

1.05 Condominium. The Residences at 8200, a Condominium, being a condominium building located on property adjacent to the Property as depicted on the Site Plan.

1.06 Condominium Association. The 8200 N. Lincoln Condominium Association, an Illinois not for profit corporation, being the board of managers of the condominium association of the Condominium.

1.07 Declarant and/or Developer. The term "Declarant and/or Developer" shall have the meaning set forth in the recitals.

1.08 Declaration. This Declaration of Easements, Restrictions and Covenants for the Cleveland Floral Townhome Association.

1.09 Eligible Mortgage Holder. Each holder of a first mortgage on a Townhome Unit which has requested in writing that the Association notify it of any proposed action that requires consent of a specified percentage of mortgage holders.

1.10 Family. The definition of a Family shall be as stated in the Village of Skokie zoning ordinance in effect from time to time.

1.11 Garage. That portion of each Townhome Unit originally designed and intended for the parking or storing of motor vehicles.

1.12 Material Amendment. Any amendment to the Declaration, By-Laws or the Association's articles of incorporation that would change any of the following in a manner other than as expressly permitted herein: voting rights in the Association; assessments, assessment liens, or subordination of assessment liens; responsibility for the maintenance and repair of the Common Area; allocation of interests in the Common Area, or rights to use the Common Area; boundaries of any Townhome Unit; convertibility of Townhome Units into Common Area or convertibility of Common Area into Townhome Units; expansion or contraction of the Property, or the addition, annexation or withdrawal of property from the Property; leasing of Townhome Units; imposition of any restrictions on an Owner's right to sell or transfer his or her Townhome Unit; termination of the legal status of the Association or the Property following substantial destruction or condemnation; or any provisions that expressly benefit holders, insurers or guarantors of mortgages secured by portions of the Property.

1.13 Member. An Owner who holds membership in the Association pursuant to section 2.01 hereof and who is subject to assessment.

1.14 Occupant. Any person or persons other than the Owner in possession of a Townhome Unit.

1.15 Owner. The record owner, whether one or more persons or entities, of fee simple title to any Townhome Unit, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. The term "Owner" shall include Declarant to the extent of the number of Townhome Units owned by Declarant and also includes the interest of Declarant as contract seller of any Townhome Unit.

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1.16 Property. The term "Property" shall have the meaning set forth in the recitals.

1.17 Reciprocal Operating Agreement. The agreement entered into by the Declarant dated _____ and recorded in Cook County, Illinois as Document Number _____ that establishes the relationship, covenants, conditions, easements and restrictions operative to the relationship between the Association, the Owners and the Condominium Association. It may also be referred to as the "ROA".

1.18 Townhome Unit. A residential housing unit consisting of a group of rooms which may be attached to one or more other Townhome Units by common party walls and which are designed or intended for the exclusive use as living quarters for one Family, as constructed by Declarant upon the Property, and/or the lot upon which such residential housing unit is or will be constructed.

1.19 Turnover Date. The date control of the Association is transferred from Declarant to the Owners, which shall be no later than sixty (60) days after the earlier of: (i) the date on which seventy-five percent (75%) of the Townhome Units have been conveyed to Owners other than Declarant; (ii) three (3) years after the first Townhome Unit is conveyed to an Owner other than Declarant; or (iii) the date designated in a written notice from Declarant to all of the Owners as being the Turnover Date.

ARTICLE 2 MEMBERSHIP

2.01 Membership in the Association. Every Owner of a Townhome Unit which is subject to assessment pursuant to Article 6 hereof is hereby declared to be a Member of the Association. Membership is appurtenant to and shall not be separated from ownership of such Owner's Townhome Unit. By acceptance of a deed or other conveyance of a Townhome Unit, each Owner or subsequent Owner thereby becomes a Member whether or not this Declaration is incorporated by reference or otherwise expressed in the deed of conveyance. If there is more than one Owner of any Townhome Unit, all such Owners shall be Members of the Association, however, such multiple Owners of a Townhome Unit shall allocate the privileges and responsibilities appurtenant to Membership among them as they determine. One individual shall be designated as the "Voting Member" for each Townhome Unit. The Voting Member or his proxy shall be the individual who shall be entitled to vote at meetings of the Members. If the record ownership of a Townhome Unit shall be in more than one person, or if an Owner is a trustee, corporation, partnership or other legal entity, then the Voting Member for the Townhome Unit shall be designated by such Owner or Owners in writing to the Board and if in the case of multiple individual Owners no designation is given, then the Board at its election may recognize any individual Owner of the Townhome Unit as the Voting Member for such Townhome Unit. Ownership of a Townhome Unit shall be the sole qualification for membership in the Association. Nothing herein contained shall be interpreted to exclude Declarant from membership while it or its successors in interest, if any, owns one or more Townhome Unit(s). Voting rights with regard to each Member are set forth in Article 3 hereof.

ARTICLE 3 VOTING RIGHTS AND BOARD OF DIRECTORS

3.01 Voting Rights and Percentage Interest. The Association shall have one class of membership. Members shall be entitled to vote as set forth in the By-Laws attached hereto as

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Exhibit "C". Article I, Section 6 of the By-Laws provides that the aggregate number of votes for all Owners shall be one hundred (100) and shall be divided among the respective Owners in accordance with their respective percentage of ownership interest in the Common Area, as set forth in Exhibit D of the Declaration, as said Exhibit D may be amended from time to time; provided that when thirty percent (30%) or fewer of the Townhome Units, by number, possess over fifty percent (50%) in the aggregate votes in the Association, any percentage vote of Owners specified herein shall require the specified percentage by number of Townhome Units rather than by percentage of interest in the Common Area allocated to Townhome Units that would otherwise be applicable. The Declarant calculated the percentages scheduled in Exhibit "D" taking into effect the following factors: (a) the square footage of each Townhome Unit in relation to all other Townhome Units; (b) the estimated equalized assessed value of each Townhome Unit in relation to all other Townhome Units; and (c) special assessments, if any, attributable to each Townhome Unit for insurance premiums in relation to those special assessments for other Townhome Units.

3.02 Provisions Mandatory. The provisions of Section 3.01 hereof shall be mandatory. No owner of any interest in any Townhome Unit shall have any right or power to disclaim, terminate or withdraw from membership in the Association or any obligations as a Member, and no purported disclaimer, termination or withdrawal thereof or therefrom on the part of any Owner shall be of any force or effect for any purpose.

3.03 Board. The Association shall have a Board of three (3) Directors who shall be elected by the Members of the Association at such intervals as the By-Laws of the Association shall provide. Prior to the election of the first Board by the Owners, Declarant shall exercise all rights, powers and privileges of the Board and shall perform all of its functions. The Board appointed by Declarant shall consist of three (3) Directors. Except as expressly otherwise provided by applicable law, the Association's articles of incorporation, this Declaration or the By-Laws, all power and authority to act on behalf of the Association both pursuant to this Declaration and otherwise shall be vested in its Board and its officers under the direction of the Board, and shall not be subject to any requirement of approval on the part of its Members.

3.04 Appointment of Directors by Declarant. Notwithstanding any other provision of this Declaration or the By-Laws, the first and each subsequent Board shall consist of, and vacancies on the Board shall be filled by, such persons as Declarant shall from time to time appoint until the Turnover Date. Declarant's right to appoint Directors shall be to the exclusion of the right of the Members of the Association to do so. The Owners shall not, without the prior written consent of Declarant, have the right to amend, modify or change the By-Laws of the Association in any way diminish the authority of the Board prior to the Turnover Date.

3.05 Officers. The Association shall have such officers as shall be appropriate from time to time, who shall be elected by the Board. The officers shall manage and conduct the day to day affairs of the Association under the direction of the Board.

3.06 Association Funds. The Association, being a not-for-profit corporation, shall not distribute to its Members any dividends. To the extent that funds shall not be required for current expenditures or for such reserves, the next monthly assessments may, in the discretion of the Board, be eliminated or the amount thereof appropriately reduced. Such reduction shall not prevent reinstatement of or increase in such assessments when required but such reinstatement or increase shall not be retroactive.

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3.07 Right to Engage a Manager and Enter Into Long Term Contracts.

(a) Declarant reserves the right to engage a property manager for the Association and, in furtherance of such right, to enter into a contract for such purposes.

(b) Any contract, lease, or other agreement made by Declarant on behalf of the Association prior to the election of the first Board not controlled by the Declarant which extends for a period of more than two (2) years from the date of the recording of this Declaration shall be subject to cancellation by more than one half of the votes of the Members other than the Declarant cast at a special meeting of Members called for that purpose during a period of ninety (90) days prior to the expiration of the two (2) year period if, at that time, the Board is comprised of Directors other than Declarant, otherwise by a majority vote of the Board. At least sixty (60) days prior to the expiration of the two year period referenced above, the Board, or, if the Board is still under Declarant control, the Declarant, shall send notice to every Member of the Association notifying them of this provision, of what contracts, leases, and other agreements are affected, and of the procedure for calling a meeting of the Members or for action by the Association for the purpose of acting to terminate such contracts, leases, or other agreements. During the ninety (90) day period, the other party to each contract, lease, or other agreement shall also have a right of cancellation.

3.08 Rules and Regulations. The Board, on behalf of the Association, shall have the right to adopt rules and regulations governing the Townhome Units and Common Area and the use thereof provided, however, that no rule or regulation shall conflict with the Declaration, By-Laws, ROA, or any applicable laws, ordinances (including without limitation the Ordinance) or codes.

ARTICLE 4

PROVISIONS RELATING TO THE TOWNHOME ASSOCIATION COMMON AREA

4.01 Easements. Said Common Areas shall be maintained by the Condominium Association per the ROA to which the Townhome Association shall pay maintenance charges (as more fully described in the ROA). Subject to the ROA, every Owner shall have a right and easement in, over, upon and to the Common Area for purposes of vehicular (as appropriate) and pedestrian ingress and egress and other reasonable use of the open spaces and other common facilities located on the Common Area. The Common Areas shall be held for the use and benefit of each Owner, and the easement granted in the preceding sentence shall be appurtenant to and shall pass with the title to every Townhome Unit subject to the following provisions:

(a) The Association shall have the right to dedicate or transfer all or any part of the Common Area to any public or quasi-public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Owners subject to the ROA. No such dedication or transfer shall be effective unless an instrument signed by Owners entitled to cast sixty-seven percent (67%) of the votes of the Association is signed and recorded along with the document effecting such dedication or transfer.

(b) As part of the overall program of development of the Property and to encourage the marketing and construction thereof, Declarant and its contractors, subcontractors, and their respective agents and employees shall, for sales and

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construction purposes only, have the right to use the Common Area and facilities thereon without charge until Declarant has constructed and conveyed all of the Townhome Units to third party purchasers thereof in order to aid in Declarant's construction and marketing of the Townhome Units.

4.02 Pedestrian Ingress and Egress. Each Owner and the unit owners in the Condominium Association, and their tenants, guests and invitees shall have a right and easement in, over, upon and to any sidewalks, alleys and walkways located in the Common Area for the purposes of pedestrian ingress and egress as more fully described in the ROA. This section may not be amended without approval from 100% of the unit owners of the Condominium Association.

4.03 Improvements. Subject to the ROA and Landscape Agreement, Declarant and the Association may plant or construct landscaping and other improvements as Declarant, the Association or the Board shall from time to time deem appropriate or necessary. All planting and construction shall be in compliance with the Landscape Agreement, applicable governmental laws, ordinances and regulations as shall then be in effect.

4.04 Village of Skokie. An irrevocable license and non-exclusive easement is hereby granted to the Village and police, fire, water, health and other authorized officials, employees and vehicles of the Village, to go upon the Common Areas (and, to the same extent granted to the Association pursuant to Section 5.05 below, the Townhome Units) at any time and from time to time in order to perform official duties and to enforce this Declaration, the Landscape Agreement, and all Village ordinances (including without limitation the Ordinance), rules and regulations, the statutes of the State of Illinois and the United States. It is the intention of this Section 4.04 to provide that the obligation for maintenance and repair of those main utility lines which service the Property (water, storm sewer and sanitary sewer) from the public way to the Property line together with storm water detention and discharge laterals located within the Property shall be borne by the Village and that the obligation for maintenance and repair of all other portions of the Common Area, including those lines which service individual Townhome Units shall be borne by the Owners of the individual Townhome Units subject to the ROA. The Village shall be under no obligation to exercise the rights herein granted except as it shall determine to be in its best interest. No failure to exercise any right herein granted to the Village shall be construed as a waiver of that or any other rights.

4.05 Delegation. Any Owner may delegate, in accordance with this Declaration and the By-Laws, his right of ingress and egress to the Common Areas to the members of his Family, Occupants, guests, invitees, or contract purchasers who reside on the Property.

