

DECLARATION OF COVENANTS, CONDITIONS,

RESTRICTIONS AND EASEMENTS

FOR THE VALLEY LAKES COMMUNITY

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EXHIBITS

Exhibit A Legal Description to The Property

Exhibit B Legal Description to The Developed Property

**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS
FOR THE VALLEY LAKES COMMUNITY**

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR THE VALLEY LAKES COMMUNITY hereinafter referred to as this "Declaration," is made this 26th day of May, 1998, by THE CHICAGO TRUST COMPANY (formerly known as Chicago Title and Trust Company), not personally, but solely as Trustee under Trust Agreement dated May 1, 1970 and known as Trust No. 55158, hereinafter referred to as "Declarant;"

W I T N E S S E T H:

WHEREAS, Declarant is the owner in fee simple of certain real property located in the Village of Round Lake, Lake County, Illinois, legally described on Exhibit A attached hereto and made a part hereof and hereinafter referred to as the "Property;"

WHEREAS, Declarant intends to develop the Property as a single-family residential, multiple-family residential, and commercial community with emphasis on the preservation and maintenance, wherever practical, of the natural environment of the Property;

WHEREAS, Declarant intends to promote the orderly development of the Property; to control the effect of such development so as to preserve and maintain, wherever possible, the natural environment of the Property; to provide for the maintenance of wooded areas, open spaces, recreational areas, and any other amenities on the Property; and, for the benefit of the Property, to subject the Developed Property to the covenants, conditions, restrictions, easements, reservations, charges and liens as provided in this Declaration, as Declarant develops the Property;

WHEREAS, Declarant intends to reserve the right, exercisable in its sole and absolute discretion, to subject to the provisions of this Declaration at a later time and from time to time such other real property as Declarant shall own from time to time; and

NOW THEREFORE, Declarant hereby declares that all of the Developed Property shall be held, transferred, sold, conveyed, leased, occupied and used subject to the covenants, conditions, restrictions, easements, reservations, charges and liens as provided in this Declaration, for the purpose of protecting the value and desirability of the Developed Property. The provisions of this Declaration shall run with the title to the Developed Property and shall be binding upon and inure to the benefit of all parties having any right, title or interest in the Developed Property, or any portion thereof, and their respective heirs, successors, successors-in-title and assigns.

ARTICLE I

DEFINITIONS

1.1 Definitions. When used in this Declaration, unless the context shall otherwise expressly require, the following words shall have the following respective meanings, and all definitions shall be applicable to the singular and plural forms of such terms:

(a) "Additional Property" shall mean and refer to such other real property as Declarant shall own from time to time, and all improvements thereon, which Declarant, in its sole and absolute discretion, may hereafter declare to be subject to the provisions of this Declaration as provided in Section 2.2 hereof.

(b) "Architectural Review Committee" shall mean and refer to the committee established by the Valley Lakes Trust, as hereinafter defined, to administer the Architectural Standards, as hereinafter defined, in accordance with this Declaration.

(c) "Architectural Standards" shall mean and refer to those architectural standards, use regulations, guidelines and policies which shall be adopted from time to time and enforced by the Valley Lakes Trust, as hereinafter defined, and administered by the Architectural Review Committee as provided in this Declaration.

(d) "Assessment" shall mean and refer to a share of the Community Expenses, as hereinafter defined, and other charges from time to time assessed against a Unit and the respective Unit Owner by the Community Association, all as hereinafter defined, in accordance with this Declaration.

(e) "Board of Directors" or "Board" shall mean and refer to the Board of Directors of the Community Association, as hereinafter defined.

(f) "Building" shall mean and refer to any Structure, as hereinafter defined, having a roof supported by columns or walls used or intended for the shelter or protection of persons or property of any kind.

(g) "Commercial Grounds" shall mean and refer to land within the Property which is located entirely within a single Neighborhood, as hereinafter defined, and which is restricted by a Neighborhood Declaration to use for other than (i) Single-Family Residence purposes, as hereinafter defined, or (ii) Multiple-Family Residence purposes, as hereinafter defined, and shall also mean and refer to a single lot, tract or parcel of land within the Property, other than undeveloped land, which is restricted to use for other than (i) Single-Family Residence purposes, or (ii) Multiple-Family Residence purposes.

(h) "Commercial Owner" shall mean and refer to any one or more of the Record Owners of a Commercial Unit, as hereinafter defined, and their respective successors and assigns.

(i) "Commercial Unit" shall mean and refer to a Unit, as hereinafter defined, located on Commercial Grounds.

(j) "Community Association" shall mean and refer to the Valley Lakes Community Association, Inc., an Illinois nonprofit corporation formed pursuant to Article IV of this Declaration.

(k) "Community Association Rules and Regulations" shall mean and refer to those rules and regulations adopted from time to time by the Board of Directors in accordance with this Declaration.

(l) "Community Expenses" shall mean and refer to all expenditures made or expenses incurred by or on behalf of the Community Association and the Trust, as hereinafter defined, together with all funds assessed for creating or maintaining reserves, as provided in this Declaration.

(m) "Declarant" shall mean and refer to THE CHICAGO TRUST COMPANY (formerly known as Chicago Title and Trust Company), not personally, but solely as Trustee under Trust Agreement dated May 1, 1970 and known as Trust No. 55158; and shall also mean and refer to any successor-in-title to Declarant's interest in the Developed Property, or in any portion of the Property, provided that such successor-in-title, by instrument of assignment, acceptance and assumption executed by Declarant and recorded in the Office of the Recorder of Deeds of Lake County, Illinois, (i) accepts the assignment therein made by Declarant of those rights and powers of Declarant contained in this Declaration, and (ii) assumes and agrees to be bound by and perform those obligations of Declarant contained in this Declaration with respect to the Developed Property or to such portion of the Developed Property as may be legally described in any such instrument of assignment, acceptance and assumption.

"Declarant" shall also mean any mortgagee, following the entry of a judgment of foreclosure against Declarant or Declarant executing a deed in lieu of foreclosure, to whom Declarant's rights and interests hereunder have been pledged.

(n) "Declaration" shall mean and refer to this Declaration of Covenants, Conditions, Restrictions and Easements for the Valley Lakes Community and all amendments hereof as may be hereafter recorded in the Office of the Recorder of Deeds of Lake County, Illinois.

(o) "Developed Property" shall mean and refer to that land described in Exhibit B hereto, together with all Improvements at any time located thereon, including but not limited to, any Unit, the roads, utility systems, drainage systems and other Improvements serving the Units, as hereinafter defined. Developed Property shall also include any Additional Property which Declarant, in its sole and absolute discretion, may hereafter declare to be subject to the provisions of this Declaration as provided in Section 2.2 hereof.

(p) "Family" shall mean and refer to any number of persons related by blood, adoption or marriage and shall also mean and refer to persons not so related but not exceeding

four (4) in number living together in one Residence, as hereinafter defined, as a single housekeeping entity.

(q) "Final Development Plan" shall mean and refer to Exhibit C of the Village of Round Lake Development Agreement for the Valley Lakes Community entered into February 13, 1997, and any amendments thereto.

(r) "Improvements" shall mean and refer to any Building, any Structure, as hereinafter defined, or any alteration whatsoever to the exterior of any Building or any Structure, or any alteration whatsoever of the surface, grade or contour of any land within the Developed Property.

(s) "Member" shall mean and refer to any Person, as hereinafter defined, who is a member of the Community Association, as further provided in Section 4.3 hereof.

(t) "Multiple-Family Residence" shall mean and refer to a Residence Building, as hereinafter defined, containing two or more Residences, as hereinafter defined.

(u) "Neighborhood" shall mean and refer to each separately developed and denominated area delineated on the Final Development Plan, comprised of one (1) or more housing types subject to this Declaration, whether or not governed by an additional owners association, in which owners may have common interests other than those common to all Community Association Members, such as facilities which are not available for use by all Community Association Members. For example, and by way of illustration and not limitation, each single-family detached housing development, single-family attached housing development, townhome development, commercial development, and apartment development shall constitute a separate Neighborhood. In addition, each parcel of land intended for development as any of the above shall constitute a Neighborhood, subject to division into more than one (1) Neighborhood upon development.

(v) "Neighborhood Declaration" shall mean and refer to a separate and distinct declaration of covenants, conditions, restrictions and easements for each separate and distinct Neighborhood and all amendments thereof recorded in the Office of the Recorder of Deeds of Lake County, Illinois. Each Neighborhood is not required to have a separate and distinct declaration of covenants, conditions, restrictions and easements.

(w) "Occupant" shall mean and refer to a Person, as hereinafter defined, in lawful occupancy of a Unit, as hereinafter defined, other than the Unit Owner, as hereinafter defined, of such Unit.

(x) "Person" shall mean and refer to a natural person, corporation, partnership, association, trust, or other legal entity, or any combination thereof.

(y) "Property" shall mean and refer to that land described in Exhibit A hereto, together with all Improvements at any time located thereon, including, but not limited to, the roads, utility systems, drainage systems, and other Improvements serving the Units, as

hereinafter defined. Property shall also include any Additional Property which Declarant, in its sole and absolute discretion, may hereafter declare to be subject to the provisions of this Declaration as provided in Section 2.2 hereof. Exhibit A is attached hereto for informational purposes only and no covenants, conditions, restrictions, easements, reservations, charges and liens shall attach or burden any part of the real property described therein, except to the extent that portions thereof are described in Exhibit B and expressly made subject to the provisions of this Declaration or any supplement to this Declaration.

(z) "Record Owner" shall mean and refer to one or more Persons holding a fee simple title to any Unit, as hereinafter defined, or any other part of the Developed Property as shown or disclosed by the records in the Office of the Recorder of Deeds of Lake County, Illinois, or as may be otherwise ascertained in accordance with the laws of the State of Illinois. A tenant under a leasehold estate shall not be considered a Record Owner, nor shall a mortgagee or other holder of any other encumbrance, until foreclosure thereof and acquisition of the fee simple estate.

(aa) "Record Owner Date" shall mean and refer to the date upon which such one or more Persons becomes the Record Owner of any Unit, as hereinafter defined, or any other part of the Developed Property.

(bb) "Residence" shall mean and refer to a group of rooms within a Residence Building, as hereinafter defined, designed to be used by one Family exclusively for an independent dwelling and for purposes accessory thereto, and shall also mean and refer to one room within a Residence Building if such one room is designed to be used exclusively for an independent dwelling and for purposes accessory thereto.

(cc) "Residence Building" shall mean and refer to a Building designed to be used exclusively for a dwelling and for purposes accessory thereto, and may be either a Single-Family Residence, as hereinafter defined, or a Multiple-Family Residence.

(dd) "Single-Family Residence" shall mean and refer to a Residence Building containing only one Residence.

(ee) "Structure" shall mean and refer to anything whatsoever which is either constructed, erected or installed in a permanent location in or upon land within the Developed Property or is attached to something having a permanent location in or upon land within the Developed Property, including, but not limited to, a Building and a sidewalk and a driveway providing access thereto.

(ff) "Trust" shall mean and refer to the Valley Lakes Trust, as hereinafter defined.

(gg) "Trust Rules and Regulations" shall mean and refer to those rules and regulations adopted by the Trustees, as hereinafter defined, in accordance with this Declaration.

(hh) "Trustees" shall mean and refer to those individuals appointed pursuant to Article V of this Declaration to serve as trustees of the Valley Lakes Trust.

(ii) "Unit" shall mean and refer to a part of the Developed Property intended for any type of independent use, either residential or commercial. The term shall include all portions of the lot owned including any structure thereon. In case of an apartment building or other structure which contains multiple dwellings, each dwelling shall be deemed to be a separate unit.

(jj) "Unit Owner" shall mean and refer to the Record Owner of any Unit.

(kk) "Valley Lakes Trust" shall mean and refer to that entity formed pursuant to Article V of this Declaration.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION

2.1 Developed Property. The real property legally described in Exhibit B hereto, and any Additional Property which may be subjected to this Declaration pursuant to Section 2.2, is and shall be held, sold, conveyed, transferred, occupied, mortgaged and encumbered subject to this Declaration.

2.2 Additional Property. Declarant reserves the right, exercisable in its sole and absolute discretion, to subject to the provisions of this Declaration at a later time, and from time to time, as Additional Property such other real property owned from time to time by Declarant, and all improvements thereon, including the real property described in Exhibit A. Declarant may take such action at any time in Declarant's sole and absolute discretion.

In order to subject Additional Property to this Declaration, Declarant shall execute and record in the Office of the Recorder of Deeds of Lake County, Illinois, a supplement to this Declaration which shall indicate the action being taken and which shall contain a legal description of the real property being so made subject to this Declaration as Additional Property.

Upon execution and recording of such a supplement to this Declaration, the covenants, conditions, restrictions, easements, reservations, charges and liens of this Declaration shall run with the Additional Property in such supplement, and shall be binding upon and inure to the benefit of the Record Owner of such Additional Property in the same manner and to the same extent and with the same force and effect as if the Additional Property were described in Exhibit B hereto. Every Person who is a Record Owner in fee simple of all or any part of the Additional Property described in any such supplement to this Declaration shall be a Member of the Community Association on the same terms and subject to the same qualifications and limitations as if originally included as a Member under the provisions of this Declaration.

No such supplement to this Declaration shall constitute or be deemed to constitute a divestment of any Unit Owner or the interest of any such Unit Owner from membership in the Community Association. Each and all of the provisions of this Declaration and the Exhibits attached hereto, as amended by each successive supplement to this Declaration, shall be deemed to apply to each and every Unit Owner.

The recording in the Office of the Recorder of Deeds of Lake County, Illinois, of such a supplement to this Declaration shall not alter or affect the amounts of any liens for any Assessments or other sums owing to the Community Association from any Unit Owner immediately prior to such recording.

Each and every Unit Owner, and the respective grantees, mortgagees, heirs, administrators, executors, legal representatives, successors, assigns, purchasers, and lessees of each Unit Owner, and any other Person claiming by, through or under each such Unit Owner, by acceptance of any deed or mortgage or other interest in or with respect to any part of the Developed Property, shall be deemed to have expressly consented to each and all of the provisions of this Declaration with respect to the recording of any and all supplements to this Declaration, and to have expressly consented to each and all of the provisions of each such supplement to this Declaration which may hereafter be recorded in the Office of the Recorder of Deeds of Lake County, Illinois, in accordance with the provisions of this Declaration.

