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 MARY ELLEN VANDERVENTER
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**THE NATURE'S COVE AT VALLEY LAKES TOWNHOME ASSOCIATION, INC.,
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS**

THIS NATURE'S COVE AT VALLEY LAKES TOWNHOME ASSOCIATION, INC.,
 DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (this "**Declaration**")
 is made as of this 26th day of February, 2003, by CENTEX HOMES, a Nevada general
 partnership, which has a mailing address of 150 West Center Court, Schaumburg, Illinois 60195
 ("**Declarant**").

WHEREAS, Declarant is the owner of that certain real estate situated in the Village of
 Round Lake, County of Lake, State of Illinois legally described on the attached Exhibit A (the
 "**Townhome Property**");

WHEREAS, Declarant has subdivided, or intends to subdivide certain Lots (as hereinafter
 defined) and proposes to have the Lots and the underlying land submitted to the provisions of this
 Declaration and to offer the Lots and/or Dwellings (as hereinafter defined) constructed on the Lots
 and underlying land therein for sale;

WHEREAS, all of the Common Properties (as hereinafter defined) are intended to serve the
 residents of each of the Dwellings and Lots as well as the residents of any additional buildings
 which may hereafter be constructed on the Townhome Property; and

WHEREAS, Declarant is further desirous of establishing for its own benefit and for the
 mutual benefit of all future owners or occupants of the Townhome Property or any part thereof,
 certain easements and rights in, over and upon the Townhome Property and certain mutually
 beneficial restrictions and obligations with respect to the proper use, conduct and maintenance
 thereof;

WHEREAS, Declarant desires to reserve unto itself the right to add certain additional real
 estate which is contiguous to the Townhome Property to the plan of ownership established
 hereby; and

WHEREAS, Declarant deems it desirable for the efficient preservation of the value of the Townhome Property and of the improvements and amenities constructed thereon to create an agency for the purpose of maintaining and administering the Common Properties, and for the purpose of administering and enforcing the covenants, conditions and restrictions and collecting and disbursing the assessments and the charges hereinafter created, and has therefore caused, or will cause, to be incorporated, under the laws of the State of Illinois, a not-for-profit corporation, the corporate title of which is The Nature's Cove at Valley Lakes Townhome Association, Inc., or similar name, for the purpose of performing those functions set forth above.

NOW THEREFORE, Declarant does hereby declare that the Townhome Property shall be transferred, held, sold, conveyed and occupied, subject to the covenants, restrictions, easements, charges and liens hereinafter set forth.

ARTICLE I RECITALS, EXHIBITS AND DEFINITIONS

Section 1. Incorporation of Recitals. The foregoing recitals are incorporated into this Declaration as if fully recited herein.

Section 2. Incorporation of Exhibits. The Exhibits attached to this Declaration and listed below are by this reference made a part of this Declaration:

Exhibit A: Townhome Property
Exhibit B: By-Laws
Exhibit C: Add-On Property

Section 3. Definitions. For the purpose of this Declaration, the following definitions shall control:

(a) Board. The Board of Directors of the Townhome Association selected pursuant to the terms of this Declaration, the Articles of Incorporation of the Townhome Association and the By-Laws thereof.

(b) By-Laws. The By-Laws of the Townhome Association, a copy of which is attached hereto and made a part hereof as Exhibit B and by reference incorporated herein as if fully set forth.

(c) Common Properties. All of the Townhome Property, and such other areas designated in any Supplementary Declaration created pursuant to the provisions of Article XII hereof, except (i) the Dwellings, (ii) the eastern portion of the Property designated as ["Wetland/Mitigation Detention Area"] on the Plat, and (iii) all landscape monuments, signage, markings or similar installations in, upon, over and under the Wilson Road entrance to the Townhome Property, it being understood that those portions of the Townhome Property described in clauses (ii) and (iii) above shall be the responsibility of the Master Association to maintain, repair and replace.