4.06 Conveyance of Common Area. Declarant hereby covenants for itself, its successors and assigns, that, no later than the conveyance of the last Townhome Unit to a third party purchaser, it will convey to the Association fee simple title in the nature of a quitclaim deed, to those portions of the Common Area to which it is in title, if any. Upon any conveyance or assignment of the Common Area to the Association, Declarant shall be entitled to a proration credit for all expenses of the Association defrayed by Declarant (including insurance and real estate taxes) which have not theretofore been reimbursed to Declarant. Title to the Common Area may be subject to all general and special title exceptions contained in the title commitment covering the Common Area which Declarant shall deliver to the Association in connection with such conveyance, provided Declarant shall cause any lien securing Declarant's financing to be released. If any Common Area shall be held in any title holding trust, Declarant may assign the

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beneficial interest in such trust to the Association in lieu of causing the trustee to convey the same by trustee's deed. The Common Area shall be conveyed or assigned without any express or implied warranties, which warranties are expressly disclaimed by Declarant. The instrument of conveyance may contain a confirmatory disclaimer of warranties.

4.07 Rights of the Association.

(a) The Association shall have the right of ingress and egress over and upon the Common Area for any and all purposes in connection with the decoration, use, maintenance, care, construction, operation, repair and reconstruction of the Common Area.

(b) The Board, on behalf of the Association, shall have the right to adopt rules and regulations governing the decoration, use, maintenance, care and administration of the Common Area and for the health, comfort, safety and general welfare of persons using the Common Area.

4.08 Reserved Rights. Notwithstanding any provisions herein to the contrary, the easements herein created shall be subject to:

(a) The right of Declarant to execute all documents and do all other acts and things affecting the Property which, in Declarant's sole opinion, are desirable in connection with Declarant's rights hereunder.

(b) Easements of record on the date hereof, and any easements which may hereafter be granted by Declarant or the Association to any public utilities or governmental bodies for the installation and maintenance of electrical lines, analog and digital telephone conduit and lines, gas pipes, sewers or water mains and pipes, cable, DSL lines, T1 lines, or any other utility services serving any Townhome Unit and to any provider of cable television and similar services.

(c) The ROA.

4.09 No Dedication. Nothing contained in this Declaration shall be construed or be deemed to constitute a dedication, express or implied, of any part of the Common Area to which Declarant is in title as of the date hereof to or for any public use or purpose whatsoever.

4.10 Easement in favor of Certain Utilities. Easements for serving the Common Areas and other properties with public utilities and municipal services are hereby granted to Commonwealth Edison Company, People's Gas Company, SBC, Comcast, the Village, and all other suppliers of utilities serving the Common Area and their respective successors and assigns, jointly and severally to install, lay, construct, renew, operate, maintain or remove, from time to time, conduits, cables, pipes, wire transformers, switching apparatus and other facilities and appurtenances used in connection with serving the Common Area and adjacent property with telephone communications, electric, sewer, gas, water, drainage, cable television, or other services, upon, across and under the Common Area for the Property.

4.11 Maintenance of Association Common Areas. All areas of and facilities upon the Association's Common Area, including, but not limited to, all open space, driveways and sidewalks (and the storage of snow removal on the Common Areas or on the parkways located

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in the dedicated right-of-way), and all landscaping shall be maintained by the Condominium Association pursuant to the terms of the ROA in such a manner as to ensure the proper use and functioning of such areas as facilities as originally designated and/or constructed. The Association shall be required to reimburse the Condominium Association for the costs of such services per the terms of the ROA. In exchange, the Owners of the Association are granted the easements for use, ingress and egress of the exterior Condominium Association common elements.

4.12 Payment of Taxes on Common Area. The Association shall pay, as agent and on behalf of the Owners and out of the funds furnished to it by them for such purpose as part of the common expenses, all tax and other governmental impositions levied upon the Common Area or any part thereof. Upon the affirmative vote of at least two-thirds of the Board, the Board, acting on behalf of all Owners, shall have the power to seek relief from or in connection with the assessment or levy of any taxes, special assessments, or charges, and to charge and collect all expenses incurred in connection therewith as common expenses.

4.13 Compliance. The Common Area shall at all times be used and maintained in compliance with all applicable ordinances, codes and regulations of the Village of Skokie.

4.14 Easements Reserved to Declarant on the Property.

(a) Until the last Townhome Unit is sold and conveyed by Declarant to a purchaser, an easement is hereby granted and reserved in, to, over, across and through the Common Areas in favor and for the benefit of the Declarant, and its representatives, agents, associates, affiliates, employees, contractors, subcontractors, brokers, licensees, and invitees, for purposes of construction, sale, marketing, transfer, repair and preparation of the Townhome Units and the Condominium for occupancy and the construction and installation of all utilities, structures, landscaping, to perform service and warranty work and other improvements relating to the Property. Such easement includes, without limitation, rights of ingress, egress and passage through and across the Common Areas, including, but not limited to, common vehicular and pedestrian traffic areas located in the Common Areas, for the purpose of providing access to all areas of the Property and for the purpose of enabling the performance or exercise of all functions, rights, responsibilities and obligations permitted or required to be performed by any person or entity to which such easement is granted, and the right to maintain and operate a sales office on the Property.

(b) In connection with the construction of Townhome Units on the Property or the Condominium adjacent thereto, or any construction mandated by the Village, the Declarant, and/or its affiliates, and agents shall have the right to: (i) ingress and egress to and from the Property and use such portion of the Property, including the Common Areas as may be necessary or desirable in connection with the construction, marketing, sale or leasing, of any portion of the Property, (ii) to, use and show one or more unsold or unconveyed Townhome Units as a model Townhome Unit or Units, sales office, construction office or administrative office, design center, management office or for such other purposes deemed necessary or desirable in connection with the aforescribed construction, marketing and sales or leasing, (iii) set up and maintain marketing materials and tables in the Common Areas and use the Common Areas for special events, (iv) post and maintain such signs and lighting in, on or about the Property as deemed necessary or desirable in connection with (i), (ii) and (iii) above, all without the payment of any fee or charge whatsoever. The Declarant shall have the power and right to lease and/or sell and convey any Unit owned by the Declarant to any person or entity, which it

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deems appropriate in its sole discretion. The right of the Declarant, and/or its affiliates, to exercise the rights reserved or granted under this Section shall terminate at such time as the Declarant no longer holds or controls title to a Unit.

4.15 Representative Capacity. The Board shall have standing and capacity to act in a representative capacity in relation to matters involving the Common Area or more than one Townhome Unit, on behalf of the Owners, as their interests may appear.

ARTICLE 5 MAINTENANCE OF TOWNHOME UNITS

5.01 Exterior Maintenance of Townhome Units.

(a) Maintenance, repair and replacement of the exterior of the Townhome Units, including individual Townhome Unit roofs, patios, landscaping and maintenance of the driveway directly in front of a Townhome Unit shall be the responsibility of the individual Owners; provided, however, that all maintenance, repair and replacement of the exterior of the Townhome Units shall be performed under the supervision of the Board to ensure high standards of quality and consistent design. No Owner shall make any addition, alteration, or improvement to the exterior of any townhome without the prior written approval of the Board.

The Board may direct the Owners to carry out or cause to be performed all maintenance and repair to the exteriors of the Townhome Units which are necessary and desirable in the sole discretion of the Board as a result of natural or ordinary wear and deterioration, it being understood that maintenance of the exterior of the Townhome Units shall be the responsibility of the individual Owners. Upon the failure of any Owner to maintain those areas not the maintenance responsibility of the Association, the Association, through its agents and employees, is hereby granted the right to enter upon the Townhome Unit and into the Townhome Unit thereon and make such reasonable repairs, maintenance, rehabilitation or restoration of the premises as may be necessary, and the costs thereof shall become a lien upon the Townhome Unit in the same manner as provided in Article 6 hereof for nonpayment of maintenance assessments.

(b) The Association shall determine the need for and shall carry out or cause to be performed all maintenance and repair of gas, telephone, cable and electrical lines incorporated into and forming a part of the Townhome Units as originally constructed that service more than one Townhome Unit (it being expressly understood that each individual Owner shall maintain and repair all gas, telephone, cable, electrical, water, storm sewer and sanitary sewer lines which service only his Townhome Unit) and additionally that such maintenance and repair by the Association shall not include the maintenance or repair of any furnaces, water heaters, stoves, refrigerators, washing machines or household appliances, sump pumps, glass surfaces, patio areas, windows and patio doors, entry doors, electrical fixtures, air conditioners and compressors, or any other portion of said unit which services only one Townhome Unit or the interior of any Townhome Unit or portion thereof.

5.02 Additional Maintenance Obligations. In addition to the items described in Section 5.01 above, each Owner shall have the obligation to maintain in good condition and repair his roof, glass surfaces, fireplaces (including the interior and exterior of chimneys), windows, entry

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doors, electrical fixtures, driveways, appurtenant service walks located on or serving his Townhome Unit and any portion of such appurtenant service walk or driveway located within the Common Area, and all other items which service only such Owner's Townhome Unit. Each Owner shall also be solely responsible for the maintenance of the interior of his/her Townhome Unit. Upon the failure of any Owner to maintain those areas not the maintenance responsibility of the Association, the Association, through its agents and employees, is hereby granted the right to enter upon the Townhome Unit and into the Townhome Unit thereon and make such reasonable repairs, maintenance, rehabilitation or restoration of the premises as may be necessary, and the costs thereof shall become a lien upon the Townhome Unit in the same manner as provided in Article 6 hereof for nonpayment of maintenance assessments.

5.03 Landscaping. The Condominium Association shall maintain the landscaping in the Common Area and in all areas required to be maintained, repaired and replaced under the Landscape Agreement and pursuant to the terms of the ROA. Each Owner shall maintain all other landscaping within the boundaries of his/her Townhome Unit; all such Owner landscaping shall be maintained in an attractive, well-manicured manner.

5.04 Right to Enter. An irrevocable license and non-exclusive easement is hereby granted to the Association to enter upon the Townhome Units for purposes of performing its obligations and exercising its rights pursuant to this Article 5.

ARTICLE 6 COVENANTS FOR MAINTENANCE ASSESSMENTS

6.01 Covenant for Assessments and Lien. Each Owner shall pay his or her proportionate share of the expenses of administration and operation of the Common Area and any other expenses incurred in conformance with the Declaration and By-Laws (which expenses are herein sometimes referred to as "common expenses"), which shall include Common Area maintenance charges per the ROA. Declarant, for each Townhome Unit owned within the Property, hereby covenants, and each Owner of a Townhome Unit by acceptance of a deed therefor, whether or not it shall be so expressed in such deed or other conveyance, is deemed to covenant and agree to pay to the Association: (1) annual assessments to be fixed, established and collected from time to time as provided in the By-Laws; and (2) special assessments to be fixed, established and collected from time to time as provided in the By-Laws. The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the Townhome Unit against which each such assessment is made. Each such assessment, together with such interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Townhome Unit at the time when the assessment fell due. The personal obligation shall not pass to his successors in title unless expressly assumed by them.

6.02 Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the health, safety, and welfare of the residents in the Property and in particular for the improvement and maintenance of the Property, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area, together with such rights and obligations as the Association and Owners have under the Ordinance, Landscape Agreement and ROA. Such uses shall include, but are not limited to, the cost to the Association of all taxes, insurance, repair, replacement and maintenance of the Common Area and the maintenance and repair of the Property including, but not limited to,

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caring for the grounds, landscaping, equipment, non-dedicated portions of the storm water management system, all fencing, sanitary and storm sewer and water lines which service Townhome Units, structures and appurtenances (other than facilities and activities maintained by any governmental authority or utility company), and other charges required by this Declaration or that the Board shall determine to be necessary or desirable to meet the primary purpose of the Association, including the establishment and maintenance of a reserve fund for repair, maintenance, replacements, taxes, and other charges as specified herein. In addition, water, waste removal and/or any utilities which are not separately metered or otherwise directly charged to individual Owners shall be paid for by the Association from the assessments levied hereunder. The Board reserves the right to levy additional assessments against any Owner to reimburse it for excessive use by such Owner of any utility service, the expense of which is charged to the maintenance fund. At the time of closing of the sale of each Townhome Unit by Declarant, the Owner shall pay (in addition to the first monthly assessment) to the manager or managing agent, or as otherwise directed by the Board, an amount equal to three (3) times the first full monthly assessment for such Owner.

6.03 Authority to Fix Assessments. The Board shall be authorized to fix the annual assessment in an amount sufficient to meet the costs and expenses detailed in Section 6.02 hereof.

6.04 Special Assessments. In addition to the annual assessments authorized above, the Association may levy special assessments in accordance with the By-Laws for the purpose of defraying, in whole or in part, any unforeseen cost, as well as the cost of any construction or reconstruction, unexpected repair, maintenance or replacement (including those items of maintenance and repair described in Section 5.01 hereof) of a described capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, if any.

6.05 Payment of Assessments. Except as provided in Section 6.09, annual and special assessments shall be assessed to the Owners according to each Townhome Unit's percentage of ownership in the Common Area as set forth in Exhibit "D" attached hereto, and shall be collected on a monthly basis.

6.06 Certificate. At any Owner's request, the Association shall furnish a certificate in writing signed by an officer or agent of the Association setting forth whether the assessments on a specified Townhome Unit have been paid and, if not paid, the amount of any such deficiency. Such certificate shall be conclusive evidence of payment of any assessment therein.