In furtherance of the foregoing, a power coupled with an interest is also hereby declared and reserved to Declarant, as attorney in fact, to increase the number of Members from time to time, as set forth in each such supplement to this Declaration. Each deed, mortgage, or other instrument with respect to any portion of the Developed Property, and the acceptance of such deed, mortgage or other instrument shall be deemed an acknowledgment of, and consent to, such power of Declarant as such attorney in fact, and shall be deemed to confirm such reservation to Declarant of the power to increase the number of Members from time to time as aforesaid. A power coupled with an interest is hereby declared and reserved to Declarant, as attorney in fact, to execute, deliver and record in the Office of the Recorder of Deeds of Lake County, Illinois, such documents as may be necessary or desirable, in Declarant's sole and absolute discretion, to amend this Declaration and to cause the provisions of this Article II to be carried out in full.

2.3 Burden Upon the Developed Property. Declarant declares that this Declaration and the covenants, conditions, restrictions, easements, reservations, charges, and liens established herein shall be covenants which attach to and run with the land, and shall be binding upon and inure to the benefit of each and every Unit Owner and the respective grantees, mortgagees, heirs, administrators, executors, legal representatives, successors, assigns, purchasers and lessees of each Unit Owner and any other Person claiming by, through or under each such Unit Owner. By the acceptance or recording in the Office of the Recorder of Deeds of Lake County, Illinois, of the conveyance of the Developed Property, or any part thereof or any interest therein, the Person to whom such interest is conveyed shall be deemed to accept and agree to be bound by the provisions of this Declaration.

ARTICLE III

PROPERTY RIGHTS AND EASEMENTS

3.1 General. Each Unit shall for all purposes constitute real property which, subject to the provisions of this Declaration, may be conveyed, transferred and encumbered in the same manner as any other real property. Each Unit Owner shall be entitled to the exclusive ownership and possession of the respective Unit and to the exercise of easement rights in accordance with this Declaration; provided, however, that Declarant hereby reserves the right, in its sole and absolute discretion, to grant, transfer and assign, in whole or in part, to any additional Person for use in common with others any or all of the easement rights reserved or granted by Declarant pursuant to this Declaration. The ownership of each Unit shall include, and there shall pass with each Unit and appurtenant thereto, membership in the Community Association. Each Unit Owner shall automatically become a Member of the Community Association and shall remain a Member thereof until such time as such Unit Owner's ownership of such Unit ceases for any reason, at which time the membership of such Unit Owner in the Community Association shall automatically pass to the successor-in-title to such Unit. Unless expressly permitted in writing by Declarant and by the Trust, Units shall not be further divided under any subdivision ordinance, nor shall any Unit Owner undertake to rezone or apply for any variation or conditional use permit for any portion of the Property, and both Declarant and the Trust shall have the right, in the respective sole and absolute discretion of each, to deny, prohibit, prevent and enjoin any such request.

Anything herein to the contrary notwithstanding, the placement and location within the Developed Property and the Property of all utilities, service lines and all appurtenances thereto, including, but not limited to, conduits, wires, cables, pipes, mains and drainage lines, shall at all times be subject to the approval of Declarant.

3.2 Public and Private Utility Placement and Location . The placement and location within the Property of all utilities, service lines and all appurtenances thereto, including, but not limited to, conduits, wires, cables, pipes, mains and drainage lines, shall at all times be subject to the approval of Declarant.

3.3 Easements on Drainageways, Wetlands and Ponds. Declarant hereby reserves for itself for its use and any governmental entity which may subsequently be granted an easement, and grants for the benefit of itself, any governmental entity and the Unit Owners, an exclusive perpetual easement upon any portion of the Developed Property and the Property described or delineated as a "Drainageway", "Wetland", or as a "Pond" on any plat hereafter recorded in the Office of the Recorder of Deeds of Lake County, Illinois, as part of a Neighborhood Declaration, or otherwise, for purposes of installation, construction, operation, maintenance, repair, replacement and removal of drainage, detention and retention facilities, pond facilities and irrigation systems, and all necessary surface equipment and Structures appurtenant thereto. All property damaged or destroyed in the exercise of rights declared or granted pursuant to this Section 3.3 shall be repaired, restored or replaced as promptly as possible by, and at the expense of, the Person exercising such rights.

3.4 License and Permission to Use Community Areas. Declarant hereby reserves and grants for the use and benefit of Declarant, the Unit Owners, the Community Association, their guests and invitees, the non-exclusive permission and license to use in common with each other, certain areas in common as may be posted or otherwise designated by Declarant or by the Trust from time to time for common purposes as so prescribed by the Trust and approved by Declarant and the Record Owner of such areas, which areas are hereinafter referred to as "Community Areas."

The use of the Community Areas, if any, shall at all times be subject to the Trust Rules and Regulations. The Unit Owners, the Community Association, their guests, invitees, successors and assigns, and others, shall at all times use such Community Areas at their own risk and agree to indemnify Declarant, the Record Owner of the Community Areas, the Community Association and the Trust, from any loss, damage, cost or expense incurred by such indemnified parties caused by the acts or omissions of third parties and arising from the exercise of any rights granted by this permission and license.

The Community Association shall maintain general comprehensive public liability insurance on the Community Areas in the amount and form satisfactory to Declarant and to the Record Owner of the Community Areas with an insurance carrier with a minimum Best's rating of A-V, and the cost thereof shall be a Community Expense. Such insurance carried by the Community Association shall name Declarant, the Trust and Record Owner of the Community Areas as additional insureds, and certificates of insurance evidencing such coverage shall be delivered to Declarant, to the Trust and to the Record Owner of the Community Areas within fourteen (14) days following a written request for such certificates, which certificates shall also provide that no change or cancellation in coverage shall be made without thirty (30) days' prior written notice thereof to the holders of any such certificates.

3.5 Maintenance Easement. Declarant hereby declares and reserves for itself and grants a non-exclusive perpetual easement in common for the use and benefit of Declarant, the Community Association, the Trust and their respective agents and employees the right, but not the obligation, to enter upon any part of the Developed Property not owned by Declarant or any of its affiliated entities, and to perform any of those obligations which a Unit Owner shall have been obligated to perform, but shall have failed to perform in accordance with Section 7.1 of this Declaration; provided, however, that the reserving or granting of such easement shall not impose any duty or obligation upon Declarant or the Community Association or the Trust to perform any such obligations.

3.6 Limitation on Granting Easements. No easement, license, or permission to use any portion of the Developed Property shall be granted except by or with the express written consent of Declarant, in its sole and absolute discretion. Except by or with the express written consent of Declarant, in its sole and absolute discretion, no easement shall grant access to the Developed Property, nor shall any easement or agreement allow anyone other than a Unit Owner or Declarant or an affiliate of Declarant to tap into or utilize any utility systems within the Developed Property, including, but not limited to, water and sanitary sewer systems.

3.7 No Partition. No Person acquiring any interest in the Developed Property, or any part thereof, shall seek any partition of the Developed Property without the express written consent of Declarant, in its sole and absolute discretion.

3.8 Burden Upon the Developed Property and Nonseverability of Rights. Declarant hereby declares that the provisions of this Article III shall, unless otherwise expressly provided, run with the land and shall be binding upon and inure to the benefit of each described grantee and each Unit Owner and the respective heirs, representatives, successors, purchasers, lessees, grantees and mortgagees of each Unit Owner and may not be severed or alienated from the ownership of any Unit.

3.9 Existing Easements. Notwithstanding any provisions contained herein to the contrary, this Declaration shall be subject to easements of record existing on the date hereof unless such existing easements of record are amended or terminated, and this Declaration may be made subject and subordinate to any future easements which may hereafter be granted by Declarant, but only if expressly so provided by Declarant in any such future easements.

ARTICLE IV

COMMUNITY ASSOCIATION

4.1 Incorporation. No later than forty-five (45) days following the recording of this Declaration in the Office of the Recorder of Deeds of Lake County, Illinois, Declarant shall cause the Community Association to be incorporated under the laws of the State of Illinois as a nonprofit corporation to be named the Valley Lakes Community Association, Inc.

4.2 Powers, Duties and Responsibilities of the Community Association. Except for those powers granted to the Trust as provided in this Declaration, the Community Association shall exercise the following powers and shall have the following duties and responsibilities:

(a) to maintain and own property as provided in this Declaration, including, but not limited to, any Community Areas designated by Declarant;

(b) to provide for a general fund that will enable the Community Association to exercise the powers and discharge the duties and responsibilities as provided in this Declaration by levying such Assessments as may be determined by the Board of Directors;

(c) to enforce any lien for nonpayment of any Assessment levied by the Community Association;

(d) to buy, sell, lease, pledge, mortgage and hold legal title to personal property for and on behalf of the Members, and to buy or hold legal title to real property for and on behalf of the Members;

(e) to obtain unsecured loans and obtain secured loans by encumbering the assets of the Community Association, excepting the landscape buffer areas, wetland areas and detention areas, to pay Community Expenses incurred or to be incurred pursuant to this Declaration;

(f) to hire agents and employees and to retain management services and other professional services as provided in Section 4.9 of this Declaration; and

(g) to take any other lawful action necessary in the sole and absolute discretion of the Board of Directors to exercise all powers and discharge all duties and responsibilities and all liabilities of the Community Association pursuant to this Declaration, and to carry out the purposes and the intents of this Declaration; provided, however, the Community Association shall not expend funds for any political purpose or sponsor or endorse any political candidate or cause.

4.3 Membership in the Community Association. Each Unit Owner shall be a Member of the Community Association commencing on the date such Unit Owner becomes the Record Owner of such Unit irrespective of the inclusion, exclusion, incorporation by reference, or any specific expression or lack thereof to such effect in any deed or other document of conveyance. Ownership of a Unit, shall be the sole qualification for membership in the Community Association, which membership shall be appurtenant to and shall not be separated from such ownership. Membership in the Community Association shall continue until the date that a successor-in-title becomes the Record Owner of such Unit following the sale, transfer or other disposition of the fee simple interest therein, at which time the membership in the Community Association of the former Record Owner of such Unit shall terminate and the new Record Owner of such Unit shall automatically become a Member. Such membership may not be sold or transferred or disposed of other than in conjunction with the sale or transfer or disposition of the fee simple interest therein.

If more than one Person is the Record Owner of a portion of the Developed Property, such as a Unit, all such Persons shall be Members of the Community Association; provided, however, that the voting right for a portion of the Developed Property, such as a Unit, shall be determined in accordance with Section 4.4 of this Declaration.

Each Member of the Community Association shall be bound by and shall observe the terms and provisions of this Declaration, the Articles of Incorporation and the Bylaws of the Community Association, the Community Association Rules and Regulations, the Trust Rules and Regulations and the Architectural Standards.

Any Person who holds an interest in a Unit merely as security for the payment or performance of an obligation, or any Person in possession of a parcel of land or Unit under a contract to purchase such parcel or Unit, shall not be a Member of the Community Association.

No Member shall have any right or power to disclaim, terminate, or withdraw from membership in the Community Association, or deny any obligation as a Member by non-use of

any Community Areas, or by abandonment of the respective Unit, or by an attempted withdrawal of a Unit from the provisions of this Declaration, or by any other act or for any other reason.

4.4 Membership and Voting Rights of Members.

(a) All Unit Owners, including Declarant, or an affiliate of Declarant, shall be Members in the Community Association.

(b) Members of the Community Association, including Declarant, or an affiliate of Declarant, shall be entitled to cast the greater of: (1) one vote for each Unit owned; and (2) that respective number of votes calculated by multiplying (i) the total number of acres of land in a Unit, carried to three decimal places, by (ii) three (3), with the product rounded upward to the next whole number. If any Unit for which one vote may be cast should be further divided in accordance with the consent of Declarant, one vote may be cast for each Unit resulting from any such division.

If more than one Person is the Record Owner of any one Unit, such Persons shall be entitled to only one vote and such voting right for that Unit shall be exercised as such Persons mutually agree. In the absence of agreement, the Board of Directors may decide who may cast the vote with respect to such Unit.

All votes by Members at any Member's Meeting shall be cast either in person or by proxy or by individual ballot delivered to the Secretary of the Community Association prior to the call for a vote on the matter or matters for which such individual ballot is to be cast, and all such voting shall be conducted in accordance with such procedures as may be adopted from time to time by the Board of Directors.

The Community Association shall have the power to suspend the voting rights of any Member for any period during which an Assessment levied by the Community Association against such Member's Unit is due and remains unpaid.

4.5 Elections and Meetings of the Board of Directors and Elections of Officers.

The affairs of the Community Association, exclusive of those affairs of the Trust, shall be managed by the Board of Directors.

Upon incorporation, as hereinbefore provided, the Community Association shall be managed by an initial Board of Directors which shall consist of three (3) directors, and their successors appointed by Declarant, hereinafter referred to as the "Initial Board," and upon such appointment, the Initial Board shall elect a President, a Vice-President, a Secretary and a Treasurer, and may elect one or more Assistant Secretaries and Assistant Treasurers, who shall hold office until respective successors shall have been duly elected and qualified. The Initial Board and its successors, shall hold office until the conveyance by Declarant of eighty-five percent (85%) of the maximum number of Units which may be located in Neighborhoods 1 through 17, as delineated on the Final Development Plan, at which time the Members of the Community Association shall hold an initial meeting, hereinafter referred to as the "Initial Members Meeting," and shall elect a Board of Directors, hereinafter referred to as the "Regular

Board." The Initial Members Meeting shall be held not more than ninety (90) days after the date that eighty-five percent (85%) of the maximum number of Units which may be located in Neighborhoods 1 through 17, as delineated on the Final Development Plan, have been conveyed by Declarant, and shall be designated by written notice of the Initial Board delivered to each Member not less than thirty (30) days prior to the date fixed for the Initial Members Meeting.