6.07 Delinquency. Any assessments which are not paid when due shall be delinquent. Such assessments, together with interest and all costs of collection shall be a continuing lien upon the Townhome Unit against which each such assessment was made. If the assessment is not paid by the due date, then (a) the amount of the delinquent assessment shall bear interest from the due date at the rate of four one-hundredths of one percent (0.04%) for each day after the due date, provided, however, that interest accruing for the five days following the due date shall be waived if the delinquent assessment is received in full by the Association by the fifth day after the due date ("Grace Period End Date"); and (b) in addition to said interest, the delinquent Owner shall pay to the Association a late charge of \$50 for each calendar month or portion thereof that any sum due from the Owner remains unpaid past the Grace Period End Date falling within such month, said late charge to cover the Association's administrative costs in monitoring and collecting such amount or in a greater amount as determined by the Board.

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The Association may bring an action at law or in equity against the Owner personally obligated to pay the same, including initiating a lawsuit for collection under Article IX of the Code of Civil Procedure, the Forcible Entry and Detainer, or foreclosing the lien against the respective Townhome Unit. All interest, late charges, and the costs and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. Each Owner, by his acceptance of a deed to a Townhome Unit, hereby expressly vests in the Association, or its agents, the right and power to bring all actions against such Owner personally for the collection of such charges as a debt, and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in a like manner as a mortgage or deed of trust lien on real property.

6.08 Subordination. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage now or hereafter placed on the Townhome Units and recorded prior to the due date of the delinquent assessment; provided, however, any prior recorded mortgage shall be subject to the lien of all unpaid assessments which became due and payable for that Townhome Unit subsequent to the date the holder of said mortgage takes possession of that Townhome Unit, accepts a conveyance of any interest in that Townhome Unit, or has a receiver appointed in a suit to foreclose its lien. The lien of the assessments shall not be affected by the sale or transfer of the corresponding Townhome Unit unless the sale or transfer is pursuant to the foreclosure of the first mortgage thereon. In such a case, the transfer of title pursuant to the foreclosure shall extinguish the lien. However, neither the personal obligation of the transferor, if any, nor the resulting pro rata share of the burden of such non-payment or non-enforcement, imposed through a subsequent assessment, shall be affected.

6.09 Limitation. With regard to any Townhome Unit which is being constructed or which has been completed and to which title has not been conveyed to a third party by Declarant, the assessment respecting any such Townhome Unit shall be limited to the aggregate amount of actual operating expenses from time to time required to be paid with respect to such Townhome Unit; provided, however, that in the event Declarant enters into a lease or installment contract with a third party for any Townhome Unit, then Declarant shall, as of the first day the third party is entitled to possession under such lease or contract, be responsible for the payment of all assessments on those Townhome Units on the same basis as any other Owner as provided in this Article. Actual operating expenses shall mean those expenses attributable only to the period in question covering the maintenance and operation of the Property and shall not include capital expenditures, amounts set aside as a reserve for contingencies or replacements, or inventory items to the extent attributable to subsequent periods. Until such time as the Turnover Date has occurred, the assessments covering the Townhome Units which have not been sold by Declarant may be paid on a monthly basis or, at its option, paid to the Association at the close of each calendar year without interest. The provisions of the Section shall not be changed, amended or modified without the prior written consent of Declarant.

ARTICLE 7 INSURANCE

7.01 Association's Obligation to Provide Insurance.

(a) The Association, acting through the Board, shall have the authority to and shall procure the insurance provided for in this Article 7 on behalf of the Association. The Board shall ensure that the following insurance is maintained: (i) comprehensive public

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liability insurance, including liability for injuries to and death of persons in an amount not less than One Million Dollars (\$1,000,000.00) per occurrence, and property damage, in such limits as the Board shall deem desirable, and other liability insurance as the Board may deem desirable, insuring the Association from liability in connection with the ownership and/or use of the Common Area; and (ii) such policies of insurance for the Common Area against loss or damage by fire and such other hazards contained in a customary "all risk" policy provided that such policies shall: (a) provide that such policies may not be canceled or substantially modified without at least thirty (30) days written notice to the Association and all Eligible Mortgage Holders; (b) provide that all Eligible Mortgage Holders shall have the right to pay overdue insurance premiums and to obtain new coverage in the event the existing insurance policy lapses; (c) provide for coverage in the amount of one hundred percent (100%) of current full replacement value; and (d) contain standard mortgage clause endorsements in favor of the Eligible Mortgage Holders, as their respective interests may appear. The Condominium Association and its Board of Directors shall be named as additional insureds for its obligations and pursuant to the ROA. Replacement cost shall be determined annually by an independent appraiser or by a method acceptable to the insurance company providing such coverage. The liability policy shall also name as insureds the Association, the Owners, and their respective agents, officers, and employees, as their interests may appear.

(b) The Association shall be responsible for procuring and maintaining a fidelity bond insuring the Association, the Board and the Owners against loss of funds as a result of the fraudulent or dishonest acts of any employee of the Association or its management agent or of any other person handling the funds of the Association, the Board or the Owners in such amounts as the Board shall deem necessary, which should include, but is not mandatory, 150% of the annual operating expenses of the Association, including reserves. Such bond shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar expression. Such bond shall provide that it may not be canceled for non-payment of any premiums or otherwise substantially modified without thirty (30) days prior written notice to all Eligible Mortgage Holders.

(c) The Association also shall have authority to and shall obtain such insurance as it deems prudent, in such amounts, from such sources and in such forms as it deems prudent, insuring each member of the Board and officer of the Association, and each member of any committee appointed pursuant to the By-Laws of the Association, from liability arising from the fact that any such person is or was a director or officer of the Association or a member of such a committee.

(d) The Association may also obtain such other kinds of insurance as the Association shall from time to time deem prudent in such amounts as the Association shall deem desirable including, but not limited to, the following: earthquake and flood risk; directors and officers liability; worker's compensation and employer liability; and non-owned or hired automobile insurance. The premiums for all Association insurance policies shall be common expenses.

7.02 Owner's Obligation to Provide Insurance. Each Owner shall procure and maintain in full force at all times insurance covering his Townhome Unit consisting of, or providing all the protections afforded by, the insurance now generally described in an "all risk"

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policy to one hundred percent (100%) of the full insurable value thereof, with loss payable on the basis of the cost of replacement without deduction for depreciation, less a deductible amount of no more than one thousand dollars (\$1,000.00) and naming the Association as an additional insured on each policy. A certificate of insurance evidencing such coverage shall be furnished to the Association and new certificates evidencing the renewal of each expiring policy of insurance shall be furnished to the Association in each case at least ten (10) days prior to the expiration date of the expiring insurance. In the event a Townhome Unit or any portion thereof shall be damaged or destroyed by fire or other casualty, the Owner thereof shall cause it to be repaired, restored or reconstructed, as the case may be, and the repairs, restoration or reconstruction shall be in the same architectural style and design as was originally constructed and shall conform in all respects to all applicable laws or ordinances in force at the time of such repair, restoration or reconstruction. In the event of the total or substantial destruction of all of the Townhome Units, the architectural design of the Townhome Units to be rebuilt and the materials to be used in constructing the same shall be agreed upon among the Owners thereof, and in the absence of agreement, the rebuilt Townhome Units shall be substantially similar in architectural design as the original Townhome Units and shall be constructed of comparable materials and quality of construction.

7.03 Failure to Insure. Upon the failure of any Owner to procure and maintain the insurance required in Section 7.02 hereof, or, in the event the Board, in its sole discretion, determines that any Townhome Unit is underinsured, the Board shall have the authority to procure such insurance and/or additional insurance, as the case may be, and the costs thereof shall become a lien upon the Townhome Unit in the same manner as provided in Article 6 hereof for nonpayment of maintenance assessments. Nothing contained in this Section 7.03 shall be construed to obligate the Board to obtain any insurance coverage for any Owner.

7.04 Repair and Restoration. All repair, restoration or rebuilding shall be carried out under such supervision and direction as the Board shall deem appropriate in order to assure the expeditious and correct completion of the work concerned, and the Owner or Owners of each Townhome Unit which shall have been damaged or destroyed shall fully cooperate with, and abide by all instructions and directions of, the Association in connection therewith.

7.05 Cooperation of Mortgagees. In the event of damage or destruction of a Townhome Unit, the holder of the mortgage encumbering said Townhome Unit shall cause the proceeds of any insurance required pursuant to Section 7.02 hereof to be utilized in restoring the Townhome Unit pursuant to the terms of this Article.

7.06 Association's Ability to Repair. In any case in which the Owner or Owners concerned shall fail to perform or cause to be performed the repair, restoration or rebuilding required by the provisions of this Article 7, the Association shall cause such repairs or rebuilding to be furnished, provided and installed in the manner as set forth in Section 7.02 hereof; provided, however, that to the extent the insurance proceeds referred to in Section 7.02 are insufficient as to any Townhome Unit, the particular Owner shall be responsible to the Association for such deficiency, and the Association shall have, and is hereby granted, a continuing lien on the Townhome Unit for which any such repairs or rebuilding are furnished by the Association in the aggregate amount of (a) the amount that the cost thereof exceeds insurance proceeds, (b) interest at the rate of four one-hundredths of one percent (0.04%) for each day after the date of payment by the Association of such amount, and (c) reasonable attorneys' fees and any court or other costs incurred by the Association in connection therewith, which lien shall bind such Townhome Unit. In the event such Owner does not forthwith fully

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repay the Association therefor, as aforesaid, such lien shall be foreclosed against the Townhome Unit by the Association in the same manner as herein provided in connection with unpaid assessments. The Association's lien created pursuant to this Section 7.06 shall be subordinate to the lien of any first mortgage now or hereafter placed upon the Townhome Unit.

7.07 Damage to Exterior. In the event of any damage or destruction to the exterior portion of a Townhome Unit and the loss is covered by policies of insurance, the Board shall have the authority to settle and adjust any claim under such policies without the consent of the respective Owner.

7.08 Miscellaneous Insurance Provisions. Each policy of insurance obtained hereunder shall: (a) contain, if possible, a waiver of subrogation rights by the insurer; (b) be issued by a company rated at least "Excellent" under the Best rating system (or its successor as the leading insurance rating system) and; (c) if such coverage is available, shall provide that the acts of any insured party shall not invalidate the policy as against any other insured party or otherwise adversely affect the rights of any other insured party under the policy. Each such policy of insurance shall cover claims of one or more insured parties against other insured parties.

ARTICLE 8 INTERIM PROCEDURE

8.01 Declarant as Owner. In each and every Townhome Unit has been conveyed by Declarant to the first Owner thereof (or to such Owner's nominee) other than Declarant, Declarant, with respect to each such unsold Townhome Unit and as specified herein, shall have all the rights granted to and obligations imposed upon the Owners.

8.02 Declarant Controlled Board. Until the initial meeting of the Members upon the Turnover Date, Declarant (or its beneficiary or designees) may appoint the Board which shall have the same powers and authority as given to the Board generally. The Board controlled by Declarant shall have three (3) members.

8.03 Declarant to Collect Assessments. The powers granted to Declarant by Section 8.02 hereof shall include, without limitation, the power to assess upon and collect assessments from the individual Owners.

ARTICLE 9 RESTRICTIONS RELATING TO PROPERTY

9.01 Compliance with Laws. The Owners shall comply with all applicable ordinances, codes and regulations of the Village in connection with the use of any Townhome Unit.

9.02 Freehold. Each Townhome Unit shall constitute a freehold estate subject to the terms, conditions and provisions hereof and to the limitations and exceptions to title shown in the deed of conveyance of each Townhome Unit from the Declarant to the first owner thereof.

9.03 Residential Use. The Townhome Units shall be used only for private residential purposes, and no professional business or commercial use shall be made of the same, nor shall any use of a Townhome Unit endanger the health or disturb the reasonable enjoyment of any other Owner or resident, except as provided in Sections 4.01(b) and 9.07 herein. Nothing

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contained in this Section shall be construed to prohibit an Owner from (a) maintaining a home office or personal professional library therein; (b) keeping his personal, business or professional records or accounts therein; (c) handling his personal, business or professional telephone calls or correspondence therefrom, or (d) maintaining a "home office" as the Village may allow from time to time.

9.04 Additional Construction. No buildings other than Townhome Units and Condominium originally constructed by Declarant shall be constructed at the Property. All repairs, renovation, and reconstruction which occurs on the Property shall, subject to the ROA, be carried out under the supervision and direction of the Board in order to assure the expeditious and correct completion of the work concerned.

9.05 Limitation on Use. No structure of a temporary character, trailer, tent, shack, garage or other outbuilding shall be used as a residence at any time, either temporarily or permanently or may be erected on or around a Townhome Unit.

9.06 Signage. Subject to applicable Village ordinances in effect from time to time, and/or any rules and regulations adopted by the Board, (i) no advertising sign, billboards, unsightly objects, or nuisances shall be erected, placed or permitted to remain on the Townhome Unit except as provided in Sections 4.01(b) or 9.07 hereof and (ii) Owners may erect one temporary "Open House" sign of not more than four square feet on their Townhome Unit on the day of any such open house when a Townhome Unit is for sale.

9.07 Exception. The covenants contained in this Article 9 shall not apply to the activities of the Association or Declarant. Declarant may maintain temporary facilities while engaged in construction and sales activities upon such portions of the Property as Declarant determines in its sole discretion may be necessary or convenient, including, without limitation, offices, storage areas, temporary toilets, model units, signs and construction and storage trailers.

9.08 Animals. No animals, livestock or poultry of any kind shall be raised, bred, or kept on the Property, except that dogs, cats or other common household pets (not to exceed a total of two (2) pets per Townhome Unit (not including aquarium fish)) may be kept at any Townhome Unit provided that they are not kept, bred, or maintained for any commercial purposes. Any such pet that causes or creates a nuisance or unreasonable disturbance in the sole discretion of the Board shall be permanently removed from the Property upon five (5) days written notice from the Board.

9.09 Refuse. All rubbish, trash, or garbage shall be kept so as not to be seen from neighboring Townhome Units and streets and shall be regularly removed from the Property; however, the day before refuse pick-up, Owners may place refuse/garbage containers in front of their Townhome Unit or adjacent their driveway.

9.10 Clothes Drying. Drying of clothes shall be confined to the interior of the Townhome Units.

9.11 Antennae and Other Structures. Subject to federal law, without prior written authorization of the Board, not to be unreasonably withheld, no television, radio or ham radio antennas, or satellite dishes of any sort shall be placed, allowed or maintained on the exterior of

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any Townhome Unit or any portion of the exterior of the improvements located on the Property, nor upon any structure situated upon the Property.

9.12 Restriction. An Owner shall take no action that will impair any easement or hereditament, nor do any act or permit any condition to exist which will adversely affect the other properties or their owners.

9.13 Color. There shall be no change in any exterior color of any Townhome Unit from the color scheme in place at the time of the initial conveyance of the Townhome Unit from Declarant without the prior written approval of the Board.

9.14 Fences, Porches, Etc. There shall be no fences, screened porches, patios, decks or similar improvements commenced, erected, or maintained upon any Townhome Unit, other than those constructed by Declarant, if any, without first obtaining the prior written approval of the Association and thereafter (but only thereafter) seeking and obtaining, as required, the issuance of any appropriate permit or variation from the Village of Skokie. No such improvements, other than those constructed by Declarant, if any, shall encroach upon any portion of the Common Area without the express prior written consent of the Association.

9.15 Nuisance. No nuisance, noxious or offensive activity shall be carried on the Property nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the Owners or Occupants.

9.16 Easement for Maintenance and Repair. Each Townhome Unit is hereby declared to be subject to an easement and right to and in favor of the Association and each and all of the Association's employees, agents and instrumentalities to go upon such Townhome Unit for reasonable inspection thereof from time to time and for the purpose of carrying out any and all of the obligations and functions with respect to such Townhome Unit as are herein imposed upon or permitted to the Association. Each Townhome Unit is further declared to be subject to an easement in favor of any adjoining Townhome Unit to the extent necessary to permit the maintenance, supply, repair, and servicing of utility and other services to the various Townhome Units located thereon.

9.17 Additional Easements. The Owner of each Townhome Unit shall from time to time grant such additional easements and rights over, across, on, under and upon his Townhome Unit as may be reasonably necessary in connection with the supply of any utilities to any part of the Property. The Parcel B Owner shall have an easement to perform its obligations per the ROA.

9.18 Rules and Regulations. The Board may adopt rules and regulations from time to time governing the use and enjoyment of the Common Area and the reasonable use of the Townhome Units as the Board, in its sole discretion, deems appropriate or necessary.

9.19 Restrictions on Usage of Parking Areas. Subject to applicable Village ordinances (including without limitation the Ordinance) and the ROA, parking areas and driveways shall be used only for storage and parking of functional automobiles, "sport-utility" vehicles, and private vans and shall not be used for campers, recreational vehicles, trucks, buses, trailers, commercial vans, snowmobiles, boats or for any other purpose. Townhome Units are allowed to park functional automobiles, "sport-utility" vehicles, and private vans in tandem (side-by-side each other) on their private driveway behind the garage. The Board may

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authorize such vehicles parked in violation of this provision to be towed away and any such towing charge shall become a lien upon the Townhome Unit of the owner of the vehicle in the same manner as provided in Article 6 hereof for nonpayment of maintenance assessments. See Article 11 herein for further parking restrictions.

9.20 Common Easements for Maintenance and Repair. Each Townhome Unit and the Common Area are hereby subjected to a permanent easement appurtenant to any adjoining Townhome Unit and any adjoining portion of the Common Area to permit the construction, existence, maintenance, repair and restoration of structures located on such adjoining Townhome Unit or portion of the Common Area, provided that the construction of such structure is permitted and approved as elsewhere herein provided. The owner of the dominant tenement shall have the right, at all reasonable times, to enter the easement area in order to maintain, repair and restore any improvements located on the dominant tenement provided, however, that such entry shall be allowed only during daylight hours and with the prior knowledge of the owner of the servient tenement. In case of emergency, such right of entry shall be immediate, not restricted as to time and not be conditioned upon prior knowledge of the owner of the servient tenement. The owner of the servient tenement shall not place any improvement, material or obstacle in or over the easement area on the servient tenement which would unreasonably interfere with the rights of the owner of the dominant tenement granted by this Section 9.20. Any such improvement, material or obstacle shall be promptly removed by the owner of the servient tenement at that owner's expense when requested by the owner of the dominant tenement or Declarant notwithstanding any lapse of time since such improvements, material or other obstacle was placed in or over the easement area.

9.21 Declarant's Right to Lease. Until such time as title to any Townhome Unit is conveyed to a bona fide purchaser, Declarant reserves the right to lease such Townhome Unit upon such terms and conditions as Declarant may, in its sole discretion, approve. This Section 9.21 may only be amended by a unanimous vote of the Members.

ARTICLE 10 PARTY WALLS

10.01 Party Walls. All dividing walls which straddle the boundary line between Townhome Units and which stand partly upon one Townhome Unit and partly upon another, and all walls which serve two or more Townhome Units, shall at all times be considered party walls (individually a "Party Wall" and collectively "Party Walls") and each of the Owners of Townhome Units upon which any Party Wall shall stand shall have the right to use the Party Wall below and above the surface of the ground and along the whole length or any part of the length thereof for the support of said Townhome Units and for the support of any building constructed to replace the same and shall have the right to maintain in or on the Party Wall any pipes, ducts or conduits originally located therein or thereon, subject to the restrictions hereinafter contained.

10.02 No Alteration. No Owner of any Townhome Unit nor any successor in interest to any such Owner shall have the right to extend a Party Wall in any manner, either in length, height or thickness.

10.03 Damage and Restoration. In the event of damage to or destruction by fire or other casualty of any Party Wall, the Owner of any Townhome Unit upon which a Party Wall may rest shall have the obligation to repair or rebuild such wall and the Owner of each Townhome Unit upon which such wall shall rest, be served or benefited by shall pay his aliquot

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portion of the cost of such repair or rebuilding. All such repair or rebuilding shall be done within a reasonable time, in a good and workmanlike manner with materials comparable to or better than those used in the original wall and shall conform in all respects to the laws and ordinances regulating the construction of building in force at the time of such repair or reconstruction. Whenever any such wall or any portion thereof shall be rebuilt, it shall be erected in the same location and on the same line and be of the same size as the original wall.

10.04 Additional Recovery. The foregoing provisions of this Article 10 notwithstanding, the Owner of any Townhome Unit, or other interested party, shall retain the right to receive a larger contribution from another or others under any law regarding liability for negligent or willful acts or omissions. The right of any Owner, or other interested party, to contribution from any other Owner under this Article 10 shall be appurtenant to the land and shall pass to such Owner's or other applicable person's successors in title.

10.05 Cross-Easements. The title of each Owner to the portion of each Party Wall within such Townhome Unit is subject to a cross easement in favor of the adjoining Owner for joint use of said wall for purposes described in this Article 10.

ARTICLE 11 PARKING

11.01 On-Site Parking. Each Townhome Unit contains a Garage. Each Owner, his Family, guests, and invitees, his/her successors and assigns is granted, as an easement appurtenant to his/her Townhome Unit, an exclusive, irrevocable and perpetual easement for ingress and egress for motor vehicles and pedestrians incidental to the use of the Garage. The Garage may be used primarily for the parking and storage of functional motor vehicles by such Owner, Occupant, his/her respective guests and invitees, and as an incidental use only may be used for storage of personal property by its Owner or Occupant. On-site parking for Townhome Units also shall include two additional full-sized standard passenger vehicles stacked side-by-side immediately behind (north of) the Garage, but only for a 3rd or 4th Owner or Occupant vehicle or as Owner or Occupant guest parking.

11.02 Maintenance and Repair. Each Owner shall maintain his/her Garages and the Garage doors in a clean, sightly, safe, unobstructed, good and usable condition.

11.03 Insurance. Each Owner shall maintain adequate insurance for his/her Garage in accordance with Article 7.

11.04 Usage Prohibited. The use of the Townhome Unit on-site parking for commercial vehicles other than temporary use of commercial vehicles in connection with the rendering of services to an Owner, is prohibited. The term "commercial vehicle" shall include all trucks and vehicular equipment which shall bear signs or have printed on the side of same reference to any commercial undertaking or enterprise other than private passenger vehicles. Commercial vehicles may be parked in a Townhome Unit's interior garage.

ARTICLE 12 MISCELLANEOUS

12.01 Enforcement. The Association, the Village or any Owner, their successors or assigns, shall have the right to enforce, by any proceeding at law or in equity, all restrictions,

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easements, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Any Owner found to be in violation by a court of competent jurisdiction of any of the foregoing shall also be liable for reasonable attorneys' fees incurred by the Association or the Village in prosecuting such action. The amount of such attorneys' fees together with court costs, if unpaid, shall constitute an additional lien against the defaulting Owner's Townhome Unit, enforceable as other liens herein established. Failure by the Association, the Village or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. Any aggrieved Owner may enforce the provisions of this Declaration, the By-Laws, or any rules and regulations promulgated by the Board, by an action at law or in equity against the defaulting Owner (or Occupant of his Townhome Unit).

12.02 Severability. If any one or more of the terms, provisions, promises, covenants or conditions contained in this Declaration shall be adjudged to be invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction or an arbitration tribunal, such provision shall be as narrowly construed as possible, and each and all of the remaining terms, provisions, promises, covenants and conditions contained in this Declaration or their application to other persons or circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

12.03 Perpetuities and Other Invalidity. If and to the extent that any of the covenants would otherwise be unlawful or void for violation of (a) the rule against perpetuities, (b) the rule restricting restraints on alienation, or (c) any other applicable statute or common law rule analogous to any thereof or otherwise imposing limitations upon the time for which such covenants may be valid, then the provision concerned shall continue and endure only until the expiration of a period of twenty-one (21) years after the death of the last to survive of the class of persons consisting of all of the lawful descendants of George W. Bush, President of the United States, living at the date of this Declaration.

12.04 Notices. Any notices required under the provisions of this Declaration to be sent to any Member, Owner, or to any holder, insurer or guarantor of a first mortgage secured by any portion of the Property shall be deemed to have been properly sent when mailed, postage prepaid, to the last known address of such Member, Owner or holder, insurer or guarantor as it appears on the records of the Association at the time of such mailing.

12.05 Amendments.

(a) Except as otherwise provided herein, the covenants and restrictions of this Declaration may be amended by those Members entitled to cast sixty seven percent (67%) of the total votes of the Association and then properly recorded, provided, however, that no Material Amendment to this Declaration, the By-Laws or the Association's articles of incorporation shall be effective unless approval thereof is obtained from Eligible Mortgage Holders representing at least fifty-one percent (51%) of the Townhome Units that are subject to mortgages held by Eligible Mortgage Holders. Any instrument executed pursuant to the provisions contained in this Section 12.07 shall be filed for record in the Office of the Cook County Recorder of Deeds and a true, complete copy of such instrument promptly shall be transmitted to each Owner.

(b) If there is an error or omission in this Declaration or other instrument of the Association, the Association may correct the error or omission by an amendment to

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the Declaration or other instrument, as may be required to fix the error, to conform the document to any applicable statute or to the Declaration. The amendment shall be adopted by the affirmative vote of two-thirds of the Board or by a majority vote of all the Owners at a meeting called for the purpose.

(c) If through a scrivener's error, a Townhome Unit has not been designated as owning an appropriate undivided share of the Common Area or does not bear an appropriate share of the common expenses, or if all of the Common Area has not been distributed in the Declaration so that the sum total of the percentage interests in the Common Area fails to equal 100%, or if it appears that more than 100% of the Common Area or common expenses have been distributed, the error may be corrected by operation of law by filing an amendment to this Declaration approved by the affirmative vote of two-thirds of the Board or by a majority vote of all the Owners at a meeting called for the purpose.

(d) If the Board corrects an error or omission in accordance with Section 12.07(b) or (c) above, the Board, upon written petition by Owners owning at least 20% of the Townhome Units received within thirty (30) days of the action by the Board, shall call a meeting of the Owners to reconsider the action of the Board. Unless a majority of the Owners present at the meeting votes to reject the amendment, the action of the Board shall be deemed ratified, whether or not a quorum is present.

(e) The procedures for amendments set forth in Section 12.07(b) and (c) cannot be used if such amendment would materially or adversely affect property rights of the Owners unless each affected Owner consents in writing. Section 12.07(b) and (c) do not restrict the ability of the Board and the Owners to otherwise amend the Declaration or other instruments, but rather authorize a simple process by which defects, errors, or omissions may be corrected when the property rights of the Owners are not adversely affected.