The Regular Board shall consist of three directors. There shall be three directors elected to the first Regular Board. Each Member shall have the number of votes as specified in Section 4.4(b). The Member of the first Regular Board receiving the highest number of votes shall hold office for a two-year term or until a respective successor has been duly elected and qualified, the remaining two directors shall hold office for a one-year term or until respective successors shall have been duly elected and qualified, and, thereafter, all directors shall hold office for a two-year term or until respective successors shall have been duly elected and qualified.

The three directors elected to the Regular Board shall each be entitled to cast one vote on all matters coming to a vote before the Regular Board.

A regular meeting of the Board of Directors shall be held after the Initial Members Meeting, and a regular meeting of the Board of Directors shall also be held after each subsequent Annual Members Meeting, as provided in Section 4.6 hereof, and, at each subsequent Annual Members Meeting, the directors shall elect a President, a Vice-President, a Secretary and a Treasurer, and may elect one or more Vice-Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers as officers of the Community Association. The officers shall hold office for a term of one year or until respective successors shall have been duly elected and qualified. The officers shall be subject to the control of the Board of Directors and may be removed by the majority of the votes of the directors at any regular meeting or at any special meeting called for that purpose. The President, Vice-President, Secretary and Treasurer, together with any other officers as may be elected pursuant to the Bylaws of the Community Association, shall discharge their duties as provided in this Declaration and the Bylaws of the Community Association.

Special meetings of the Board of Directors may be called on the order of the President or on the motion in writing of a majority of the directors. Meetings may be conducted by telephonic or other telecommunications. At least four (4) days' notice of such special meeting, specifying its purpose, shall be given by mail or personal service to each director, unless said notice is waived in writing by all directors.

The presence in person or by individual ballot delivered to the Secretary of the Community Association prior to the call for a vote on the matter or matters for which such individual ballot is to be cast of those Members of the Board of Directors representing the majority of the total votes of the Board of Directors shall constitute a quorum for the transaction of business, and the action of the majority of those votes cast by those Members of the Board of Directors present in person or by individual ballot delivered to the Secretary, as aforesaid, shall be the action of the Board of Directors. If a quorum is not present, the majority of those present may adjourn the meeting to another date.

If a Member of the Regular Board resigns, is removed or is otherwise unable to act in such capacity, the Board of Directors shall have the power to fill any such vacancy by appointing as successor any other Person. Any successor director so appointed shall serve for the unexpired term of the director being replaced.

The Members of the Initial Board and the Members of the Regular Board, including their successors, the officers of the Community Association and the managing agent, shall not be liable for any error of judgment or acts or omissions made in good faith while acting in their capacity as directors, officers or managing agent. All contracts and agreements entered into by the Board of Directors, officers and the managing agent shall be deemed executed by such parties as agent for the Community Association.

The Bylaws of the Community Association shall set forth the general powers of the Board as set forth in this Declaration and shall set forth the number, tenure and qualifications of directors, their term of office, manner of election and removal, and the method of operation of the Board of Directors, all of which shall be consistent with the provisions of this Declaration.

4.6 Annual and Special Member Meetings. Commencing one year after the Initial Members Meeting and continuing for each year thereafter, there shall be an Annual Members Meeting with an election to fill the offices of the directors whose terms are then expiring, hereinafter referred to as an "Annual Members Meeting." Each Annual Members Meeting shall be held on the first Monday of April of each year, or at such other reasonable date, not more than sixty (60) days before or after such date, as may be designated by written notice of the Board of Directors delivered to each Member, appearing in the records of the Community Association, not less than ten (10) days prior to the date fixed for such Annual Members Meeting. The voting procedures for each director to be elected at an Annual Members Meeting shall be the same as the voting procedures provided herein for the election of directors at the Initial Members Meeting.

Special meetings of the Members may be called at any time for the purpose of considering matters which, by the provisions of this Declaration or the Articles of Incorporation or the Bylaws of the Community Association, require the approval of the Members or for any other purpose, which meetings are hereinafter referred to as "Special Members Meetings." Special Members Meetings may be called by the President, the Board of Directors, or the Members having, in the aggregate, not less than a majority of the total votes of the Community Association. Special Members Meetings shall be held as provided in the Community Association Bylaws. All meetings of the Members shall be held in Lake County, Illinois, at such time and place as may be designated in notice to all Members of record of the Community Association.

The presence in person or by proxy or by individual ballot delivered to the Secretary of the Community Association, as provided in Section 4.4 hereof, at any Members Meeting of those Members representing the majority of the total votes of the Community Association shall constitute at quorum for the transaction of business. Unless otherwise expressly provided herein or required by the applicable Illinois Statutes or the Articles of Incorporation of the Community

Association, any action may be taken at any Members Meeting at which a quorum is present in person or by proxy or by individual ballot delivered to the Secretary of the Community Association, as provided in Section 4.4 hereof, upon the affirmative vote of the majority of those votes cast by such Members present at such meeting in person or by proxy or by individual ballot delivered to the Secretary of the Community Association as provided in Section 4.4 hereof.

4.7 Responsibility for Maintenance, Repair and Replacement. The Community Association shall be responsible for the maintenance, good order, repair and replacement of the following within the Developed Property:

(a) all parkways not maintained or required to be maintained by others, including but not limited to, community signs, buffer areas, landscaping and berms;

(b) all entrance monuments, ponds, water courses and detention areas not maintained or required to be maintained by others for the Developed Property;

(c) all median strips and cul-de-sac islands not maintained or required to be maintained by others;

(d) all property owned or leased by the Community Association;

(e) all Community Areas, if any, including wetland and conservancy areas;
and

(f) all erosion control facilities not maintained or required to be maintained by others.

Any or all of the materials and services required to be furnished or performed by or for the Community Association pursuant to this Declaration may be furnished or performed by Declarant or by an affiliate of Declarant.

4.8 Community Association Rules and Regulations. The Board of Directors shall have the authority from time to time to adopt Community Association Rules and Regulations governing those aspects of the administration, maintenance, operation and use of the Developed Property and Community Areas consistent with and subject to the provisions of this Declaration and the authority of the Trust as provided in Article V of the Declaration.

4.9 Management and Professional Services. The Board of Directors shall have authority to hire agents and employees to act for the Community Association and may retain a professional management company to manage the affairs of the Community Association and supervise the maintenance and operation of all portions of the Developed Property which, under this Declaration, are the responsibility of the Community Association. Additionally, the Board of Directors may also employ such attorneys, accountants and other professionals and consultants which it deems necessary to discharge its duties and responsibilities as provided in

this Declaration. All costs and expenses incurred pursuant to this Section 4.9 shall be a Community Expense.

4.10 Exculpation and Indemnification. The Community Association, the Trust, Trustees, members of the Architectural Review Committee and Declarant shall not be liable for injury or damage to any person or property which (i) is caused by the elements or by any Unit Owner or any other Person; or (ii) is caused by the malfunction or disrepair or failure to operate of any pipe, plumbing, drain, conduit, appliance, equipment, or utility line or facility, the responsibility for the maintenance of which, under this Declaration, is that of the Community Association or Declarant, or (iii) is caused in whole or in part by the negligent or criminal act of any Unit Owner or third party; or (iv) is the result of any action taken or not taken, or any omission, in good faith by the Community Association, the Trust, Trustees, members of the Architectural Review Committee or the Declarant.

The Community Association shall indemnify and hold harmless every Trustee, member of the Architectural Review Committee, officer and director of the Community Association against any and all judgments, costs and expenses, including, without limitation, court costs and attorneys' fees in connection with, arising out of or resulting from any action, suit or other proceeding, including settlement of any suit or proceeding if approved by the Board of Directors, to which such Trustee, member of the Architectural Review Committee, officer or director may be made a party by reason of being or having been a Trustee, member of the Architectural Review Committee, officer or director. The Trustees, members of the Architectural Review Committee, officers and directors shall not be liable for any mistake of judgment, except for their own willful misconduct. The Trustees, members of the Architectural Review Committee, officers and directors shall have no personal liability with respect to any contract or other commitment made by any of them, in good faith, on behalf of the Community Association, except to the extent that such Trustees, members of the Architectural Review Committee, officers or directors may be financially responsible as a Unit Owner for any Assessment made by the Community Association, and the Community Association shall indemnify and hold harmless each such Trustee, member of the Architectural Review Committee, officer and director against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall be in addition to any other rights to which any Trustee, member of the Architectural Review Committee, officer, director, or former Trustee, former member of the Architectural Review Committee, former officer or former director may be entitled. The Community Association may maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, and the premium cost thereof shall be a Community Expense.

ARTICLE V

VALLEY LAKES TRUST

5.1 Purpose and Creation. In order to provide for the orderly development of the Property, to preserve and maintain the natural environment within the Developed Property and the Property, wherever possible, and, for the purposes provided in Article VIII of this

Declaration, Declarant shall create the Valley Lakes Trust, hereinafter referred to as the "Trust," by an instrument hereinafter referred to as the "Trust Agreement." The Trust shall be empowered to act and to exercise the powers and discharge the duties and responsibilities of the Trust as provided therein consistent with this Declaration. If, for any reason, the Trust is unable or fails or refuses to act and to exercise any or all of the powers or discharge any or all of the duties and responsibilities of the Trust, as provided in this Declaration, then Declarant shall be empowered to act and to exercise such powers and discharge such duties and responsibilities of the Trust; and if, for any reason, both the Trust and Declarant are unable or fail or refuse to so act, then, at the sole and absolute discretion of Declarant, Declarant may select at any time and from time to time the Community Association to so act, and upon such selection, the selectee shall be empowered to act and to exercise such powers and discharge such duties and responsibilities as in this Declaration are provided for the Trust.

5.2 Trustees. The Trust shall be administered by the three Trustees designated pursuant to the terms of the Trust Agreement. The Trustees need not be Unit Owners within the Valley Lakes Community. Upon a Trustee's resignation, death or inability to act, a successor Trustee shall be appointed according to the terms of the Trust Agreement. The decision of the majority of the Trustees shall be necessary to act on any matter which comes before the Trust.

The Trustees shall exercise the powers of the Trust and shall discharge the duties and responsibilities of the Trust in their sole and absolute discretion, and in so doing, the decisions of the Trustees shall be final in all respects.

5.3 Powers, Duties and Responsibilities of the Trust. The Trust shall have the following powers, duties and responsibilities:

(a) to adopt and enforce Architectural Standards as provided in Article VIII and the Trust Agreement;

(b) to adopt and amend from time to time Trust Rules and Regulations governing the use of the Developed Property;

(c) to grant variations to restrictions as provided in this Declaration and the Trust Agreement; and

(d) to take any other action appropriate or necessary in the sole and absolute judgment and discretion of the Trustees to fulfill the Trust purposes and intents pursuant to the provisions of this Declaration.

The Trust shall not engage in any political activities or expend funds for political purposes.

All Architectural Standards, all Trust Rules and Regulations, and all actions by and decisions of the Trustees shall be binding upon the Unit Owners and Occupants and their respective families, tenants, guests, invitees and agents.

5.4 Meetings of Trustees. The Trustees shall meet no less frequently than annually.

5.5 Authority of the Trust. The Trust shall be independent of and shall not be accountable to the Community Association, its Board of Directors or officers. The Community Association shall have no control or authority over the Trust or the Trustees with respect to the powers to be exercised and the duties and responsibilities to be discharged by either the Trust or the Trustees pursuant to the provisions of this Declaration and the Trust Agreement.

The Trust is authorized to retain the services of such consulting architects, landscape architects, urban designers, engineers, inspectors, attorneys and other professionals and consultants as the Trustees deem necessary or appropriate in order to advise and assist the Trustees in exercising the powers and discharging the duties and responsibilities of the Trust as set forth in this Declaration and the Trust Agreement. The cost for such services shall be paid by the Community Association and shall be a Community Expense.

5.6 Financial Affairs of the Trust. All reasonable costs and expenses incurred by the Trust shall be paid by the Community Association. The Trust shall submit an annual budget to the Community Association, and the Board of Directors shall include such budget as a component of the Community Association's annual budget. The Annual Assessment shall include the costs for operation of the Trust. All reasonable costs and expenses of the Trust submitted by the Trust to the Community Association shall be immediately paid, and the Trust shall have no obligation to seek or obtain the prior consent or the subsequent approval of the Board of Directors with respect to any such costs and expenses previously budgeted.

ARTICLE VI

ASSESSMENTS BY THE VALLEY LAKES COMMUNITY ASSOCIATION

6.1 Creation of the Lien and Personal Obligation for Assessments. Declarant hereby declares that each Unit Owner, by acceptance of a deed or other document of conveyance for such Unit, whether or not it shall be so expressed in any deed or other document of conveyance, shall be deemed to covenant and agree to pay all Assessments for the period during which the Unit Owner is the Record Owner of the respective Unit. Such Assessments shall be made and collected from time to time as hereinafter provided. The Assessments, together with such other charges and interest thereon and costs of collection as hereinafter provided, shall be a charge against each Unit upon which such Assessment is made, shall constitute a lien against such Unit until paid, and shall also be the personal obligation of the Person who is the Unit Owner of such Unit at the time when the Assessment becomes due. Any such lien shall be subject and subordinate to the liens and encumbrances of any institutional first mortgage on such Unit. In the event of co-ownership of any Unit, all such co-owners shall be jointly and severally liable for the entire Assessment against such Unit.

6.2 Purpose of Assessments. The Assessments levied by the Community Association shall be used for purposes of enabling the Community Association and the Trust to pay the Community Expenses and to exercise their respective powers and to discharge their

respective duties and responsibilities as provided in this Declaration; and all funds collected, except for such adjustments as may be required to reflect delinquent or prepaid Assessments, shall be deemed to be held for the benefit of the Members and shall be used for such purposes.

6.3 Annual Assessments. The Community Association, through the Board of Directors, shall levy for each assessment year an Annual Assessment, applicable to that year only, except for reasonable reserve funds assessed as hereinafter provided.