12.08 Additional Remedies. In addition to the provisions contained in Article 6, in the event of any default of any Owner, the Association, all other Owners and the Village of may and shall have all rights and remedies as shall otherwise be provided or permitted by law or in equity.

12.09 Encroachments. In the event that any part of any Townhome Unit (including any service walk or driveway appurtenant thereto) encroaches or shall hereafter encroach upon any part of any other Townhome Unit or the Common Area, valid easements for the maintenance of such encroachments are hereby established and shall exist so long as all or any part of such encroachment remains; provided, however, that in no event shall a valid easement for any encroachment be created in favor of any Owner if such encroachment or use is detrimental to or interferes with the reasonable use and enjoyment of the Townhome Unit of another Owner, or if it occurred due to the willful conduct of any Owner.

12.10 Restrictions on Leasing. No Owner shall lease his or her Townhome Unit for a term of less than one (1) year or for commercial or transient purposes. Leasing of one or more rooms but less than the entire Townhome Unit or any of the Unit's on-site parking spaces, is prohibited. Every lease of a Townhome Unit shall be in writing and shall be made expressly subject to the requirements, rights, covenants, conditions, restrictions and easements of this Declaration and of the By-Laws. No later than fifteen (15) days prior to the commencement

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date of any lease, the owner of the Townhome Unit to be leased shall deliver a copy of the lease, the tenant's name and phone number to the Board. The Board shall have the right to prohibit any lease that would cause more than twenty-five percent (25%) of the Townhome Units to be leased.

12.11 Eligible Mortgage Holders. The following provisions are intended for the benefit of each Eligible Mortgage Holder and to the extent if at all, that any other provisions of this Declaration conflict with the following provisions, the provisions of this Section 12.11 shall control:

(a) Upon request in writing to the Association identifying the name and address of the Eligible Mortgage Holder or the insurer or guarantor of a recorded first mortgage or trust deed on a Townhome Unit ("Insurer or Guarantor") and the unit number, the Association shall furnish each Eligible Mortgage Holder, Insurer or Guarantor a written notice of the default of any Owner's obligations under this Declaration which is not cured within thirty (30) days. Any Eligible Mortgage Holder of a Townhome Unit who comes into possession of the said Townhome Unit pursuant to the remedies provided in the mortgage, foreclosure of the mortgage, or deed (or assignment) in lieu of foreclosure shall, to the extent permitted by law, take such property free of any claims for unpaid assessments or charges in favor of the Association against the mortgaged Townhome Unit which become due prior to (i) the date of the transfer of title or (ii) the date on which the holder comes into possession of the Townhome Unit, whichever occurs first.

(b) Upon request in writing, each Eligible Mortgage Holder, Insurer or Guarantor shall have the right:

- (i) to examine current copies of this Declaration, the By-Laws, rules and regulations and the books and records of the Association during normal business hours;
- (ii) to receive, without charge and within a reasonable time after such request, an audited financial statement prepared by the Association at the end of each of its respective fiscal years;
- (iii) to receive written notices of all meetings of the Association and to designate a representative to attend all such meetings;
- (iv) to receive written notice of any decision by the Association or Owners to make a Material Amendment to the Declaration, By-Laws or the articles of incorporation of the Association;
- (v) to receive written notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;
- (vi) to receive written notice of any proposed action which would require the consent of a specified percentage of Eligible Mortgage Holders; and

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(vii) to receive written notice of any condemnation or casualty loss that affects either a material portion of the Property or the Townhome Unit on which it holds, insures or guarantees the mortgage.

(c) No provision of this Declaration, the By-Laws or the articles of incorporation of the Association or any similar instrument pertaining to the Property or the Townhome Units therein shall be deemed to give an Owner or any other party priority over the rights of the Eligible Mortgage Holders pursuant to their mortgages in the case of distribution to Owners of insurance proceeds or condemnation awards for losses to or a taking of the Townhome Units, and/or the Common Area, or any portion thereof or interest therein. In such event, the Eligible Mortgage Holders, Insurers or Guarantors of the Townhome Units affected shall be entitled, upon specific written request, to timely written notice of any such loss.

(d) Upon specific written request to the Association, each Eligible Mortgage Holder, Insurer or Guarantor of a Townhome Unit shall be furnished notice in writing by the Association of any damage to or destruction or taking of the Common Area if such damage or destruction or taking exceeds Ten Thousand Dollars (\$10,000.00).

(e) If any Townhome Unit or portion thereof, or the Common Area or any portion thereof, is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the Eligible Mortgage Holder, Insurer or Guarantor of said Townhome Unit will be entitled to timely written notice, upon specific written request, of any such proceeding or proposed acquisition and no provisions of any document will entitle the owner of a Townhome Unit or other party to priority over such Eligible Mortgage Holder with respect to the distribution to such Townhome Unit of the proceeds of any award or settlement.

12.12 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of a first class attached single-family housing development.

12.13 Eminent Domain. If all or any part of the Common Area only shall be taken through condemnation by any governmental authority having power to do so, the net proceeds of such taking shall be paid to and retained by the then owner of the Common Area subject, however, to the rights of the holders of first mortgage liens on the Townhome Units. If any part of the Property including one or more Townhome Units shall be taken by one or more concurrent condemnation proceedings, the entire net proceeds of such taking or takings, including (without limitation) all proceeds received on account of such taking or any part of the Common Area, shall be divided equitably among, and retained by, the Owners of the Townhome Units wholly or partially taken in such condemnation proceedings, subject to the rights of the holders of first mortgage liens on the Townhome Units. If the effect of such condemnation shall be to isolate any part of the Property from the remainder of the Property, and if no residential structures shall then have been constructed or be situated within the portion of the Property so isolated, then all the Townhome Units lying wholly or partly within the portion of the Property so isolated shall be deemed to have been and shall be removed from and released from all of the terms and provisions of this Declaration and this Declaration shall be of no further force or effect with respect thereto. For purposes of this Section 12.13, the term "condemnation" shall include also any sale under threat or condemnation to any governmental authority having condemnation power.

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12.14 Successor Association. Upon any dissolution of the Association, its assets shall be transferred to another homeowner's association having similar purposes.

12.15 Declarant's Right to Amend. Declarant reserves the right and power, to be exercised without the consent of any Owner or Eligible Mortgage Holder, to record a special amendment ("Special Amendment") to this Declaration at any time and from time to time which causes this Declaration (i) to comply with requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the department of Housing and Urban Development, the Federal Housing Association, the Veteran's Administration, or any other governmental agency or any other public, quasi-public, or private entity which performs (or may in the future perform) functions similar to those currently performed by such entities, (ii) to induce any of such agencies or entities to make, purchase, sell, insure, or guarantee first mortgages covering a Townhome Unit, or (iii) to correct clerical or typographical errors in this Declaration or any Exhibit hereto or any supplement or amendment thereto. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to Declarant to vote in favor of, make, or consent to a Special Amendment on behalf of each Owner as proxy or attorney-in-fact, as the case may be. Each deed, mortgage, trust deed, other evidence of obligation, or other instrument affecting a Townhome Unit, and the acceptance thereof shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of, the power of Declarant to vote in favor of, make, execute and record Special Amendments. The right of Declarant to act pursuant to rights reserved or granted under this Section 12.15 shall terminate at such time as Declarant no longer holds or controls title to any Townhome Unit.

12.16 Address of Eligible Mortgage Holder. Each Owner shall notify the Association of the name and address of the Eligible Mortgage Holder relating to his respective Townhome Unit.

12.17 Arbitration. All disputes, claims, controversies or matter (hereinafter referred to as "Matter") between the Association and the Declarant, which shall not be resolved between the parties, shall be submitted for, or determined by, arbitration. Arbitration of any Matter shall be initiated by either the Board or the Declarant by making a written demand by notice thereof to the other party and by filing a copy of such demand with the American Arbitration Association (the "AAA"). The AAA shall have jurisdiction upon receipt of such notice and the filing of such demand. Any such arbitration shall be held in Chicago, Illinois, and shall be conducted and completed in an expeditious manner and without delay. The Eligible Mortgage Holders shall be a party to any arbitration of any Matter which requires a consent or approval of the Eligible Mortgage Holders.

- (a) Unless otherwise agreed to in writing by the parties to the arbitration, within sixty (60) days after the notice demanding arbitration has been given, the parties shall jointly designate three (3) arbitrators to resolve the Matter. If the parties fail to designate the arbitrators within such time period, the arbitrators shall be appointed in accordance with the procedures set forth in the applicable AAA rules; provided, however, that, in any event, such arbitrators shall be experienced as to the design, construction and/or operation, as the Matter requires, of townhome structures similar to the Association townhomes. Except where contrary to the provisions of this Declaration, the rules of the AAA for arbitration shall apply to the arbitration of any Matter. During the sixty (60)-day time

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period referenced above, the parties may agree in writing to any additions, deletions or changes to the applicable arbitration rules.

- (b) The arbitrators shall commence a hearing within one hundred eighty (180) days of selection, unless the parties agree upon an expedited or delayed schedule of hearings. Prior to the hearings, any party to the arbitration may send out requests to compel document production from the other party. Disputes concerning the scope of document production and endorsement of the document requests shall be subject to agreement by such parties or may be ordered by the arbitrators to the extent reasonable. The arbitrators may obtain independent legal counsel or other professional consultants to aid in resolution of legal or other questions present in the course of arbitration, provided that it is economical to do so considering the financial consequences of the Matter. In rendering a decision, the arbitrators may base such decision only on the facts presented in the course of arbitration and shall not modify or amend the provisions of this Declaration. Subject to the other terms hereof, if either party fails or refuses to appear at and participate in an arbitration hearing after due notice, the arbitrators may hear and determine the Matter upon evidence produced by the appearing party. The arbitration costs shall be borne equally by each party, except that each party shall be responsible for its own attorneys' fees and expenses.
- (c) With respect to any Matter subject to arbitration under this Section 12.17, it is agreed that the arbitration provisions of this Section shall be the sole and exclusive remedy between the Association and the Declarant. Notwithstanding any other provisions of this Declaration, the foregoing agreement to arbitrate shall be specifically enforceable under prevailing arbitration law. The foregoing agreement to arbitrate shall not constitute any agreement or consent to arbitration with any person not named or described herein, provided that any arbitration proceeding initiated under the terms of this Section 12.17 may, at the request of any party, be joined or consolidated with other arbitration proceedings involving additional parties if the Matter and the subject of such other proceedings arise out of common or interrelated factual occurrences. Any award of the arbitrators shall be final and binding upon the parties to arbitration and the Eligible Mortgage Holders and judgment thereon shall be entered by any court having jurisdiction.

12.18 Village of Skokie. Notwithstanding anything to the contrary contained in this Declaration, without the express prior written consent of the Village, neither Declarant nor the Association shall make any change or modification to this Declaration which materially amends the terms and provisions concerning: (i) the Village's right of entry onto and maintenance of the Property; (ii) the obligation of Declarant, the Association and the Owners to own and maintain the non-dedicated portions of the storm water management facilities and drainage systems located on the Property, if any; and (iii) the obligation that Owners comply with all applicable ordinances, codes and regulations of the Village.

12.19 Litigation. No judicial or administrative proceedings (including civil litigation or arbitration) shall be commenced or prosecuted by the Association without first holding a special

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meeting of the Owners, and obtaining the affirmative vote of the Owners representing at least sixty-seven percent (67%) of the total votes represented by all Owners to the commencement and prosecution of the proposed action. This section shall not apply to (a) actions brought by the Association to enforce the provisions of this Declaration, the By-Laws, the rules and regulations adopted by the Board (including, without limitation, an action to recover unpaid assessments or other charges or to foreclose a lien for unpaid assessments or other charges) or (b) counterclaims brought by the Association in proceedings instituted against it.

12.20 Gender and Number. Whenever the context of this Declaration requires, the gender of all words herein shall include the masculine, feminine and neuter, and the number of all words herein shall include the singular and plural.

12.21 Obligations Upon Resale. In the event of a resale of any Townhome Unit by an Owner other than Declarant, the Owner shall obtain from the Board and shall make available for inspection to the prospective purchaser, upon demand, the following:

- (a) A copy of this Declaration, other recorded instruments, and any rules and regulations;
- (b) A statement of any liens, including a statement of the account of the particular Townhome Unit setting forth the amount of unpaid assessments and other charges due and owing;
- (c) A statement of capital expenditures anticipated by the Association within the current or succeeding two (2) fiscal years;
- (d) 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;
- (e) A copy of the statement of financial condition of the Association for the last fiscal year for which such a statement is available;
- (f) A statement of the status of any pending suits or judgments in which the Association is a party;
- (g) A statement setting forth what insurance coverage is provided for all Owners by the Association; and
- (h) A statement that any improvements or alterations made to the Townhome Unit or any part of the Common Area assigned thereto, by the prior Owner are in good faith believed to be in compliance with this Declaration.

The Board shall ensure that the above information is furnished, when requested to do so in writing, within thirty (30) days of receiving the request. A reasonable fee covering the direct out of pocket cost of copying and providing such information may be charged by the Association or the Board to the Owner who is selling his Townhome Unit for providing this information.