6.4 Procedure. The Board of Directors shall determine the amount of the annual assessment against each Unit for each assessment year based on the budgets approved by both the Board of Directors and the Trust, hereinafter referred to as the "Annual Assessment." In the event the proposed budget is not approved or, if the Board of Directors fails for any reason to determine the budget for the succeeding year, then, and until such time as a budget shall have been determined as provided herein and upon notice given by the Board of Directors to the Members, the budget and Annual Assessments in effect for the then-current year shall become the minimum interim Annual Assessment, which shall be increased in proportion to the percentage increase, if any, in the Consumer Price Index (all Urban Consumers, Chicago Area Average, All Items 1982-1984=100), or its successor index, for the most recent available month of the then-current year over the corresponding month for the prior year, and such increased budget shall be implemented for the succeeding year until a new budget shall have been approved as herein provided. If any budget at any time proves insufficient for any reason, then the Board of Directors shall approve an increase in the Annual Assessment, as provided in Section 6.6, or shall approve a Special Assessment as provided in Section 6.7 hereof, or both.

The Community Expenses to be funded by the Assessments shall include, but shall not necessarily be limited to, the following:

(a) management fees and expenses of administration of the Community Association and the Trust, including legal and accounting fees, and other professional and consulting fees;

(b) utility and service charges, including utility maintenance charges, if any, which the Community Association is required to provide to the Unit Owners in accordance with this Declaration;

(c) the cost of any policies of insurance purchased by the Community Association as required or permitted by this Declaration, including, but not limited to, fire and other casualty coverage, fidelity bond coverage, directors and officers errors and omissions and indemnifying coverages, public liability coverage and such other insurance coverage as the Board of Directors or the Trustees determine to be in the best interests of the Community Association and its Members or in the best interests of the Trust;

(d) the expenses of operation, maintenance and repair of all erosion control facilities, including drainage, detention and retention facilities, and those portions of any Community Areas which are the responsibility of the Community Association under the

provisions of this Declaration and including, but not limited to, such capital improvements and tree planting programs as may be approved by the Board of Directors;

(e) the expenses of maintenance, operation and repair of such other facilities serving the Developed Property as may be determined from time to time by the Board of Directors or by the Trustees to be in the best interests of the Community Association and its Members or in the best interests of the Trust;

(f) the expenses of the Trust and the Architectural Review Committee which are not defrayed by plan review charges;

(g) real estate taxes, personal property taxes, special assessments and any other taxes levied against any Community Areas and any property owned by the Community Association;

(h) the expenses of funding any indemnification obligations or liabilities which may arise, as provided in this Declaration, with respect to the Trust, the Trustees, members of the Architectural Review Committee, officers and directors of the Community Association, Declarant, the Record Owner of the Community Areas and any other Person;

(i) the establishment and maintenance of such reasonable reserve funds as the Board of Directors deems appropriate (i) for inspection, maintenance, repair, and replacement of those portions of any Community Areas which are the responsibility of the Community Association; (ii) to cover emergencies and the cost of repairs required as arising out of or as a result of casualties which are not funded by insurance proceeds; and (iii) to cover the cost of operating contingencies or deficiencies arising from unpaid Assessments or liens and for other costs as may be authorized from time to time by the Board of Directors in their sole and absolute discretion; and

(j) such other expenses as may be determined from time to time by either the Board of Directors or by the Trustees, in their sole and absolute judgment and discretion, to be appropriate or necessary to exercise the powers or to discharge the duties and responsibilities of the Community Association or the Trust or the Architectural Review Committee or to fulfill the Trust purposes and intents pursuant to the provisions of this Declaration.

6.5 Allocation of Assessments and Notice to Members. Annual Assessments and Special Assessments shall be ascertained and allocated to the Unit Owners on a pro rata basis, based on the total number of Units in the Developed Property. Notwithstanding the aforesaid, the following provisions shall apply commencing with the date of the recording of this Declaration and continuing until such time as Declarant is no longer entitled to cast greater than fifteen percent (15%) of the votes within the Community Association. Any budget prepared by the Board of Directors shall be based on the assumption that Neighborhoods 1 through 17, as delineated on the Final Development Plan, have been fully constructed in accordance with Declarant's Development Agreement with the Village of Round Lake and Assessments shall be levied based on the same assumption.

The Board of Directors shall notify each Member in writing of the amount of the Annual Assessment for the next calendar year against the Member's Unit no later than December 15 of each year. On or before January 1 of the ensuing calendar year, and on the first day of each and every year thereafter, or otherwise as provided by the Board of Directors, each Unit Owner shall be personally liable for and obligated to pay to the Community Association the Annual Assessment.

At each Annual Meeting of the Members, the Board of Directors shall furnish all Members an accounting of the Community Expenses for the preceding calendar year actually incurred and paid, together with a tabulation of the amounts collected, and shall show the net amount over or under the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for expenses and reserves shall be credited to the operating budget (or reserves) for the following year. Any net shortage shall be added to the operating budget for the following year or, if determined by the Board of Directors, shall be the subject of a Special Assessment.

6.6 Special Assessments for Community Expenses Other Than Capital Improvements. In addition to the Annual Assessments authorized by Section 6.3 hereof and in addition to any Special Assessment authorized by Section 6.7 hereof, the Community Association, through the Board of Directors, may levy in any assessment year a Special Assessment for the purpose of defraying, in whole or in part, the cost of any taxes, insurance or unanticipated or extraordinary items of expense, including but not limited to operating budget deficits of the Community Association or the Trust, provided that any Special Assessments shall be approved by a majority of the Board of Directors at a meeting duly called for such purpose.

Special Assessments shall be levied against all Units in the Developed Property as provided in Section 6.5 of this Declaration. The Special Assessments shall be due and payable within ninety (90) days of the levy of the same.

6.7 Special Assessments for Capital Improvements. In addition to the Annual Assessments authorized by Section 6.3 hereof and the Special Assessments authorized by Section 6.6 hereof, the Board of Directors may levy at any time in any assessment year a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction of any capital improvements for which the Community Association is responsible, provided that any such Special Assessment made pursuant to this Section 6.7 must be approved by a majority of the Board of Directors at a meeting duly called for such purpose. Special Assessments for capital improvements shall be due and payable within ninety (90) days of the levy of the same.

6.8 Reserve and Contingency Fund. The Board of Directors shall establish and maintain such reasonable reserve and contingency funds, as the Board of Directors deems appropriate. These reserves and funds may only be used for purposes directly benefiting the Community Association. Upon the conveyance by Declarant of title to a parcel of land or Unit, the grantee thereof shall pay to the Community Association such sum as may be determined from time to time by the Board of Directors, which sum shall be deposited in the reserve and contingency fund.

6.9 Collection of Assessments and Other Charges. If any installment payment of the Annual Assessment, any Special Assessment or other sum owing to the Community Association is not paid on or before the date when due, which date is hereinafter referred to as the "Delinquency Date," then all such indebtedness shall be delinquent. Thereafter, on written demand by the Community Association to the Unit Owner, the entire unpaid balance of all Assessments and the entire unpaid balance of any other sum owing to the Community Association shall also become delinquent and thereupon shall be immediately due and payable in full. Delinquent Assessments and any other delinquent sums owing to the Community Association and charged against a Unit shall be a continuing lien on such Unit as an equitable charge running with the land and shall be binding upon the Unit Owner and the grantees, heirs, administrators, executors, legal representatives, successors and assigns of such Unit Owner. The obligation to pay an Assessment against a Unit and to pay any other sum owing to the Community Association and charged against a Unit shall also be a personal obligation of the Unit Owner, but such obligation shall not pass as a personal obligation to successors-in-title of such Unit Owner unless expressly assumed by such successors-in-title. In the event more than one Person is the Record Owner of a Unit, then all such Persons shall be jointly and severally liable for all Assessments against such Unit and for all other sums owing to the Community Association and charged against such Unit. The lien of any delinquent Assessment and any other delinquent sums owing to the Community Association shall attach to rents due and owing to a Unit Owner from tenants in possession of such a Unit, provided that such lien shall be subordinate to an assignment of rents held by a mortgagee of such Unit delivered in connection with a mortgage loan made by an institutional lender secured by such Unit.

If any Assessment and any other sum owing to the Community Association is not paid within thirty (30) days after the Delinquency Date, the Assessment and any such other sum shall bear interest from and after the Delinquency Date at the rate of ten (10%) percent per annum or the maximum rate of interest per annum permitted by the usury laws of the State of Illinois, whichever is less, and the Community Association may (i) bring an action against the Unit Owner personally obligated to pay such Assessment and any other sum owing to the Community Association; (ii) bring an action to foreclose the lien against such Unit; and (iii) intervene as a third party in any action to foreclose any other lien against the Unit; or any one or more of (i), (ii) or (iii), and there shall be added to the amount of such Assessment all the costs of collecting the Assessment and any other sum owing to the Community Association, including, but not limited to, attorneys' fees and title report costs and other costs associated with preparing and filing a complaint and maintaining and concluding such action. In the event a personal judgment or decree of foreclosure is obtained, such judgment or decree shall include interest on the Assessment and any other sum owing to the Community Association, together with reasonable attorneys' fees to be fixed by the court and all costs of the action. The Community Association shall have the power to bid and acquire a Unit at any sale resulting from the foreclosure of any Assessment and any other sum owing to the Community Association or resulting from the foreclosure of any mortgage or other lien against any Unit. Persons in possession of the Unit shall be authorized to accept service of the summons as agents for the Record Owner of such Unit.

6.10 Obligation for Assessments. If the Board of Directors fails to notify the Unit Owners of (i) the amount of the Annual Assessment against each Unit by December 15 of any year or (ii) the amount of any interim Annual Assessment calculated as provided in Section 6.4 of this Declaration, such failure or delay shall not constitute a waiver or release in any manner of any Unit Owner's obligation to pay the Assessments herein described whenever the same shall be determined, and, in such event, each Unit Owner shall continue to pay the Assessment at the then-existing rate established for the previous period until notification of such new Annual Assessment or the amount of any interim Annual Assessment shall have been delivered to the Members by the Board of Directors.

6.11 Accounting. The Board of Directors shall keep full and correct books of account for the Community Association which shall be available upon thirty (30) days notice to the Board of Directors for inspection by any Unit Owner during normal business hours.

6.12 Continuing Obligation. No Unit Owner shall be discharged from liability for the Assessments provided for herein by the non-use of any Community Areas, or by abandonment of the respective Unit, or by an attempted withdrawal of a Unit from the provisions of this Declaration, or for any alleged failure of the Community Association to take some action or perform some function required to be taken or performed by the Community Association, or for inconvenience or discomfort arising from making any improvements or repairs which are the responsibility of the Community Association to perform, or from any action taken by the Community Association to comply with any law or ordinance, or with any order or directive of any municipal or other governmental authority, or for any other reason. The obligation of each Unit Owner to pay assessments is independent of, and several from, the benefits conferred by, and the obligations to be performed by, the Community Association under this Declaration. In addition thereto, the Community Association may deny to the Unit Owner the use and enjoyment of any Community Areas and facilities thereon, except for the purposes of ingress and egress to such Unit, until all delinquent Assessments due from such Unit Owner are paid, together with all interest, costs and other sums set forth above which the Community Association is entitled to receive pursuant to this Declaration.

6.13 Certificate. Within ten (10) days following a written request and upon payment of such fee as is from time to time reasonably determined by the Board of Directors, any officer or the managing agent of the Community Association shall furnish to any Unit Owner or such Unit Owner's mortgagee which requests the same, a certification in writing signed by any officer or the managing agent as to whether the Assessments for which such Unit Owner is responsible have been paid, and, if not paid, the outstanding amount due and owing, together with all accrued interest and other charges. Such certificate shall be conclusive and may be relied upon by all Persons to verify the payment of Assessments stated therein to have been paid.

6.14 Date of Commencement of Annual Assessments.

(a) A Unit Owner shall be obligated to pay all Assessments which become due and payable against the respective Unit for the period commencing on such Unit Owner's Record Owner Date for such Unit and continuing until a successor-in-title becomes the Record

Owner of such Unit and assumes by such successor's acceptance of title thereto the obligation to pay all assessments, which are or become due and payable against the respective Unit.

(b) Annual Assessments and any outstanding Special Assessments shall be adjusted for such Unit according to the number of months then remaining in the then-current fiscal year of the Community Association and the number of days then remaining in the month in which such Unit is first conveyed. The obligation of a Unit Owner to pay Annual Assessments and Special Assessments for a Unit in any Additional Property hereafter subjected to the provisions of this Declaration shall commence with respect to such Unit on the date determined pursuant to Section 6.14(a) hereof, and Annual Assessments and Special Assessments for such Unit shall be adjusted according to the number of months then remaining in the then-current fiscal year of the Community Association and the number of days then remaining in the month in which the obligation to pay such Assessments commences.

6.15 Declarant Contribution to Expenses. During such period as Declarant is entitled to cast greater than fifteen percent (15%) of the votes within the Community Association, Declarant shall not be obligated to pay any Assessments to the Community Association; provided, however, if during such period the amount of Assessments payable by Unit Owners (other than Declarant), less the portions thereof which are to be added to the reserve or contingency fund, is less than the Community Expenses actually incurred with respect to such period, then Declarant shall pay the difference to the Community Association. From time to time during such period, Declarant shall deposit with the Community Association amounts which reasonably approximate Declarant's obligation hereunder, as estimated by the Declarant. A final accounting and settlement of the amount, if any, owed by Declarant to the Community Association shall be made as soon as practicable after the expiration of said period.

6.16 Initial Capital Contribution. Upon the closing of the initial sale of a Unit by Declarant to a purchaser for value, the purchasing Unit Owner shall make a contribution to the working capital of the Community Association in an amount equal to \$100.00. The capital contribution shall be held and used by the Community Association for its working capital needs. Such contribution shall not be considered an advance payment of Assessments and shall be in addition to, not in lieu of, Assessments then or thereafter coming due.

6.17 Advance Payment of Capital Reserve. Upon the closing of the initial sale of a Unit by Declarant to a purchaser for value, the purchasing Unit Owner shall make an advance payment to the Capital Reserve in an amount of \$40.00. Such advance payment shall be in addition to, not in lieu of, assessments then or thereafter coming due.