12.22 Modifications to On-Site Use or Structure of Townhome Unit. In addition to the requirements contained herein for Board approval to modify or improve the Townhome Units, to change, alter or modify the on-site use, and/or the Townhome Units, the Association and/or an

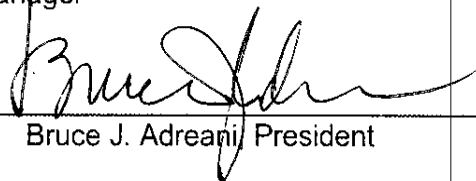
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Owner requesting to structurally improve or modify structures adjoining or adjacent to Townhome Units, or on the Common Areas, must obtain express prior written consent of the Village prior to making any such change or modification.

IN WITNESS WHEREOF, the Declarant has caused its corporate seal to be affixed hereunto and has caused its name to be signed to these presents by its Manager, this 14th of February, 2007.

NORWOOD SKOKIE LLC, an Illinois limited liability company

By: Norwood Construction, Inc., an Illinois corporation,
Its Manager

By: 
Bruce J. Adreani, President

Property of Cook County Clerk's Office

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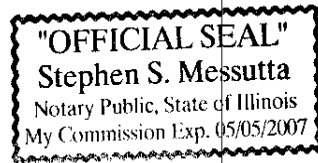
STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

I, Stephen S. Messutta, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Bruce J. Adreani, as President of Norwood Construction, Inc., an Illinois corporation, Manager of NORWOOD SKOKIE LLC, an Illinois limited liability company ("Company"), 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 the Company, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 14th day of February, 2007.

[Signature]

Notary Public

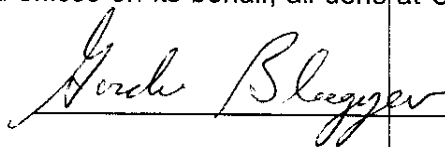


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CONSENT OF MORTGAGEE

First Chicago Bank & Trust, FKA Labe Bank, holder of a mortgage on the Property, dated October 6, 2005, and recorded as Document Number 0528610088 in the Office of the Cook County Recorder of Deeds, hereby consents to the execution and recording of the within Declaration of Easements, Restrictions and Covenants and agrees that said mortgage is subject and subordinate to the provisions of said Declaration.

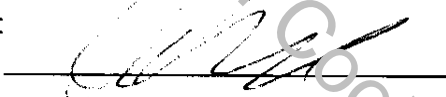
IN WITNESS WHEREOF, the said First Chicago Bank has caused this instrument to be signed by its duly authorized offices on its behalf; all done at Chicago, Illinois, on this day of February 23, 2007.



By: Gordie Blagojevic

Its: Senior Vice President

ATTEST:



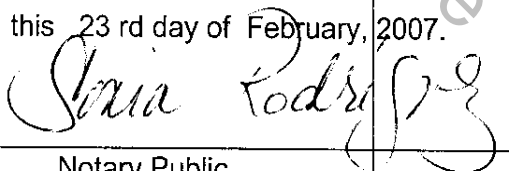
By: Dan Robinson

Its: Assistant Vice President

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that Gordie Blagojevic and Dan Robinson, respectively of First Chicago Bank & Trust, as such Senior Vice President and Assistant Vice President, appeared before me this day in person and acknowledged that they signed, sealed and delivered said instrument as their free and voluntary act, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 23 rd day of February, 2007.



Notary Public



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EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

THAT PART OF LOT 2, IN LINCOLN - CLEVELAND RESUBDIVISION, BEING A SUBDIVISION IN THE SOUTHEAST QUARTER OF SECTION 21, TOWNSHIP 41 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED DECEMBER 6, 2004 AS DOCUMENT NUMBER 0434110027, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID LOT 2; THENCE NORTH 00 DEGREES 00 MINUTES 00 SECONDS WEST ALONG THE EAST LINE OF SAID LOT 2 A DISTANCE OF 73.42 FEET TO A BEND POINT IN SAID EAST LINE; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST ALONG SAID EAST LINE AND THE WESTERLY EXTENSION THEREOF, 118.41 FEET TO A POINT ON THE WEST LINE OF SAID LOT 2; THENCE SOUTH 00 DEGREES 34 MINUTES 19 SECONDS WEST ALONG THE LAST DESCRIBED LINE 73.42 FEET TO THE SOUTHWEST CORNER THEREOF; THENCE SOUTH 89 DEGREES 59 MINUTES 57 SECONDS EAST ALONG THE SOUTH LINE OF SAID LOT 2 A DISTANCE OF 119.14 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

SAID PARCEL CONTAINS 8,720 SQUARE FEET OR 0.200 ACRES, MORE OR LESS.

PREPARED July 25, 2005
SPACECO, INC., cbl

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PIN 10-21-407-021

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EXHIBIT B

LEGAL DESCRIPTION OF THE COMMON AREA

EAST COMMON AREA

THAT PART OF LOT 2, IN LINCOLN - CLEVELAND RESUBDIVISION, BEING A SUBDIVISION IN THE SOUTHEAST QUARTER OF SECTION 21, TOWNSHIP 41 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED DECEMBER 6, 2004 AS DOCUMENT NUMBER 0434110027, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID LOT 2; THENCE NORTH 00 DEGREES 00 MINUTES 00 SECONDS WEST ALONG THE EAST LINE OF SAID LOT 2 A DISTANCE OF 73.42 FEET TO A BEND POINT IN SAID EAST LINE; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST ALONG A NORTHERLY LINE OF SAID LOT 2 A DISTANCE OF 7.00 FEET; THENCE SOUTH 00 DEGREES 00 MINUTES 00 SECONDS EAST PARALLEL WITH THE EAST LINE OF SAID LOT 2 A DISTANCE OF 47.29 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST 3.79 FEET; THENCE SOUTH 00 DEGREES 00 MINUTES 00 SECONDS EAST PARALLEL WITH SAID EAST LINE 10.43 FEET; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST 3.79 FEET; THENCE SOUTH 00 DEGREES 00 MINUTES 00 SECONDS EAST PARALLEL WITH SAID EAST LINE 15.70 FEET TO A POINT ON THE SOUTH LINE OF SAID LOT 2; THENCE SOUTH 89 DEGREES 59 MINUTES 57 SECONDS EAST ALONG SAID SOUTH LINE 7.00 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

WEST COMMON AREA

THAT PART OF LOT 2, IN LINCOLN - CLEVELAND RESUBDIVISION, BEING A SUBDIVISION IN THE SOUTHEAST QUARTER OF SECTION 21, TOWNSHIP 41 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED DECEMBER 6, 2004 AS DOCUMENT NUMBER 0434110027, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID LOT 2; THENCE NORTH 89 DEGREES 59 MINUTES 57 SECONDS WEST ALONG THE SOUTH LINE OF SAID LOT 2 A DISTANCE OF 109.65 FEET TO THE POINT OF BEGINNING; THENCE NORTH 00 DEGREES 00 MINUTES 00 SECONDS WEST PARALLEL WITH THE EAST LINE OF SAID LOT 2 A DISTANCE OF 21.27 FEET; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST 7.02 FEET; THENCE NORTH 00 DEGREES 00 MINUTES 00 SECONDS WEST PARALLEL WITH THE EAST LINE OF SAID LOT 2 A DISTANCE OF 10.54 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST 7.02 FEET; THENCE NORTH 00 DEGREES 00 MINUTES 00 SECONDS WEST PARALLEL WITH THE EAST LINE OF SAID LOT 2 A

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DISTANCE OF 41.61 FEET; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST 8.76 FEET TO THE WEST LINE OF SAID LOT 2; THENCE SOUTH 00 DEGREES 34 MINUTES 19 SECONDS WEST ALONG THE WEST LINE OF SAID LOT 2 A DISTANCE OF 73.42 FEET TO THE SOUTHWEST CORNER THEREOF; THENCE SOUTH 89 DEGREES 59 MINUTES 57 SECONDS EAST ALONG SAID SOUTH LINE 9.49 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

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EXHIBIT C

BY-LAWS OF THE CLEVELAND FLORAL TOWNHOME ASSOCIATION

ARTICLE I

Members (Owners)

Section 1. ELIGIBILITY. The members of the CLEVELAND FLORAL TOWNHOME ASSOCIATION, an Illinois not-for-profit organization (the "Association"), shall consist of the respective Owners of the property known as CLEVELAND FLORAL TOWNHOME ASSOCIATION and located in Skokie, Illinois (called "Property") and shall have one class of membership. These and other terms are used in these By-Laws as they are defined in the Declaration of Easements, Restrictions and Covenants for the Cleveland Floral Townhome Association (the "Declaration"). The words "member" or "members" as used in these By-Laws mean and shall refer to "Owner" or "Owners," as the case may be, as defined in the Declaration.

Section 2. SUCCESSION. The membership of a Owner in the Association shall terminate when he ceases to be a Owner and upon the sale, transfer or other disposition of such Owner's ownership interest in the Property said Owner's membership in the Association shall automatically be transferred to the new Owner succeeding to such ownership interest. Notwithstanding the preceding sentence in the event of a resale of a Townhome Unit, the purchaser of a Townhome Unit from a seller other than Declarant pursuant to an installment contract for purchase shall, during such times as he resides in the Townhome Unit, be counted toward a quorum for purposes of election of members of the Board at any meeting of the Owners called for purposes of electing members of the Board, shall have the right to vote for the election of members of the Board and shall have the right to be elected to and serve on the Board unless the seller expressly retains in writing any or all of such rights. In no event may the seller and purchaser both be counted toward a quorum, be permitted to vote for a particular office or be elected and serve on the Board. Satisfactory evidence of the installment contract shall be made available to the Association or its agents. An installment contract shall have the same meaning as set forth in the Dwelling Unit Installment Contract Act of the State of Illinois, 765 ILCS 75/1.

Section 3. REGULAR MEETINGS. The first annual meeting of Association members (the "First Meeting") may be held subject to the terms hereof on any date at the option of the Declarant, provided, however, that said First Meeting shall be held not more than sixty (60) days after Declarant has sold and delivered its deed for at least 75% of the Townhome Units on the Property or three (3) years after the recording of the Declaration, whichever shall first occur and further provided that the Declarant shall give the Owners at least twenty-one (21) days notice of the First Meeting. For purposes of this provision, 75% of the Townhome Units shall mean Townhome Units which correspond, in the aggregate, to 75% of the undivided ownership of the Common Area appurtenant to the Townhome Units on the Property. Subsequent to the First Meeting, there shall be a regular annual meeting of Owners held in the same month each year. All such meetings of Owners shall be held at such place in Cook County, Illinois and at the time specified in the written notice of such meeting which shall be delivered to all Owners at least ten (10) days and not more than thirty (30) days prior to the date of such meeting.

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Section 4. SPECIAL MEETINGS. Special meetings of the Owners may be called at any time after the First Meeting for the purpose of considering matters which, by the terms of the Declaration or these By-Laws, require the approval of all or some of the Owners, or for any other reasonable purpose provided, however, the approval of not less than 66 2/3% of the members shall be required for the following matters: (i) the merger or consolidation of the Association; (ii) the sale, lease, exchange or other disposition (excluding the mortgage or pledge) of all, or substantially all of the property and assets of the Association; and (iii) the purchase or sale or lease of Townhome Units or other real estate on behalf of all Owners. Special meetings may be called by the President, by a majority of the Board or by twenty percent (20%) of the Owners, provided that said special meetings shall be called by delivering written notice to all Owners not less than ten (10) days nor more than thirty (30) days prior to the date of said meeting, stating the date, time and place of said special meeting and the matters to be considered.

Section 5. DELIVERY OF NOTICE OF MEETINGS. Notice of a meeting may be delivered either personally or by mail to a Owner at the address given to the Board by said Owner for such purpose or to the Owner's Townhome Unit if no address for such purpose has been given to the Board. If mailed, the notice of a meeting shall be deemed delivered when deposited in the United States Mail addressed to the Owner at his or her address as aforesaid, with postage prepaid thereon.

Section 6. VOTING. The aggregate number of votes for all Owners shall be one hundred (100) and shall be divided among the respective Owners in accordance with their respective percentage of ownership interest in the Common Area, as set forth in Exhibit D of the Declaration, as said Exhibit D may be amended from time to time; provided that when thirty percent (30%) or fewer of the Townhome Units, by number, possess over fifty percent (50%) in the aggregate votes in the Association, any percentage vote of Owners specified herein shall require the specified percentage by number of Townhome Units rather than by percentage of interest in the Common Area allocated to Townhome Units that would otherwise be applicable. If any Owner consists of more than one person and only one of the multiple owners of such Townhome Unit is present at a meeting of the Association, such owner shall be entitled to cast all of the votes allocated to that Townhome Unit. In the event more than one owner of a Townhome Unit is present, the votes allocated to that Townhome Unit may be cast only in accordance with the agreement of a majority in interest of the group of owners comprising the Owner. Majority agreement shall be deemed to have occurred if any one of the multiple owners casts the votes allocated to that Townhome Unit without protest being made promptly to the person presiding over the meeting by any of the other owners of the Townhome Unit. Declarant may exercise all voting rights with respect to the Townhome Units owned by it from time to time. Unless otherwise expressly provided herein, any action may be taken at a meeting of the Owners at which a quorum is present upon the affirmative vote of the Owners having a majority of the total votes present and voting at such meeting.