ARTICLE VII

MAINTENANCE AND REPAIR

7.1 Responsibilities of Unit Owners. Each Unit Owner shall furnish at such Unit Owner's expense all maintenance, cleaning, repairs, and replacement within such Unit and on

grounds containing any Single-Family Residence upon which such Unit may be located; and shall keep such Unit and all Improvements thereon, in good and slightly condition and repair.

In the event that Declarant or the Board of Directors or the Trust determines that any Unit Owner has failed or refused to discharge properly any obligation with regard to the maintenance, cleaning, repair or replacement which is the responsibility of such Unit Owner then, except in the event of an emergency situation, the Community Association shall have the obligation to give such Unit Owner written notice of the Community Association's intention to provide such maintenance, cleaning, repair or replacement, at the sole cost and expense of such Unit Owner. Such written notice shall set forth with reasonable particularity the maintenance, cleaning, repair or replacement deemed necessary. Except in the event of an emergency situation, such Unit Owner shall have seven (7) days within which to complete such maintenance, cleaning, repair or replacement in a good and workmanlike manner, or in, the event that such maintenance, cleaning, repair, or replacement is not capable of completion within said seven (7) day period, to commence during such period such maintenance, cleaning, repair, or replacement and diligently proceed to complete the same in a good and workmanlike manner. In the event of emergency situations or the failure of such Unit Owner to comply with the provisions hereof after such notice from the Community Association, then the Community Association shall have the right, but not the obligation, to provide, any such maintenance, cleaning, repair or replacement at the sole cost and expense of such Unit Owner; and the cost thereof shall be added to and become a part of the Assessment to which such Unit Owner and the Unit owned by such Unit Owner are subject and shall become a lien against such Unit.

7.2 Liability for Damage to Property. Each Unit Owner shall be liable for the expense of any maintenance, landscaping, repair or replacement of property which the Community Association is responsible to maintain necessitated by the act, neglect or carelessness of such Unit Owner or of any family member, guest, employee, agent or lessee of such Unit Owner. Nothing herein contained shall be construed so as to modify any waiver by any insurance company of any rights of subrogation.

ARTICLE VIII

ARCHITECTURAL STANDARDS, PROCEDURES AND MISCELLANEOUS RESTRICTIONS

8.1 Purposes. In order (i) to preserve the natural setting and aesthetic appearance of the Developed Property and the Property, wherever possible; (ii) to establish and preserve a harmonious and aesthetically-pleasing appearance within the Developed Property and the Property by implementing the Architectural Standards adopted by the Trust from time to time; (iii) to protect the environment in and around the Developed Property and the Property; (iv) to minimize soil erosion and other conditions and events which might negatively impact upon the environment within the Developed Property and the Property; and (v) to protect and promote the value of the Developed Property and the Property, Declarant hereby declares that all Improvements shall be subject to the Architectural Standards adopted by the Trust from time to time and to the restrictions set forth in this Article VIII. Every grantee of any interest in the

Developed Property, by acceptance of a deed or other conveyance of such interest, agrees to be bound by the provisions of this Article VIII.

8.2 Architectural Review Committee. In order to fulfill the purposes set forth in Section 8.1, the Trust shall establish the Architectural Review Committee to administer the Architectural Standards and protect the environment. The Architectural Review Committee shall consist of the three (3) Trustees of the Valley Lakes Trust and one (1) person appointed by the President of the Village of Round Lake. Each member of the Architectural Review Committee who is a Trustee may appoint in such person's stead an individual to serve on the Architectural Review Committee if any such Trustee elects not to serve on the Architectural Review Committee; provided, however, that, in the performance of their duties as members of the Architectural Review Committee, such members shall at all times remain accountable to the Trustees. Any member of the Architectural Review Committee, including a Trustee, may be removed at any time, with or without cause, by a majority vote of the Trustees followed by written notice of such removal delivered to such Architectural Review Committee member. The Architectural Review Committee shall elect a Chairman and a Vice Chairman, and the Chairman, or in the absence of the Chairman the Vice Chairman, shall be the presiding officer at meetings. The Architectural Review Committee shall meet at least once in each calendar quarter, as well as upon call of the Chairman, and all meetings shall be held at such places as may be designated by the Chairman. Meetings may be conducted by telephonic communications. A majority of the members shall constitute a quorum for the transaction of business, and the affirmative vote of a majority of those present in person or by proxy at a meeting of the Architectural Review Committee shall constitute the action of the Architectural Review Committee on any matter before it. The Architectural Review Committee shall administer the Architectural Standards and discharge its duties in its sole and absolute discretion, and, in so doing, the decisions of the Architectural Review Committee shall be final in all respects. The Architectural Review Committee is authorized to retain the services of consulting architects, landscape architects, designers, engineers, inspectors, attorneys and other parties in order to advise and assist the Architectural Review Committee in performing its duties. Each member of the Architectural Review Committee may be paid a stipend or honorarium as from time to time determined by the Trust. The costs and expenses incurred by the Architectural Review Committee shall be a Community Expense paid by the Community Association as a part of the expenses of the Trust. The Trust shall adopt and may amend from time to time a fee schedule to help defray the costs and expenses of reviewing plans and related data and to compensate any consulting architects, landscape architects, designers, engineers, inspectors, attorneys and other parties retained in accordance with this Declaration.

8.3 Architectural Standards, Use Regulations, Guidelines and Policies.

(a) The Trust is hereby authorized to adopt from time to time architectural standards, use regulations, guidelines and policies which shall govern and be administered by the Architectural Review Committee and which are hereinafter collectively referred to as the "Architectural Standards." The Architectural Standards shall control such matters as the exterior usage of the property, including fencing, outdoor lighting, the exterior material, exterior style, exterior color, exterior maintenance, location, and landscaping of new Improvements; the contents of applications for Architectural Review Committee approval; the submissions of plans,

specifications and other required information; building height, construction quality and minimum living area restrictions; and such other matters as the Trust determines from time to time to be necessary, desirable or appropriate for the proper discharge of the duties and responsibilities of the Trust and the Architectural Review Committee as provided in this Declaration. The Architectural Standards shall be administered by the Architectural Review Committee and enforced by the Trust. Any such Architectural Standards adopted by the Trust shall be binding and enforceable on all Unit Owners with respect to all improvements located or proposed to be located on the Developed Property, which shall require the approval of the Architectural Review Committee, except as otherwise provided in this Declaration.

(b) The Trust shall have the right, in its sole and absolute discretion, either upon its own initiative or upon application by a Unit Owner, to act through the Architectural Review Committee and grant a variation from the Architectural Standards established by the Trust or any restriction contained in this Declaration, provided the following conditions have been met:

(1) the variation is in harmony with the general purposes and intents contained in Section 8.1 hereof;

(2) the variation is requested because the particular physical surroundings, shape or topographical conditions of the specific property involved or other special circumstances would result in a particular hardship to the Unit Owner, as distinguished from a mere inconvenience, if the strict letter of the Architectural Standards were to be carried out;

(3) the conditions upon which an application for a variation is based are not applicable, generally, to other parts of the Developed Property or a material number of other Units;

(4) the purpose of the variation is not based primarily upon the financial interests of the Unit Owner;

(5) the alleged difficulty or hardship is caused by the Architectural Standards or other restrictions and has not been created by any Persons having an interest in the Unit for which a variation is sought;

(6) the granting of the variation will not be detrimental to the welfare of other Unit Owners or injurious to any part of the Developed Property;

(7) the granting of the variation will not alter the essential character of the Developed Property;

(8) the variation will not impair an adequate supply of light and air to property adjacent to the Unit or substantially increase congestion within the Developed Property, or increase the danger of fire, or impair natural drainage or create drainage problems on property

adjacent to the Unit, or endanger the public safety, or substantially diminish or impair values within the Developed Property; and

(9) the variation will not violate the terms and provisions of any restriction or other covenant burdening the Unit, including the Final Development Plan.

(c) All Buildings and other Improvements shall be constructed in compliance with all applicable zoning and building laws, ordinances, rules and regulations.

8.4 Construction of Improvements.

(a) No construction or other work on new exterior Improvements and no changes to the exterior of existing Improvements may be commenced or conducted until such proposed construction, work and changes, as the case may be, are approved by the Architectural Review Committee in accordance with Section 8.5 of this Declaration. Once approved by the Architectural Review Committee, all construction and other work shall be performed in strict compliance with the Required Submittals, as hereinafter defined, as approved by the Architectural Review Committee and in strict compliance with the Architectural Standards adopted by the Trust.

(b) All construction shall be completed within one (1) year from the date of commencement. Construction shall be conclusively deemed to have commenced on the date the building permit is issued by the appropriate governmental agency having jurisdiction thereof, and completed on the date a certificate of occupancy is issued by the appropriate governmental agency having jurisdiction thereof, but in no event later than the date such Improvements are occupied as a Residence or for other permitted purposes.

(c) During the continuance of construction, the Unit Owner shall require its contractors to maintain the property under construction in a safe, clean, sightly and sanitary condition and to keep all construction trash and debris clear from surrounding property, streets, and other Neighborhoods within the Developed Property; and within refuse containers of a type approved by the Architectural Review Committee. Upon completion of construction, such Unit Owner shall cause its contractors to immediately remove all equipment, tools, and construction material and debris from the property on which such construction has been completed.

8.5 Approval Process. Prior to commencing any Improvements, other than interior remodeling, on land within the Developed Property, the Unit Owner shall submit the following items, where appropriate, hereinafter referred to as the Required Submittals, to the Architectural Review Committee:

(a) a site plan, reflecting the location of the building, sidewalk, driveway and parking areas and any accessory buildings and improvements proposed to be constructed;

(b) a landscaping plan which shows the landscaping then existing on the land and specifically locates all trees greater than six (6") inches in diameter measured at a height of

thirty-six inches (36") above the ground level, together with an overlay or outline of all areas which the Unit Owner intends to clear for the proposed Improvements. The landscaping plan shall also reflect any proposed landscaping which the Unit Owner proposes on the Developed Property;

(c) architectural drawings, plans and specifications, including elevations, building height, size, materials, and colors;

(d) if determined by the Architectural Review Committee to be applicable to the Unit, a soil erosion control plan describing soil erosion control techniques which will be utilized both during construction and permanently thereafter;

(e) any other or additional information which may be reasonably required by the Architectural Review Committee; and

(f) payment of the application fee as established by the Trust or the Architectural Review Committee.

All Required Submittals shall be in accordance with the Architectural Standards adopted by the Trust, and the Architectural Review Committee shall, in its sole and absolute discretion, reject any such Required Submittals not meeting these requirements.

In connection with any request for approval submitted to the Architectural Review Committee by a Unit Owner, the Architectural Review Committee shall have the right, in its sole and absolute discretion, but not the obligation, to inspect the property after receipt of the Required Submittals so as to better evaluate the Required Submittals. Additionally, once the Required Submittals have been approved, the Architectural Review Committee shall have the right, in its sole and absolute discretion, but not the obligation, to inspect the Improvements to ensure compliance with the Required Submittals approved by the Architectural Review Committee. Each Unit Owner hereby grants the members of the Architectural Review Committee, and any other consultant or party engaged by the Architectural Review Committee, a license and permission to enter upon the subject property to conduct the inspections provided for in this Section 8.5.

Within thirty (30) days from the later of (i) the date of submission of the Required Submittals to the Architectural Review Committee if no other or additional information is required or (ii) the date that any such other or additional information requested by the Architectural Review Committee has been received by the Architectural Review Committee, the Architectural Review Committee shall either approve, conditionally approve, or disapprove the proposed Building or Improvements. One set of the Required Submittals shall be returned to the applicant marked either "approved" or "conditionally approved" or "disapproved." In the event of a conditional approval, the required changes shall be so noted with the returned Required Submittals, and the construction, as so conditionally approved, must reflect those required changes.

In the event the Architectural Review Committee fails to approve or conditionally approve or disapprove in writing any Required Submittals within the time period herein provided, such Required Submittals shall be deemed to have been expressly approved, provided the proposed Improvements are generally in harmony with the scheme of the Developed Property and the Property, including the Architectural Standards as outlined and contained in Section 8.3, as provided in this Declaration. The conditional approval or disapproval of any Required Submittals may be based by the Architectural Review Committee, in its sole and absolute discretion, upon any ground which is consistent with the provisions of this Declaration, and all such decisions shall be final.

8.6 Approval or Conditional Approval Not a Guarantee. No approval or conditional approval of the Required Submittals and no Architectural Standards shall be construed as representing or implying that such Required Submittals or Architectural Standards will, if followed, result in properly designed and properly constructed Improvements. Such approvals and Architectural Standards shall in no event be construed as representing or guaranteeing that any building permit will be issued or that any work performed in accordance therewith will be performed in a good and workmanlike manner. Neither Declarant, the Trust, the Architectural Review Committee nor the Community Association shall be responsible or liable for (i) any defects in any Required Submittals approved or conditionally approved pursuant to the terms of this Article VIII; (ii) any loss or damage to any Person arising out of the approval or conditional approval or disapproval of any Required Submittals; (iii) any loss or damage arising from the noncompliance of such Required Submittals with any governmental ordinances and regulations; or (iv) any defects in construction undertaken pursuant to such Required Submittals.

8.7 Service Yards. All Residence Building grounds shall contain visually-screened areas located out of sight from roads, for service yards in which gas and electric meters, and heating and air conditioning equipment outside a Building shall be located. Any such visual barrier shall consist of either fencing or landscaping and planting which is approved by the Architectural Review Committee in accordance with the provisions of this Article VIII.

8.8 Fences. No fences shall be permitted within the Developed Property, except with regard to fences approved by the Architectural Review Committee as outlined in Section 8.3(a) of this Declaration.

8.9 Accessory Buildings. No carports and no accessory Buildings shall be erected, installed, or maintained on any grounds containing Residence Buildings except for:

(a) a storage Building which shall not exceed 120 sq. ft. in floor area and which shall be constructed of material compatible with, and in an architectural style similar to the respective Residence;

(b) an enclosed or screened-in porch which shall be constructed of material compatible with and in an architectural style similar to the respective Residence;

(c) a gazebo;

(d) a bath house which shall be constructed of material identical to, and in an architectural style similar to, the respective residence, provided it is constructed in conjunction with an in-ground swimming pool; or

(e) in a neighborhood approved by the Village of Round Lake, detached garages which shall be constructed of material compatible with, and in an architectural style similar to the respective Residence.