Section 7. QUORUM. A quorum of Owners for any meeting shall be constituted by Owners, represented in person or by proxy, holding twenty percent (20%) of the votes entitled to be cast at such meeting. If a quorum is not present at any meeting of members, a majority of the members present may adjourn the meeting from time to time without further notice.

Section 8. PROXIES. At any meeting of Owners, a member of the Association entitled to vote may vote either in person or by proxy executed in writing by the member or by his or her duly authorized attorney-in-fact and in accordance with any rules and regulations. No proxy shall be valid after eleven months from the date of its execution. Any proxy distributed for

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Board elections by the Board shall give Owners the opportunity to designate any person as the proxy holder and give the Owner the opportunity to express a preference for any of the known candidates for the Board or to write in a name.

ARTICLE II

Board of Directors

Section 1. GENERAL POWERS. The affairs of the Association shall be managed by its Board of Directors.

Section 2. NUMBER ELECTION AND TERM OF OFFICE. The Board of Directors of the Association (also sometimes referred to as the "board of managers," and sometimes referred to herein as the "Board") shall consist of three (3) members (herein referred to as "directors"). The directors shall be chosen by the Owners, except that the directors listed in the Articles of Incorporation of the Association (hereinafter called "members of the First Board" shall be appointed by Declarant. The First Board shall serve for a period commencing on the date the Declaration is recorded and ending upon the election of the directors elected at the First Meeting. Notwithstanding anything to the contrary in these By-Laws, commencing with directors elected at the First Meeting, the directors shall be classified with respect to the time for which they severally hold office into two classes, with each director in each class to hold office until his or her or successor is elected and qualified. At the First Meeting, all three (3) members of the Board shall be elected. Initially, the two (2) members receiving the highest votes shall be elected for a term expiring two years and the remaining director shall serve for one (1) year. Any member of the Board may succeed himself. At each annual meeting of members after the First Meeting, the successors of the class of directors whose term expires at such meeting shall be elected, by a vote of a plurality of the members present at such meeting, to hold office for a term expiring at the annual meeting of shareholders to be held in the second year following the year of their election. Any candidate for election to the Board, or such candidate's representative, shall have the right to be present at the counting of the ballots at such election. The Association may, upon the adoption of the appropriate rules by the Board, conduct elections by secret ballot whereby the voting ballot is marked only with the percentage interest for the Townhome Unit and the vote itself, provided the Board further adopts rules to verify the status of the Owner issuing a proxy or casting a ballot, and further that a candidate for election to the Board or such candidate's representative shall have the right to be present at the counting of ballots at such election.

Section 3. QUALIFICATION. Each director, except for members of the First Board, shall be a Owner (or, if a Owner is a corporation, partnership or trust, a director may be an officer, partner, or beneficiary of such Owner). If a director shall cease to meet such qualifications, he or she shall thereupon cease to be a director and his or her place on the Board shall be deemed vacant.

Section 4. VACANCIES, REMOVAL. Any vacancy occurring in the Board may be filled only with a Owner or any other person meeting the qualifications set forth in Section 3 above except that prior to the First Meeting a vacant position on the Board may be filled by a person appointed by Declarant. Except as expressly provided herein, vacancies in the Board shall be filled by the Owners present at the meeting at which the vacancy occurs, the next annual meeting or a special meeting of the Owners called for such purpose. Vacancies may also be filled by the Board by not less than a 66 2/3% vote of the remaining members thereof, which vacancy shall be filled until the next annual meeting of members or for a period

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terminating no later than thirty (30) days following the filing of a petition signed by the Owners holding twenty percent (20%) of the votes of the Association requesting a meeting of the Owners to fill the vacancy for the balance of the term. A meeting of the Owners shall be called for purposes of filling a vacancy on the Board no later than thirty (30) days following the Owner's filing of a petition signed by Owners holding twenty percent (20%) of the votes of the Association requesting such a meeting. From and after the date of the First Meeting, any member of the board of directors may be removed from the Board by the affirmative vote of 66 2/3% of all the members.

Section 5. MEETINGS. A regular annual meeting of the Board shall be held without other notice than these By-Laws, immediately after, and at the same place as, the annual meeting of members. The Board shall hold at least an additional three (3) meetings annually. Special meetings of the Board shall be held upon a call by the President or by twenty-five percent (25%) of the Board, provided that each director is personally contacted and receives two (2) days notice. All meetings, whether regular or special, of the Board shall be open to all members, except for the portion of any meeting held (a) to discuss litigation when an action against or on behalf of the Association has been filed and is pending in a court or administrative tribunal, or when the Board finds that such action is probable or imminent, (b) to consider information regarding appointment, employment or dismissal of an employee or (c) to discuss violations of rules and regulations of the Association or unpaid assessments owed to the Association, provided that the vote on any such matter shall be taken at a meeting or portion thereof open to any member. Any member may record the proceedings at meetings open to members, by tape, film or other means, subject to reasonable rules and regulations of the Board.

Section 6. COMPENSATION. Directors shall receive no compensation for their services unless expressly provided for in resolutions duly adopted by two-thirds (2/3) of all Owners.

Section 7. QUORUM. Three (3) directors shall constitute a quorum.

Section 8. POWERS AND DUTIES. The Board shall have the following powers and duties, including, but not limited to:

- (a) to elect and remove the officers of the Association as hereinafter provided;
- (b) to administer the affairs of the Association and the Property;
- (c) to formulate policies for the administration, management and operation of the Property and the Common Area, including, without limitation, any recreational facilities;
- (d) to adopt rules and regulations, after written notice of the meeting called to adopt such rules and regulations is given to all Owners, governing the administration, management, operation and use of the Property and the Common Area, including, without limitation, any recreational facilities, and to amend such rules, and regulations from time to time;
- (e) to provide for the maintenance, repair and replacement of the Common Area, including, without limitation, any recreational facilities, and payment therefor, and

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- to approve payment vouchers or to delegate such approval to the officers of the Association;
- (f) to provide for the designation, hiring and removal of employees and other personnel, including accountants and attorneys, and to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management and operation of the Property and the Common Area;
 - (g) to appoint committees of the Board and to delegate to such committees the Board's authority to carry out certain duties of the Board;
 - (h) to determine the fiscal year of the Association and to change said fiscal year from time to time as the Board deems advisable;
 - (i) to estimate the amount of the annual budget, to provide the manner of assessing and collecting from the Owners their respective shares of such estimated expenses as hereinafter provided, and to provide for reasonable reserves in accordance with sound practices and applicable law;
 - (j) to grant easements, leases, licenses and concessions with respect to portions of the Common Area;
 - (k) unless otherwise provided herein or in the Declaration, to comply with the instructions of a majority of the Owners as expressed in a resolution duly adopted at any annual or special meeting of the Owners;
 - (l) to enter into management agreements, but any management agreement entered into before control of the Property is passed to the Association shall be terminable with or without cause and without payment of a fee upon not more than ninety (90) days' notice, provided, however, that after control of the Property is passed to the Association, any management agreement shall have a term of not more than years (2) years and shall be terminable for without cause upon ninety (90) days' notice;
 - (m) to disseminate to Owners biographical and background information about candidates for election to the Board if: (i) no preference is expressed in favor of any candidate; and (ii) reasonable efforts to identify all candidates are made and all candidates are given an opportunity to include such information to be disseminated;
 - (n) to obtain or cause to be obtained and maintain fidelity insurance;
 - (o) to exercise all other powers and duties of the board of managers or Owners as a group referred to in the Declaration or these By-Laws or the Not-For-Profit Corporation Act of Illinois; and
 - (p) to establish and maintain a system of master metering of public utility services and collect payments in connection therewith, subject to the requirements of the Tenant Utility Payment Disclosure Act.

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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, except as otherwise provided by law, the Declaration or these By-Laws.

Section 9. NOTICE. Notice of any special meeting of the Board shall be given at least two days previously thereto by written notice delivered personally or sent by mail to each director. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed 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. Written notice of any meeting of the Board at which the adoption of the proposed annual budget or any increase or establishment of an assessment is to be considered shall be mailed or delivered to all members not less than ten (10) and not more than thirty (30) days prior to any such meeting. Written notice of other meetings of the Board shall be delivered or given to each member at least forty-eight (48) hours prior thereto, subject to written waiver of such notice signed by the person or persons entitled thereto received by the Board prior to such meetings. Since there is no common entranceway for the five (5) or more Townhome Units, the Board may designate one or more locations in the proximity of the Townhome Units where the notices of meetings may be posted.

Section 10. NON-DELEGATION. Nothing in this Article or elsewhere in these By-Laws shall be considered to grant to the Board, the directors or the officers of the Association any powers or duties which, by law, have been delegated to the Owners.

ARTICLE III

Officers

Section 1. DESIGNATION. At each annual meeting of the Board, the directors present at said meeting shall elect from among the directors the following officers of the Association by a majority vote:

- (a) a President, who shall preside over the meetings of the Board and of the Owners, who shall be the chief executive officer of the Association, and who shall mail and receive all notices and execute documents on behalf of the Association;
- (b) a Secretary, who shall keep the minutes of all meetings of the Board and of the Owners and who shall, in general, perform all the duties incident to the office of Secretary;
- (c) a Treasurer, who shall be responsible for financial records and books of account and the manner in which such records and books are kept and reported;
- (d) such additional officers as the Board shall see fit to elect.

Section 2. POWERS. The respective officers shall have the general powers usually vested by statute or practice in such officers; provided that the Board may delegate any specific

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powers to any other officer or impose such limitations or restrictions upon the powers of any officer as the Board may see fit.

Section 3. **TERM OF OFFICE.** Each officer shall hold office for the term of one year and until his or her successor shall have been appointed or elected and qualified. Any officer may succeed himself. An officer may resign his office but maintain his status as director.

Section 4. **VACANCIES.** Vacancies in any office shall be filled by the Board by a majority vote of the members thereof at a special meeting of said Board. Any officer so elected to fill a vacancy shall hold office for a term equal to the unexpired term of the officer he or she succeeds. Any officer may be removed for cause at any time by the Board at a special meeting thereof.

Section 5. **COMPENSATION.** The officers shall receive no compensation for their services unless expressly provided for in a resolution duly adopted by two-thirds (2/3) of all Owners.

ARTICLE IV

Assessments

Section 1. **ANNUAL BUDGET.** The Board shall cause to be prepared an estimated annual budget for each fiscal year of the Association. Such budget shall take into account the estimated common expenses and cash requirements for the year including salaries, wages, payroll taxes, legal and accounting fees, supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, insurance, fuel, power, any expenses incurred in connection with the operation of any recreational facilities and all other common expenses. The annual budget shall also take into account the estimated net available cash income for the year from the operation or use of the Common Area, if any. The annual budget shall provide for a reserve for contingencies for the year and a reserve for replacements in reasonable amounts as determined by the Board and in accordance with any requirements of applicable law. To the extent that the assessments and other cash income collected from the Owners during the preceding year shall be more or less than the expenditures for such preceding year, the surplus or deficit, as the case may be, shall also be taken into account. The estimated annual budget for each fiscal year and any amendments or changes thereto shall be approved by the Board.

Section 2. **ASSESSMENTS.** On or before the first day of the first month and of each succeeding month of the year covered by the annual budget, each Owner shall pay, as his or her respective monthly assessment for the common expenses for such year, one-twelfth (1/12) of his or her proportionate share of the common expenses for such year as shown by the annual budget. Such proportionate share for each Owner (except as provided in Section 6.09 of the Declaration with respect to the Declarant) shall be in accordance with his or her respective ownership interest in the Common Area, as set forth from time to time in Exhibit D of the Declaration. The Association shall have no authority to forbear the payment of assessments by any Owner.

Copies of said estimated annual budget and any amendments or changes thereto shall be furnished by the Board to each Owner not less than thirty (30) days before the adoption of such budget. In the event that the Board shall not approve an estimated annual budget or shall fail to determine new monthly assessments for any year, or shall be delayed in doing so, each Owner shall continue to pay each month the amount of his or her respective existing monthly

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assessment. No Owner shall be relieved of his or her obligation to pay his or her assessment by abandoning or not using his or her Townhome Unit or the Common Area.

If an adopted annual budget or any separate assessment adopted by the Board would result in the sum of all regular and separate assessments payable in the fiscal year covered by such budget exceeding one hundred fifteen percent (115%) of the sum of all regular and separate assessments payable during the preceding fiscal year, the Board, upon written petition by Owners with twenty percent (20%) of the votes of the Association delivered to the Board within fourteen (14) days of the Board's action in adopting such regular or separate assessments, shall call a meeting of the Owners within thirty (30) days of the date of delivery of such petition to consider the annual budget or separate assessment. Unless a majority of the total votes of the Owners are cast at such meeting to reject the budget or separate assessment, the budget and such separate assessment shall be deemed ratified.

Any common expense not set forth in the annual budget or any increase in assessments over the amount adopted in the annual budget shall be separately assessed against the Owners.