No accessory Building shall be constructed without approval of the Architectural Review Committee nor constructed prior to commencing construction of the respective Residence Building.

8.10 Antennae and Satellite Dishes. Exterior radio antennae and exterior television antennae are prohibited on all Residence Buildings and grounds containing Residence Buildings. Satellite dishes shall be allowed on grounds containing Residence Buildings, provided the style and proposed location of such satellite dish has been approved by the Architectural Review Committee, subject to the following restrictions:

(a) the satellite dish shall not exceed eighteen inches (18") in diameter; and

(b) the satellite dish must not interfere at any time with the reception of television and radio signals by other Unit Owners within the Developed Property.

The restriction of Section 8.10(a) shall not apply to any Commercial Grounds.

8.11 Underground Wires and Cables. All wires, cables and other physical media of transmission for electricity and for telephone and other services shall be placed below the surface of the ground within the Developed Property unless otherwise specifically approved by the Architectural Review Committee.

8.12 Pools. No swimming pool shall be constructed without the prior approval of the Architectural Review Committee and without complying with all applicable Village of Round Lake ordinances. All pools shall be surrounded by a visually-screened barrier which shall consist of either fencing or landscaping and planting which is approved by the Architectural Review Committee in accordance with the provisions of this Article VIII.

8.13 Recreational and Other Vehicles. All boats, trucks, campers, trailers, tractors, motorcycles, mobile homes, service vehicles, snowmobiles, all-terrain vehicles, bicycles, jet skis, go-karts, other recreational vehicles, toys, lawn and landscape maintenance equipment and inoperable or non-used automobiles and other vehicles shall not be kept on any grounds containing Residence Buildings, except in garages or other enclosed structures. No inoperable or unlicensed automobiles shall be stored, and no repairs or maintenance to any vehicles shall be conducted outside any garage or enclosed structure on grounds containing Residence Buildings.

Operation of snowmobiles, all-terrain vehicles, mini-bikes, go-karts and similar vehicles shall not be allowed within the Developed Property.

8.14 Property Use Restrictions. No part of the Developed Property shall be used for purposes other than as permitted by Declarant and this Declaration. To the extent that the uses permitted for any part of the Developed Property as provided in this Declaration are more restrictive than the uses permitted in any applicable zoning or subdivision ordinance, the uses permitted in this Declaration shall control.

(a) Time-Sharing. There shall be no time-sharing, interval ownership or similar types of ownership or use arrangements permitted within the Developed Property. This restriction shall not be deemed to prohibit the rental of Units within the Developed Property. The Community Association shall adopt rules and regulations regarding the rental of Units within the Developed Property.

(b) Storage of Garbage and Dumping of Waste Materials. There shall be no dumping, storage, or disposal of trash, garbage, rubbish, debris, refuse piles, or other waste material on grounds containing Residence Buildings, except if kept in sanitary containers located in the service yards, or garages, and disposed of properly and promptly. A Unit Owner shall not allow refuse to be stored in an unsightly or unsanitary condition creating odors which may be offensive to other Unit Owners. No hazardous waste shall be disposed of or stored within the Developed Property.

8.15 Nuisances. There shall be no unlawful, noxious, or offensive activity on any grounds containing Residence Buildings or in any Residence located thereon, or in any Community Areas which either willfully or negligently may become a nuisance or annoyance to any other Unit Owner.

No Unit Owner or Occupant shall operate any machines, appliances, accessories, or equipment in such a manner as to cause, in the sole and absolute judgment and discretion of the Board of Directors, an unreasonable disturbance to others.

8.16 Sales and Construction Activities. Notwithstanding any provisions or restrictions contained in this Declaration to the contrary, it shall be expressly permissible for Declarant and others authorized by Declarant and its agents and employees to construct, maintain and operate such facilities and Structures and to conduct any such activities whatsoever which, in Declarant's sole and absolute discretion, may be necessary, convenient or incidental to the construction, improvement, completion and sale of Units and Improvements, including, without limitation, the construction, maintenance and operation of sales and construction trailers and offices, signs and Residence models; and such right to operate and maintain such facilities and Structures to conduct such activities shall include specifically the right to use Residences as model residences, to use any Residences as an office for the sale of Units and other property, and for related activities.

All sales and construction activities whatsoever, whether or not described specifically in this Section 8.16, if conducted or proposed to be conducted by Persons other than Declarant or

an affiliate of Declarant, shall be subject to Trust Rules and Regulations, Architectural Standards, Community Association Rules and Regulations and to the approval by Declarant, in its sole and absolute discretion, in all matters, including, but not limited to, permissible locations for Residence models, permissible size, content, style and location of signs placed at construction sites and at sites where Residences are for sale, and permissible hours and days for construction work and the conduct of sales activities within the Developed Property.

8.17 Non-Permitted Acts. No Unit Owner, Occupant, or Person shall be permitted:

(a) to camp or place a tent or trailer or any type of camping device in a wetland.

(b) to cut, break, injure, destroy, take or remove any trees, shrub, timber, flower, plant or other natural objects including rocks, soil, or water from a dedicated wetland: except that small quantities of such materials may be collected and removed for scientific or educational purposes by written permit from the Architectural Review Committee and except for management under supervision of its authorized agents.

(c) to kill, cause to be killed, harass, pursue or take any mammal, bird, reptile, amphibian, or invertebrate or its nest or habitat in a dedicated wetland; except that small quantities of such materials may be collected and removed for scientific or educational purposes by written authorization from the Architectural Review Committee, and except for management purposes under the direct supervision of agents of the Architectural Review Committee.

(d) to conduct scientific research in a dedicated nature preserve without written authorization from the Architectural Review Committee.

(e) to possess a firearm, air gun, slingshot, bow and arrow, or any other weapon within the boundaries of any dedicated wetland, except authorized peace officers and as authorized for management and control measures for wildlife population control under the supervision of agents of the Architectural Review Committee.

(f) to take, mutilate, deface, move or destroy any structure, improvement, work or sign, or any stone, soil, or other natural object or material in any dedicated wetland, except for management under the direct supervision of agents of the Architectural Review Committee.

(g) to operate a motor vehicle or wheeled vehicle in any dedicated wetland other than on designated roadways or parking areas or to park a motor vehicle except in designated parking areas, except for maintenance and management vehicles operated by agents of the Architectural Review Committee.

(h) to build or light any fire or willfully or carelessly permit any fire which has ignited or been caused to ignite or which is under his charge and care to spread or extend to or burn any part of a dedicated wetland, except for prescribed burning for vegetation

management under the direct supervision of a designated agent of the Architectural Review Committee.

(i) to discard rubbish of any kind in any dedicated wetland except in designated containers provided by duly authorized agents of the Architectural Review Committee.

(j) to bring or allow to enter into a dedicated wetland any dog, cat or other animal or pet.

(k) to engage in disorderly conduct within any dedicated wetland.

(l) to engage in any sporting or athletic activity, including swimming, within the boundaries of any dedicated wetland.

(m) to enter the dedicated wetland as a group of minors without adequate supervision. At least one responsible adult shall accompany each group of not more than fifteen (15) minors.

(n) to plant or disperse any native or non-native plant species or their parts into any dedicated wetland without written approval of the Architectural Review Committee or its authorized agents.

(o) to release or disperse any native or non-native animal species into any dedicated wetland without the written approval of the Architectural Review Committee or its authorized agents.

(p) to spread fertilizer or herbicides within twenty-five (25) feet of the wetland. Herbicide may be used to control noxious weeds and non-native plant species only upon consultation with a qualified wetland specialist and a licensed herbicide applicator.

8.18 Abatement. Anything in this Declaration to the contrary notwithstanding, upon any violation or breach of any provisions of Article VIII of this Declaration, either Declarant or the Trust or both Declarant and the Trust shall have the right, but not the obligation, to enter upon any part of the Developed Property upon which, or as to which, such violation or breach exists and, at the expense of the Record Owner of such part of the Developed Property, to summarily remove or abate any property or condition existing thereon contrary to the provisions of Article VIII, as the case may be; and neither Declarant nor the Trust shall be thereby deemed guilty in any manner of trespass. In addition, either Declarant or the Trust shall have the right to recover damages for any such violation or breach and the right to enjoin, abate or remedy by appropriate legal proceedings the continuance of any such violation or breach.

ARTICLE IX

RIGHTS RESERVED TO DECLARANT

9.1 Control by Declarant. ANY OTHER LANGUAGE OR PROVISION IN THIS DECLARATION, IN THE ARTICLES OF INCORPORATION OF THE COMMUNITY ASSOCIATION OR IN THE BYLAWS OF THE COMMUNITY ASSOCIATION TO THE CONTRARY NOTWITHSTANDING, prior to the conveyance by Declarant of eighty-five percent (85%) of the maximum number of Units which may be located in Neighborhoods 1 through 17, as delineated on the Final Development Plan, and as determined from time to time pursuant to the provisions of the applicable zoning laws and ordinances, including any variations, use permits, amendments and other modifications thereto enacted by the Village of Round Lake, Illinois or any other governmental unit or agency having jurisdiction thereof, Declarant shall have the right, exercisable at any time and from time to time and hereby expressly reserved (i) to remove and to appoint a successor for any member or members of the Board of Directors of the Community Association, any officer or officers of the Community Association, and any management company employed by the Community Association if, at any time, Declarant determines, in Declarant's sole and absolute discretion, that any such member, officer or management company is prejudicial to the rights of Declarant reserved or granted pursuant to this Declaration; and (ii) to exercise the rights and discharge the duties and responsibilities of the Trust and to select the Community Association to act under the conditions and in the manner provided in Section 5.1 of this Declaration. Declarant shall have the right to amend or modify this Declaration pursuant to Article XI.

9.2 General Rights. Declarant shall have the right to execute all documents and undertake any actions affecting the Developed Property which, in Declarant's sole and absolute discretion, are either desirable or necessary to exercise or enforce, either directly or indirectly, any of the rights reserved or granted to Declarant in this Declaration.

9.3 Use of Name and Logo. Declarant reserves the sole and exclusive right to use the name "Valley Lakes" and the logo thereof. Declarant hereby permits the Community Association to use the name "Valley Lakes Community Association" for the name of its Association and for no other purpose. Without the express written consent of Declarant, neither the Community Association nor any Unit Owner may use or license or appropriate the use of the copyright or trademark for the name "Valley Lakes" or any similar name or the logo thereof.

9.4 Individual Neighborhood Associations. Declarant reserves the right to review and, in the sole and absolute discretion of Declarant, approve the Articles of Incorporation, Declaration of Covenants, Conditions and Restrictions, Bylaws, and rules and regulations of any Neighborhood Association created for any portion of the Developed Property, and any Declaration creating covenants, conditions, restrictions or easements to any portion of the Developed Property, and to also so review and approve all amendments to all such documents in its sole and absolute discretion, and no such documents or amendments shall be effective unless and until approved in writing by Declarant. Such documents must be in furtherance of the intents and purposes of this Declaration and must be consistent with the rights, duties, responsibilities, obligations and procedures of the Trust and the Community Association. No

articles of incorporation shall be filed with the Secretary of State of Illinois, and no declaration of covenants, conditions and restrictions shall be effective or filed, and no Bylaws, no Community Association Rules and Regulations and no Trust Rules and Regulations shall be effective, nor shall any amendments to any such documents be effective, unless and until Declarant approves said documents in writing, which approval shall be at the sole and absolute discretion of Declarant. There shall be no other community association and no homeowner's association formed within the Developed Property and the Property unless and until Declarant approves in writing any such formation.

9.5 Reservation of Easement Rights and Other Rights. Declarant hereby reserves the exclusive right, in its sole and absolute discretion, to hereafter grant or assign, in whole or in part, to any additional Person for the use and exercise in common (i) any or all of the easement rights reserved or granted by Declarant in this Declaration, or otherwise, for purposes of further serving any part of the Developed Property or for serving any other land not within the Developed Property, and (ii) any right to tap into or connect with any utility system or any other system or facilities within the Developed Property for purposes of further serving any part of the Developed Property or for serving any other land not within the Developed Property; and, further, Declarant shall have the right, exercisable in its sole and absolute discretion, to reserve to itself, its successors and assigns, any additional easement rights for purposes of further serving the Developed Property or for serving any other land not within the Developed Property.

Any property damaged in the exercise of any of the rights reserved by this Section 9.5 shall be promptly repaired or restored by and at the expense of the Person exercising such rights.

ARTICLE X

INSURANCE, CASUALTY LOSSES AND CONDEMNATION PROCEEDS

10.1 Insurance.

(a) The Board of Directors or its duly authorized agents shall obtain and continue in effect adequate fire and casualty insurance for the benefit of the Community Association, the Trust, Declarant, and the owner of any Community Areas insuring all insurable improvements located in or upon property owned by such insureds against loss or damage by fire or other hazards, including, without limitation, extended coverage, flood, theft, vandalism and malicious mischief. Such coverage shall be in an amount sufficient to cover the full replacement cost, without depreciation but subject to such deductible levels as are deemed reasonable by the Board of Directors and to cover the cost of any repair or reconstruction in the event of loss, damage or destruction from any such causes.

(b) The Board of Directors shall obtain and continue in effect a public liability policy insuring against loss from claims by third parties for injury or damage caused by the negligence of the Community Association, the Trust, Declarant, the owner of any Community Areas, the directors and officers of the Community Association, the Trust, the Trustees, the Architectural Review Committee and any employees and agents of such parties. Such public

liability policy shall provide such coverages as are determined to be necessary by the Trust, and the costs of all such coverage shall be a Community Expense. The policy limits shall not be less than \$1,000,000.00.

(c) The Board of Directors or its duly authorized agents shall obtain (i) worker's compensation insurance to the extent necessary to comply with any applicable laws and (ii) such other types and amounts of insurance as may be determined by the Board of Directors to be necessary or desirable.