Separate assessments for expenditures relating to emergencies or mandated by law may be adopted by the Board without being subject to Owner approval or other requirements as described in this section. As used herein, "emergency" means an immediate danger to the structural integrity of the Common Area or to the life, health, safety or property of the Owners.

Assessments for additions and alterations to the Common Area or to property owned by the Association not included in the annual budget adopted by the Board shall be separately assessed and shall be subject to the approval of two-thirds (2/3) of the total votes of all Owners. The Board may adopt separate assessments payable over more than one fiscal year. With respect to multi-year assessments, the entire amount of the multi-year assessment shall be deemed considered and authorized in the first fiscal year in which the assessment is approved.

Section 3. PARTIAL YEAR OR MONTH. For the first fiscal year, the annual budget shall be as approved by Declarant. If such first fiscal year, or any succeeding fiscal year, shall be less than a full year, then the monthly assessments for each Owner shall be proportionate to the number of months and days in such period covered by such budget.

Section 4. ANNUAL REPORT. Within ninety (90) days after the end of each fiscal year covered by an annual budget, or as soon thereafter as shall be practicable, the Board shall cause to be furnished to each Owner an itemized accounting of the common expenses for the preceding fiscal year actually incurred or paid, together with an indication of which portions were for reserves, capital expenditures, repairs, or payment of real estate taxes, and with a tabulation of the amounts collected pursuant to the budget, showing the net excess or deficit of income over expenditures plus reserves and such other information as the Board may deem desirable.

Section 5. SUPPLEMENTAL BUDGET. In the event that during the course of any year it shall appear to the Board that the monthly assessments, determined in accordance with the estimated annual budget for such year, are insufficient or inadequate to cover the estimated common expenses for the remainder of such year, then the Board shall prepare and approve a supplemental budget covering the estimated deficiency for the remainder of such year, copies of which supplemental budget shall be furnished to each Owner, and thereupon a supplemental assessment shall be made to each Owner for his or her proportionate share of such supplemental budget.

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Section 6. LIEN. It shall be the duty of every Owner to pay his or her proportionate share of the common expenses as assessed in the manner herein provided.

If any Owner shall fail or refuse to make any such payment of the common expenses when due, the amount thereof together with the amount of interest and late fees, if any, shall constitute a lien on the interest of such Owner in the Property which lien may be perfected and foreclosed in the manner provided by Illinois law; provided, however, that such lien shall be subordinate to the lien of a prior recorded first mortgage as provided in Section 6.08 of the Declaration. The provisions of the Declaration and these By-Laws applicable to the priority of liens held by first mortgagees shall not be amended, changed, modified or rescinded in any way without the prior written consent of all holders of first mortgage liens on Townhome Units on the Property.

The Association acting through the Board shall have the right to maintain a suit to foreclose any such lien and there shall be added to the amount due the costs of said suit and other fees and expenses, together with legal interest and reasonable attorneys' fees to be fixed by the court. Furthermore, if any Owner shall fail or refuse to pay when due his or her proportionate share of the common expenses and such Owner withholds possession of his or her Townhome Unit after demand by the Board or the Association in writing setting forth the amount claimed, the Board or the Association shall have the right to possession of such Townhome Unit. The Board or the Association shall have the authority to exercise and enforce any and all rights and remedies as provided for in the Forcible Entry and Detainer Act, the Declaration or these By-Laws, or as are otherwise available at law or in equity, for the collection of all unpaid assessments, late fees and collection costs.

Section 7. RECORDS AND STATEMENT OF ACCOUNT. The Board shall cause to be kept detailed and accurate records in chronological order of the receipts and expenditures affecting the Common Area specifying and itemizing the common expenses incurred. Payment vouchers may be approved in such manner as the Board may determine.

Upon receipt of ten (10) days written notice to the Board or the Association from a Owner or from the encumbrancer of a Townhome Unit, and upon payment of a reasonable fee, the Board shall furnish to said Owner or encumbrancer a statement of the account setting forth the amount of any unpaid assessments or other charges due and owing from said Owner.

Section 8. DISCHARGE OF LIENS. The Board of Directors may cause the Association to discharge any mechanic's lien or other encumbrance which, in the opinion of the Board, may constitute a lien against the Property or the Common Area, rather than a lien against only a particular Townhome Unit. When less than all the Owners are responsible for the existence of any such lien, the Owners responsible shall be jointly and severally liable for the amount necessary to discharge the same and for all costs and expenses, including attorneys' fees, incurred by reason of such lien. Any amounts due the Association hereunder shall constitute a lien on the interest of the Townhome Unit of the responsible Owner, which lien may be perfected and foreclosed in the manner provided by Illinois law. Any such lien shall be junior and subordinate to the lien of a first mortgage with respect to such Townhome Unit.

Section 9. HOLDING OF FUNDS. All funds collected hereunder shall be held and expended for the purposes designated herein and (except for such special assessments as may be levied hereunder against less than all the Owners and for such adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held for the sole

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benefit, use and account of all the Owners in the percentages set forth from time to time in Exhibit D to the Declaration.

Section 10. CAPITAL CONTRIBUTIONS. Upon the closing of the first sale of each Townhome Unit by Declarant to a purchaser for value, the purchasing Owner shall make a capital contribution to the Association in an amount equal to three (3) months' assessments attributable to the Townhome Unit. This capital contribution shall be a working capital reserve deposit, which may be used as operating capital for the Association.

ARTICLE V

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 Association, 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 Association shall be signed by such officer or officers, agent or agents of the Association, and in such manner, as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instruments shall be signed by the treasurer 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 Association 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.

Section 5. INTERESTED DIRECTORS. No contract or other transaction between the Association and one or more of its directors or with a corporation or partnership in which such director has a financial interest equal to or greater than twenty-five percent (25%) is void or voidable because such director or directors are present at the meeting of the Board, or the meeting of a committee thereof, which authorizes or approves the contract or transaction, or because his or her or their votes are counted, unless the circumstances specified in any of the following subsections exist:

- (a) the fact of the common directorship or financial interest is not disclosed or known to the Board or committee and noted in the minutes, and the Board or committee does not authorize, approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such director or directors;
- (b) the contract or transaction is not just and reasonable as to the Association at the time it is authorized or approved; or

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- (c) twenty percent (20%) of the Owners file a petition for an election to approve or disapprove the contract or other transaction within twenty (20) days after notice is given to the Owners of the contemplated contract or transaction, such notice to be given no later than twenty (20) days after the Board makes the decision to enter into the contract or other transaction and such election to be held no later than thirty (30) days after filing the petition, and the Owners disapprove of such contract or other transaction at that time.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or a committee thereof which authorizes, approves or ratifies a contract or transaction.

ARTICLE VI

Books and Records

The Association shall keep and maintain the following records:

(A) Copies of the recorded Declaration, other duly recorded covenants and By-Laws, and any amendment, articles of incorporation of the Association, annual reports, and any rules and regulations adopted by the Association or its Board.

(B) Detailed and accurate records in chronological order of the receipts and expenditures affecting the Common Areas, specifying and itemizing the maintenance and repair expenses of the Common Areas and any other expenses incurred, and copies of all contracts, leases, or other agreements entered into by the Association.

(C) Minutes of all meetings of the Association and the Board for the previous seven (7) years.

(D) Ballots and proxies related thereto, if any, for any election held for the Board and for any other matter voted on by the Owners during the previous one (1) year.

(E) Such other records of the Association as are available for inspection by members of a not-for-profit corporation pursuant to Section 107.75 of the General Not For Profit Corporation Act of 1986.

(F) With respect to Townhome Units owned by a land trust, if a trustee designates in writing a person to cast votes on behalf of the Owner, the designation shall remain in effect until a subsequent document is filed with the Association.

All books and records of the Association may be inspected by any member, or his or her agent or attorney, for any proper purpose at any reasonable time no more than thirty (30) days after receipt of such member's written request to inspect. The Association may charge a reasonable fee for the cost of copying. Unless otherwise directed by court order or required by applicable law, the Association need not make the following documents available for inspection, examination or copying: (1) documents relating to appointment, employment, discipline or dismissal of Association employees; (2) documents relating to actions pending against or on behalf of the Association or the Board in a court or administrative tribunal; (3) documents relating to actions threatened against, or likely to be asserted on behalf of, the Association or the Board in a court or administrative tribunal; (4) documents relating to common expenses or

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other charges owed by a member other than the requesting member; and (5) documents provided to the Association in connection with the lease, sale or other transfer of a Townhome Unit by a member other than the requesting member.

ARTICLE VII

Use and Occupancy Restrictions

Section 1. GENERAL. Each Owner shall fully comply with the use and occupancy restrictions set forth in the Declaration including, without limitation, those contained in Article 9, and any rules and regulations promulgated by the Board, all of which are incorporated herein by reference. The provisions of this Section shall apply to any lessee of a Townhome Unit.

Section 2. RULES AND REGULATIONS. The Board shall have the power and authority to adopt, revise, amend, and rescind from time to time such rules and regulations as the Board, in its discretion, deems reasonable to promote the common enjoyment, safety, administration, and efficient operation of the Property and to adopt penalties, fines, late charges and other remedies, to the extent permitted by law, for the enforcement of the provisions of the Declaration and the rules and regulations adopted by the Board.

Section 3. LEASING. The provisions of the Declaration, these By-Laws, and all rules and regulations that relate to the use of the individual Townhome Unit or the Common Area shall be applicable to any person leasing a Townhome Unit and shall be deemed to be incorporated in any lease. Owners may not lease any portion of the 20 feet of driveway area behind a garage. In addition to any other remedies, by filing an action jointly against the tenant and the Owner, the Association may seek to enjoin a tenant from occupying a Townhome Unit or seek to evict a tenant under the provisions of Article IX of the Code of Civil Procedure for failure of the lessor-owner to comply with the leasing requirements prescribed by the Declaration, these By-Laws, and rules and regulations of the Board. The Board may proceed directly against a tenant, at law or in equity, or under the provisions of Article IX of the Code of Civil Procedure, for any other breach by tenant of any covenants, rules, regulations or By-Laws.

Section 4. AVOIDANCE OF DUTIES. A Owner may not assign, delegate, transfer, surrender, or avoid the duties, responsibilities, and liabilities of a Owner under the Declaration, these By-Laws, or the rules and regulations of the Association; any such attempted assignment, delegation, transfer, surrender, or avoidance shall be deemed void.

ARTICLE VIII

Amendments

Until the date of the First Meeting, these By-Laws may be altered, amended or modified, except this Article VIII and Article X, may be altered, amended or modified from time to time by action or approval of affirmative two-thirds (2/3) of all of the members at a regular meeting or special meeting, except as otherwise indicated in and with respect to any other provision of these By-Laws. Such amendments shall be recorded in the Office of the Recorder of Deeds of Cook County, Illinois.

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ARTICLE IX

Indemnification

Section 1. GENERAL. 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 of Directors, an officer of the Association or a member of any committee appointed pursuant to the By-Laws of the Association, against expenses (including attorneys' fees and expenses), judgments, fines, and amounts paid in settlement actually and reasonably incurred by or imposed on him or her in connection with such action, suit or proceeding, provided said 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 his or her conduct was unlawful. The termination of an 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 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 no reasonable cause to believe that his or her conduct was unlawful.

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 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 of Directors, an officer of the Association or a member of any committee appointed pursuant to the By-Laws of the Association, against expenses (including attorneys' fees and expenses) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit provided said 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 to 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.

Section 2. SUCCESS ON MERITS. To the extent that a member of the Board of Directors, an officer of the Association or a member of any committee appointed pursuant to the By-Laws of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees and expenses) actually and reasonably incurred by him or her in connection therewith.

Section 3. DETERMINATION OF RIGHT TO INDEMNITY. Any indemnification under Sections 1 and 2 shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the member of the Board of Directors, the officer or the member of such committee is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Sections 1 or 2. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of those directors 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 Owners.

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Section 4. ADVANCE PAYMENT. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the member of the Board of Directors, the officer or the member of such committee to be indemnified to repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified by the Association as authorized in this Article IX.

Section 5. NON-EXCLUSIVITY. The indemnification provided by this Article IX shall not be deemed exclusive of any other rights to which any person seeking indemnification may be entitled under any statute, agreement, vote of members of the Association or disinterested members of the Board of Directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office. The indemnification provided by this Article IX shall continue as to a person who has ceased to be a member of the Board of Directors, an officer of the Association or a member of such committee, and shall inure to the benefit of the heirs, executors and administrators of such person.

ARTICLE X

Construction

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 unless otherwise required by law.

All words and terms used herein which are also used in the Declaration shall have the same definition as set forth in the Declaration of Easements, Restrictions and Covenants for Cleveland Floral Townhome Association, which Declaration is recorded in the Office of the Cook County Recorder of Deeds, Cook County, Illinois. The term "member" as used in these By-Laws, means "Owner," as defined in said Declaration.

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EXHIBIT D

PERCENTAGE OWNERSHIP OF THE COMMON AREA

<u>Unit Number</u>	<u>Percentage Ownership</u>
5140 Cleveland Street	20.00%
5142 Cleveland Street	20.00%
5144 Cleveland Street	20.00%
5146 Cleveland Street	20.00%
5148 Cleveland Street	20.00%
TOTAL	100 %

Property of Cook County Clerk's Office