(d) All such insurance coverage obtained by the Board of Directors shall be written in the name of the Community Association, and the cost of all such coverage shall be a Community Expense. Exclusive authority to adjust losses under policies obtained by the Community Association with respect to the Property shall be vested in the Board of Directors; provided, however, that Declarant, any mortgagee or other security holder, and the Record Owner of any Community Areas having a financial interest in the proceeds of any such loss may participate in the settlement negotiations, if any, related thereto. Insofar as permitted by law, the Board of Directors shall be required to make reasonable efforts to obtain insurance policies with the following provisions :

- (i) All policies shall be written with an insurance carrier approved by the Board of Directors, and the cost thereof shall be a Community Expense;
- (ii) All casualty insurance policies naming the Community Association as insured shall be for the benefit of the Community Association and shall name the Trust, Declarant, and the Record Owner of any Community Areas and any mortgagee, as their respective interests may appear as additional insureds;
- (iii) In no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder be brought into contribution with insurance purchased by an individual Unit Owner or mortgagee of any such Unit Owner, and all policies shall contain a provision that the "other insurance" clauses in such policies exclude from consideration policies obtained by an individual Unit Owner or mortgagee of such Unit Owner; and
- (iv) All liability insurance shall contain cross-liability endorsements to cover liability of the Community Association to an individual Unit Owner and shall also name Declarant, the Trust, the Trustees, the officers and directors of the Community Association, and the members of the Architectural Review Committee as additional insureds.

(e) It shall be the individual responsibility of each Unit Owner, at the expense of such Unit Owner, to provide public liability, property damage and other insurance with

respect to the Unit owned by such Unit Owner and with respect to any grounds on which any such Unit is located. It shall be the responsibility of the respective Neighborhood Association to obtain insurance on grounds containing Multiple-Family Residences and the common elements of such Neighborhood, except as may be otherwise provided in any Neighborhood Declaration.

10.2 Damage or Destruction to Community Areas and Other Property.

Immediately after the loss, damage or destruction from any casualty or cause to any Community Areas or any other property covered by insurance written in the name of the Community Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance, and, in any such event, the Board of Directors shall obtain reliable and detailed estimates of the cost of replacement, repair or reconstruction of the lost, damaged or destroyed property. Repair or reconstruction, as used in this Article X, means replacing, repairing or restoring the lost or damaged property to substantially the same condition in which it existed prior to the loss. If any insurance proceeds for such loss or damage are not sufficient to defray the cost thereof, and such deficiency cannot be appropriated from a reserve fund existing for such purpose, the Board of Directors may levy a Special Assessment against all Unit Owners, as provided in Section 6.6 hereof, and such Special Assessment shall be in an amount sufficient to provide funds to pay such excess cost of repair or restoration. Such a Special Assessment shall be levied against the Unit Owners in the same manner as Annual Assessments are levied and shall be held by and for the benefit of the Community Association, together with the insurance proceeds, if any, for replacement of such loss or repair of such damage. Such funds shall be disbursed by the Community Association in payment for such replacement, repair or restoration pursuant to and in accordance with such method of distribution as is established by the Board of Directors. Any proceeds remaining after defraying such costs shall be retained by and for the benefit of the Community Association.

10.3 Condemnation Proceeds. The proceeds of any award for the taking by condemnation or right of eminent domain of any property of the Community Association shall be paid to the Community Association, and no Member shall have any right to receive or have any interest in any such proceeds.

ARTICLE XI

AMENDMENTS

11.1 Amendments by Declarant.

(a) During any period in which Declarant retains the right to remove and appoint successors to any directors and officers of the Community Association and to any management company employed by the Community Association as provided in Section 9.1, Declarant may amend this Declaration by an instrument recorded in the Office of the Recorder of Deeds of Lake County, Illinois, without the approval of any Unit Owner or mortgagee of any part of the Developed Property; provided, however, in the event that Declarant determines, in its sole and absolute discretion, that such amendment (i) materially alters or changes any Unit Owner's right to the use and enjoyment of any Unit, such amendment shall be binding on such

Unit Owner only upon the written consent thereto by the Unit Owner of the Unit so affected; or (ii) materially and adversely affects the security, title and interest of any mortgagee, such amendment shall be binding on such mortgagee only upon the written consent thereto by such mortgagee so affected. Anything in this Declaration to the contrary notwithstanding, Declarant shall continue to have the right to amend this Declaration without approval of any Unit Owner, of any mortgagee of a Unit, or of any other Person, for the purposes of subjecting the Additional Property or any portion thereof to the provisions of this Declaration. Any amendment made pursuant to this Section 11.1 shall be effective only upon recording in the Office of the Recorder of Deeds of Lake County, Illinois, or upon such other date as may be specified in such amendment.

(b) Each Unit Owner, by acceptance of a deed or other conveyance to a Unit, agrees to be bound by all amendments permitted by this Article XI, and each Unit Owner further agrees that, if Declarant, in its sole and absolute discretion, determines that:

- (1) any amendment to this Declaration or to any other instrument relating to the Property is necessary to bring any provision hereof or thereof into compliance or conformity with the provisions of any applicable statute, ordinance, rule or regulation of any governmental or other regulatory authority, or with any judicial determination; or
- (2) any amendment to this Declaration is necessary to enable any title insurance company licensed to do business in the State of Illinois to issue title insurance coverage with respect to any Unit subject to this Declaration; or
- (3) any amendment to this Declaration is required by an institutional or governmental lender or purchaser of mortgage loans, including, but not limited to, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on any Units or building improvements subject to this Declaration; or
- (4) any amendment to this Declaration is necessary to enable any governmental agency or reputable private insurance company to insure mortgages on the Units and building improvements subject to this Declaration;

then, in any such event, Declarant may so amend this Declaration by an instrument recorded in the Office of the Recorder of Deeds of Lake County, Illinois, without prejudice to and without approval of any Unit Owner or any mortgagee of any part of the Developed Property.

11.2 Amendments by the Community Association. Amendments to this Declaration, other than those authorized by Section 11.1 hereof, shall be proposed and adopted in the following manner:

(a) Notice of the subject matter of the proposed amendment shall be included in the notice of the meeting of the Members of the Community Association at which such proposed amendment is to be considered and shall be delivered to each Member of the Community Association.

(b) At such meeting, a resolution to adopt such an amendment shall be proposed by either the Board of Directors or by Members of the Community Association. Such amendment must be approved by Unit Owners holding at least sixty-six percent (66%) of the total allowable votes in the Community Association; provided, however, that (i) any amendment which materially and adversely affects the security of any mortgagee must also be approved by such mortgagee; and (ii) any amendment must be approved by Declarant during any period in which Declarant or an affiliate of Declarant owns any part of the Property.

(c) The approval by the required percentage of the Unit Owners and, where required, the approval by Declarant and of any mortgagee, to any amendment of this Declaration shall be evidenced by their respective execution of consent to such amendment. Any such amendment of this Declaration shall become effective only upon recording in the Office of the Recorder of Deeds of Lake County, Illinois, or upon such other date as may be specified in such amendment.

11.3 Notice of Amendment. The change, modification, by amendment accomplished under the provisions of the preceding Sections 11.1 and 11.2 shall be effective only upon recording such instrument in the Office of the Recorder of Deeds of Lake County, Illinois or upon such other date as may be specified in such amendment. No further notice to the Members of the Community Association is needed.

11.4 Rights of Declarant. No amendment which may adversely affect any rights of Declarant, including, but not limited to, the right to maintain sales facilities, signs, and access for construction as provided in this Declaration, shall be effective without the Declarant's express written consent thereto.

ARTICLE XII

GENERAL PROVISIONS

12.1 Duration. The covenants, restrictions, conditions, reservations, easements, charges and liens as contained in this Declaration shall run with and bind the land so as to ensure to the Unit Owners full enjoyment and benefit of their property and shall be binding upon, shall inure to the benefit of, and shall be enforceable by, Declarant, the Community Association, the Trust and any Unit Owner of a Unit subject to this Declaration, their respective grantees, heirs, administrators, executors, legal representatives, successors and assigns and any other Person claiming by, through or under them, for a term of thirty (30) years from the date this Declaration is recorded in the Office of the Recorder of Deeds of Lake County, Illinois, after which time the provisions of this Declaration shall be automatically extended for successive periods of ten (10)

years each unless an instrument agreeing to rescind this Declaration is executed by Declarant, if Declarant or any affiliate of Declarant owns any part of the Property, and also executed by all of the Members of the Community Association and recorded in the Office of the Recorder of Deeds of Lake County, Illinois. No such agreement to rescind this Declaration shall be effective unless made and recorded in the Office of the Recorder of Deeds of Lake County, Illinois, at least three (3) years in advance of the effective date of such rescission, and unless written notice of the proposed rescission is sent to every Unit Owner at least ninety (90) days in advance of any such action taken.

12.2 Perpetuities. If any of the provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until the expiration of twenty (20) years after the death of the last surviving child born in Lake County, Illinois, in the year 1998.

12.3 Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or other entities or to individuals, men or women, shall in all cases be assumed as though each form were fully expressed.

12.4 Notices. Any notice required to be given to a Unit Owner under the provisions of this Declaration shall be deemed to have been properly given if such notice was either (i) sent by United States Mail with postage prepaid to the last known address of such Unit Owner as such address appears on the records of the Community Association at the time of such mailing or (ii) personally delivered to the last known address of each Person who appears as a Unit Owner on the records of the Community Association at the time of such delivery.

12.5 Rights and Obligations. Each grantee, by the acceptance of a deed of conveyance, accepts the same subject to (i) all covenants, conditions, restrictions, easements, reservations, charges and liens and the jurisdiction, rights and powers created by this Declaration and (ii) all rights, benefits and privileges of every character granted, created, reserved or declared by this Declaration, which shall be covenants running with the land, and shall be binding upon and inure to the benefit of each subsequent grantee as if this Declaration were restated in each instrument affecting the title to the Developed Property or any part of the Developed Property recorded in the Office of the Recorder of Deeds of Lake County, Illinois.

12.6 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purposes of creating a residential, environmentally sensitive and commercial community of the highest quality and character.

12.7 Covenant in Event of Dissolution of the Valley Lakes Community Association. In the event the Community Association is dissolved, all provisions contained in this Declaration regarding maintenance, repair and replacement within the Developed Property shall continue to apply, and this Declaration shall otherwise remain in full force and effect.

12.8 Termination of Restriction. Except as provided to the contrary in Article XI of this Declaration, no action by the Community Association or by the Unit Owners, whether by

amendment or otherwise, shall be effective to remove the Developed Property from the terms and conditions of this Declaration, without the express written consent of Declarant and of all of the institutional holders of the first mortgage liens recorded against the Units.

12.9 Authority and Enforcement. Enforcement of the covenants, conditions, restrictions, easements, reservations, charges and liens contained in this Declaration and enforcement of the Trust Rules and Regulations, the Architectural Standards and the Community Association Rules and Regulations may be by any judicial proceeding against any Person violating or attempting to violate any covenant, condition, restriction, easement, reservation, charge or lien, either to restrain such violation or to recover damages for any such violation, or by any proceeding against the land to enforce any lien created by the provisions of this Declaration. All costs of enforcement, including, but not limited to, litigation expenses, title reports, and attorneys fees, shall be paid by the Person violating or attempting to violate any provision of this Declaration, and any judgment or decree shall so provide for payment of these costs and expenses. Failure by Declarant, the Community Association, the Trust, the Architectural Review Committee, or any Unit Owner to enforce any provision of this Declaration shall in no event be deemed a waiver of the right to do so thereafter. No provisions contained or provided for or referred to in this Declaration or the Bylaws shall be deemed to be abrogated or waived by reason of any failure to enforce any such provisions, irrespective of the number of violations or breaches which may have occurred.

In addition to the right to enforce the provisions of this Declaration by means of a legal proceeding, the Community Association and the Trust shall have the power to (i) impose reasonable monthly fines which shall constitute an equitable charge and continuing lien on the Unit owned by such Unit Owner against whom such enforcement is sought; (ii) suspend a Unit Owner's right to vote on matters brought before the Members; and (iii) suspend a Unit Owner's right to use any Community Areas, which suspension shall include such rights of the Unit Owner's family, guests and invitees and Occupants of such Unit Owner's Unit. No enforcement of provisions of this Declaration shall take place until after the Person violating the terms of this Declaration has been given prior written notice of the specific violation. Unless otherwise provided in this Declaration, prior notification shall be given a reasonable period of time before enforcement takes place, which in the event of a non-emergency violation shall be a period of five (5) days.

12.10 Severability. Invalidation of any one provision of this Declaration by judgment or court order shall in no way affect any other provisions not so expressly invalidated, which other provisions shall remain in full force and effect.

12.11 Rights of Third Parties. This Declaration shall be recorded in the Office of the Recorder of Deeds of Lake County, Illinois, for the benefit of Declarant, the Unit Owners and their respective mortgagees, and other parties, as herein expressly provided, and no owner of property adjoining the Property or any other third party shall have, by such recording, any right, title or interest whatsoever in the Property, or in the operation or continuation thereof or in the enforcement of any of the provisions hereof, and this Declaration may be amended as herein provided without the consent of the owner of any such property adjoining the Property.

12.12 Discrepancies Between This Declaration and Documents Subsequently Recorded. In the event of any discrepancy, inconsistency, conflict or contradiction between the provisions of this Declaration and the provisions of any other document affecting the Developed Property recorded subsequent to the recording of this Declaration in the Office of the Recorder of Deeds of Lake County, Illinois, unless it is otherwise expressly provided by or with the consent of Declarant in any amendment to this Declaration or in any such other document affecting the Developed Property which is recorded subsequent to this Declaration, the provisions of this Declaration shall control and shall remain in full force and effect.

IN WITNESS WHEREOF, THE CHICAGO TRUST COMPANY (formerly known as Chicago Title and Trust Company), not personally, but solely as Trustee under Trust Agreement dated May 1, 1970 and known as Trust No. 55158, has caused this Declaration to be executed by its Trust Officer on the date first hereinbefore written.

THE CHICAGO TRUST COMPANY (formerly known as Chicago Title and Trust Company), not personally, but solely as Trustee under Trust Agreement dated May 1, 1970 and known as Trust No. 55158,

By: _____

Its: _____

ATTEST:

By: _____

Its: _____

STATE OF ILLINOIS)
) SS.
COUNTY OF LAKE)

I, the undersigned, a Notary Public, in and for the County and State aforesaid, DO HEREBY CERTIFY that _____, personally known to me to be the Trust Officer of THE CHICAGO TRUST COMPANY (formerly known as Chicago Title and Trust Company), not personally, but solely as Trustee under Trust Agreement dated May 1, 1970 and known as Trust No. 55158, appeared before me this day in person and acknowledged that he signed and delivered the said instrument pursuant to his authority, as his free and voluntary act, and as the free and voluntary act and deed of said trust for the uses and purposes therein set forth.

Given under my hand and seal this ____ day of _____ 199__.

Notary Public

My Commission Expires: _____

THIS DOCUMENT HAS BEEN PREPARED BY
AND SHOULD BE RETURNED TO:

Paul S. Chervin
WILDMAN, HARROLD, ALLEN & DIXON
404 West Water Street
P.O. Box 890
Waukegan, Illinois 60079-0890

EXHIBIT A
(Legal Description to The Property)

PARCEL 1: The East half of the South East quarter of Section 26, Township 45 North, Range 9, East of the 3rd P.M., except that portion thereof lying West of the center line of Wilson Road, in Lake County, Illinois.

PARCEL 2: Lot 1 in School Trustee's Subdivision of Section 36, Township 45 North, Range 9, East of the 3rd P.M., (excepting therefrom that parcel described as follows, to-wit: Commencing at the North West corner of said Section 36; thence East on the North line of said Section 36, 652.5 feet; thence South Westerly forming an included angle of 83° 57' with the last described line 555.4 feet; thence South deflecting 5° 16' to the left 630.24 feet to a point on the center line of State Aid Route 7, called Wilson Road; thence North Westerly along a curve convex south Westerly and having a radius of 1910.10 feet a distance of 237.2 feet to a point of tangency; thence North Westerly tangent with last described curve 694.0 feet to a point of curvature; thence North Westerly along a curve convex Westerly and having a radius of 2292.0 feet, a distance of 151.83 feet, more or less, to a point on the West line of said Section 36, said point being 270.85 feet South of the North West corner of said Section 36; thence North on the West line of said Section 36 to the place of beginning), in Lake County, Illinois.

PARCEL 3: The South West quarter of the South West quarter of Section 25, Township 45 North, Range 9, East of the 3rd P.M., in Lake County, Illinois.

PARCEL 4: The East half of the South West quarter and the West half of the South East quarter of Section 25, Township 45 North, Range 9, East of the 3rd P.M., in Lake County, Illinois.

PARCEL 5: The North East quarter of the South East quarter of Section 24, township 45 North, Range 9, East of the 3rd P.M., in Lake County, Illinois.

PARCEL 6: That part of the South East quarter of the North East quarter of Section 24, Township 45 North, Range 9, East of the 3rd P.M., lying South of the Southerly line of right of way of the Chicago, Milwaukee, St. Paul and Pacific Railway, in Lake County, Illinois.

PARCEL 7: The North 792 feet of the East half of the North West quarter of the South East quarter of Section 24, Township 45 North, Range 9, East of the 3rd P.M., (except the West 26 2/3 rods thereof), in Lake County, Illinois.

PARCEL 8: The North half of Lots 1 and 2 of the South West quarter of Section 19, Township 45 North, Range 10, East of the 3rd P.M., (except that part conveyed to Cook, Lake and McHenry Counties Railway Company, by Deeds from John W. Hart and Alice M. Hart, his wife, one dated June 13, 1899 and recorded June 24, 1899, as Document 74800 and the other dated June 8, 1900 and recorded June 15, 1900, as Document 78461 and except that part conveyed to Public Service Company of Northern Illinois by Deeds recorded as Documents 283636 and 292301), described as follows, to-wit: Beginning at the North East corner of the South half of the South West quarter of said Section 19; thence West along the North line of said South half of the South West quarter,

288.32 feet; thence North Easterly to a point in the North and South center Section line of said Section which is 174.96 feet North of the place of beginning and thence South to the place of beginning; also except that part of the West half of fractional Section 19, Township 45 North, Range 10, East of the Third Principal Meridian, bounded and described as follows: commencing at the intersection of the West line of the East 1430.00 feet of said West half of fractional Section 19 with the Southerly right of way line of Illinois Route 134, said line being 113.00 feet Southwesterly of and parallel with the center line of the 100.00 foot right of way of the Chicago, Milwaukee, St. Paul and Pacific Railroad; thence South 71° 54' 01" East along said Southerly right of way line of Route 134, a distance of 504.21 feet to the Westerly terminus of lands dedicated for public road purposes (known as Illinois Route 134) by instrument recorded January 12, 1983 as document 2194172; thence South 18° 05' 59" West along said Westerly terminus 17.00 feet to the Southerly right of way line of said Illinois Route 134; thence South 71° 54' 01" East along said right of way line 295.86 feet to a point of curvature; thence continuing along said right of way line 201.17 feet Southeasterly along the arc of a circle convex Northeasterly having a radius of 3387.87 feet with a chord bearing South 70° 11' 57" East; thence South 61° 51' 44" East along said right of way line 98.90 feet; thence continuing along said right of way line 81.02 feet Southeasterly along the arc of a circle convex Northeasterly having a radius of 3377.87 feet with a chord bearing South 66° 08' 39" East to the point of beginning of the following described parcel; thence continuing along said right of way line 302.59 feet Southeasterly along arc of said circle, with a chord bearing South 62° 53' 27" East to a point of compound curvature; thence continuing along said right of way line 27.27 feet Southeasterly along the arc of a circle convex Northeasterly, having a radius of 25.00 feet with a chord bearing South 29° 04' 18" East to a point of tangency with the Westerly line of State Aid Route County Highway 49 (known as Fairfield Road) as dedicated by instrument recorded October 26, 1961 as document 1127556; thence South 02° 10' 52" West along said Westerly right of way line 333.65 feet; thence North 71° 54' 01" West a distance of 200.50 feet; thence South 18° 05' 59" West a distance of 195.00 feet; thence South 71° 54' 01" East a distance of 5.00 feet; thence south 18° 05' 59" West a distance of 205.50 feet; thence North 71° 54' 01" West a distance of 396.79 feet; thence North 18° 05' 59" East a distance of 177.00 feet; thence South 71° 54' 01" East a distance of 100 feet; thence North 18° 05' 59" East a distance of 223.00 feet; thence North 71° 54' 01" West a distance of 100.00 feet; thence North 18° 05' 59" East a distance of 279.69 feet; thence South 71° 54' 01" East a distance of 183.00 feet; thence North 18° 05' 59. East a distance of 106.66 feet to the point of beginning, and except that part of the West half of fractional Section 19, Township 45 North, Range 10, East of the Third Principal Meridian, bounded and described as follows: commencing at the intersection of the West line of the East 1430.00 feet of said West half of fractional Section 19 with the Southerly right of way line of Illinois Route 134, said line being 113.00 feet southwesterly of and parallel with the center line of the 100.00 foot right of way of the Chicago, Milwaukee, St. Paul and Pacific Railroad; thence South 71° 54' 01" East along said Southerly right of way line of Route 134, a distance of 504.21 feet to the Westerly terminus of lands dedicated for public road purposes (known as Illinois Route 134) by instrument recorded January 12, 1983 as document 2194172; thence South 18° 05' 59" West along said Westerly terminus, 17.00 feet to the Southerly right of way line of said Illinois Route 134; thence South 71° 54' 01" East along said right of way line 295.86 feet to a point of curvature; thence continuing along said right of way 196.16 feet Southeasterly along the arc of a circle convex Northeasterly, having a radius of 3387.87 feet with a chord bearing South 70° 14' 29" East to the point of beginning of the following described parcel; thence continuing along said right of way line 5.01 feet Southeasterly along the arc of said circle with a chord bearing South 68° 32' 25" East; thence South 61° 51' 44" East along said

right of way line 98.90 feet; thence continuing along said right of way line 81.02 feet Southeasterly along the arc of a circle convex Northeasterly, having a radius of 3377.87 feet with a chord bearing South 66° 08' 39" East; thence South 18° 05' 59" West a distance of 106.66 feet; thence North 71° 54' 01" West a distance of 183.00 feet; thence North 18° 05' 59" East a distance of 132.32 feet to the point of beginning and except that part of the West half of fractional Section 19, Township 45 North, Range 10, East of the Third Principal Meridian, bounded and described as follows: commencing at the intersection of the West line of the East 1430.00 feet of said West half of fractional Section 19 with the Southerly right of way line of Illinois Route 134, said line being 113.00 feet Southwesterly of and parallel with the center line of the 100.00 foot right of way of the Chicago, Milwaukee, St. Paul and Pacific Railroad; thence South 00° 00' 06" East along a line that is 1430.00 feet West of and parallel with the North-South Quarter line of said Section 19, a distance of 793.99 feet; thence South 71° 54' 01" East a distance of 749.44 feet; thence South 18° 05' 59" West a distance of 80.00 feet to the point of beginning; thence South 71° 54' 01" East a distance of 150.00 feet; thence South 18° 05' 59" West a distance of 200.00 feet; thence North 71° 54' 01" West a distance of 150.00 feet; thence North 18° 05' 59" East a distance of 200.00 feet to the point of beginning; and except that part of the North half of Lots 1 and 2 of the South West Quarter of Section 19, Township 45 North, Range 10, East of the Third Principal Meridian, described as follows: beginning at the intersection of the South line of the North 33.0 feet of said South West Quarter, being also the South line of Long Lake Road with the Northeasterly right of way line of the Chicago, Milwaukee, St. Paul and Pacific Railroad right of way; thence North 90° East along the South line of the North 33.0 feet aforesaid, 593.05 feet to the East line of the said South West Quarter; thence South 00° 25' 24. East along said East line, 15.75 feet to an arc of a circle convex Westerly and having a radius of 1952.0 feet, being the Westerly line of Fairfield Road; thence South Westerly along said Westerly line for a distance of 228.33 feet to the Northeasterly line of the Chicago, Milwaukee, St. Paul and Pacific Railroad right of way (the chord of the last described arc having a bearing of South 8° 21' 02" West); thence Northwesterly along said right of way line being an arc of a circle convex Northeasterly and having a radius of 4450.0 feet for a distance of 610.37 feet to the point of beginning (except therefrom that part conveyed to railroad per document 78461) in Lake County, Illinois.

PARCEL 9: The West three-fourths of the North West quarter of Section 25, Township 45 North, Range 9, East of the 3rd P.M., (except the South 440 feet thereof), in Lake County, Illinois.

PARCEL 10: The South East quarter of Section 24, (except the North East quarter thereof, and except the North 48 rods of the East half of the North West quarter thereof); also the North half of Section 25 (except the West one-fourth of the North East quarter of the North East quarter of Section 25, the West three-fourths of the South East quarter of the North East quarter of Section 25 and the West three-fourths of the North West quarter of Section 25), and also the East 50 feet of the South 300 feet of the West three-fourths of the North West quarter of Section 25, all being situated in Township 45 North, Range 9, East of the 3rd P.M., in Lake County, Illinois.

PARCEL 11: The West one-fourth of the North East quarter of the North East quarter and the West three-fourths of the South East quarter of the North East quarter of Section 25, Township 45 North, Range 9, East of the 3rd P.M., in Lake County, Illinois.

PARCEL 12: That part of the North West quarter of fractional Section 19, Township 45 North, Range 10, East of the 3rd P.M., lying Southerly of the Chicago, Milwaukee, St. Paul and Pacific Railway Company right of way, in Lake County, Illinois.

PARCEL 13: The South half of Lots 1 and 2 in the South West quarter of Section 19, Township 45 North, Range 10, East of the 3rd P. M., (except that part thereof conveyed to Public Service Company of Northern Illinois, by two Deeds dated March 23, 1926 and May 15, 1928 and recorded March 30, 1926 and November 26, 1929, as Documents 276232 and 346908), in Lake County, Illinois.

PARCEL 14: That part of the South West quarter of the North East quarter of Section 24, Township 45 North, Range 9, East of the 3rd P.M., described as follows: Commencing at the South West corner of said South West quarter of the North East quarter of Section 24; thence North along the West line of said quarter quarter section 1152.1 feet to the center line of the public highway (Route 134); thence South Easterly along said center line 740.21 feet; thence South parallel with the East line of said quarter quarter section 366.1 feet; thence East parallel with the South line of said quarter quarter section 166.4 feet; thence North parallel with the East line of said quarter quarter section 282 feet to the center line of said highway; thence South Easterly along said center line 470.2 feet to the East line of said quarter quarter section; thence South along the East line of said quarter quarter section line, 750.8 feet to the South line of said quarter quarter section; thence West along the South line of said quarter quarter section, 1336.9 feet to the place of beginning, in Lake County, Illinois.

EXHIBIT B
(Legal Description to The Developed Property)

Neighborhood 7 in Valley Lakes Planned Unit Development, being a subdivision of part of the north half of Section 25, Township 45 North, Range 9 East of the Third Principal Meridian, in Lake County, Illinois, according to the plat thereof recorded _____, 1998, in the Office of the Recorded of Deeds, Lake County, Illinois, as Document _____.

Neighborhood 9 in Valley Lakes Planned Unit Development, being a subdivision of part of the north half of Section 25, Township 45 North, Range 9 East of the Third Principal Meridian, in Lake County, Illinois, according to the plat thereof recorded _____, 1998, in the Office of the Recorded of Deeds, Lake County, Illinois, as Document _____.

Neighborhood 10 in Valley Lakes Planned Unit Development, being a subdivision of part of the north half of Section 25, Township 45 North, Range 9 East of the Third Principal Meridian, in Lake County, Illinois, according to the plat thereof recorded _____, 1998, in the Office of the Recorded of Deeds, Lake County, Illinois, as Document _____.