(d) Declaration. This instrument, which may sometimes be referred to in other documents as The Nature's Cove at Valley Lakes Townhome Association, Inc., Declaration of Covenants, Conditions and Restrictions.

(e) Dwelling. A single residential housing unit constructed on the Townhome Property consisting of a group of rooms that are designated or intended for the exclusive use as living quarters.

(f) First Mortgagee. The holder of a first priority Mortgage.

(g) Lot. Each subdivided lot as set forth on the Plat or so designated in any Supplementary Declaration created pursuant to the provisions of Article XII hereof.

(h) Master Association. The Valley Lakes Community Association, Inc., an Illinois not-for-profit corporation.

(i) Master Declaration. The Declaration of Covenants, Conditions, Restrictions and Easements for the Valley Lakes Community dated May 26, 1998 and recorded June 19, 1998 in the Lake County Recorder's Office as Document No. 4154272.

(j) Mortgage. A mortgage or trust deed owned and held by a Mortgagee.

(k) Mortgagee. The holder of a bona fide mortgage, trust deed or equivalent security interest covering a Lot. A person or entity shall not qualify as a Mortgagee hereunder if such person is related to an Owner or such entity, whether a corporation, trust partnership or other entity, has majority ownership or control by an Owner or a party related to an Owner. For purposes of determining who is a party related to an Owner, a related party shall include, without limitation, a member of the Owner's immediate family, including, a spouse, child, parent, brother, sister, half-brother or half-sister or any ancestor or lineal descendant.

(l) Owner. The person, persons or entities whose estates or interests individually or collectively aggregate fee simple absolute ownership of a Dwelling and/or the underlying Lot and all family members, heirs, successors, assigns and/or contract purchasers of such Owner, but excluding those who have an interest merely as security for the performance of an obligation. Unless expressly set forth herein to the contrary, the term Owner shall include Declarant to the extent of the number of Lots owned by Declarant.

(m) Plat. That certain plat of subdivision known as "Final Plat of Subdivision for Nature's Cove at Valley Lakes" dated April 1, 2002, prepared by Cowhey Gudmundson Leder, Ltd. and recorded in Lake County, Illinois on November 22, 2002 as Document No. 58058166. To the extent all or any portion of the Add-On Property (as hereinafter defined) has been subjected to the terms of this Declaration, the term "**Plat**" shall be deemed to refer to any recorded plat of subdivision of all or any portion of the Add-On Property.

(n) Townhome Association. The Nature's Cove at Valley Lakes Townhome Association, Inc. (or similar name), an Illinois not-for-profit corporation, and its successors and assigns.

(o) Townhome Property. The real estate hereinabove described or so designated in any Supplementary Declaration created pursuant to the provisions of Article XII hereof.

(p) Village. The Village of Round Lake, State of Illinois, an Illinois municipal corporation, and its successors or assigns.

ARTICLE II SITE PLAN

Section 1. Site Plan. Declarant, in accordance and in compliance with Village requirements, has created a site plan for the development of the Townhome Property by the implementation of which modern master planning objectives may be realized for the common good and enhancement of property values within the community. Each Owner shall be deemed to have acknowledged by acceptance of a deed or other conveyance therefor, whether or not it shall be so expressed in any such deed or other conveyance, that Declarant has substantial interest to be protected with regard to assuring compliance with and enforcement of, the covenants, conditions, restrictions and reservations contained in this Declaration and any amendments or supplements thereto.

Section 2. Limitations on Subdivision. Nothing in this Declaration shall limit, and no Owner or the Townhome Association (including the Board) shall do anything to interfere with the right of Declarant to subdivide or resubdivide any portion of the Townhome Property owned by Declarant, to complete excavation and grading and construction of improvements on the Townhome Property or on the Common Properties, to alter the foregoing or Declarant's construction plans and designs, or to construct such additional improvements as Declarant deems advisable in the course of development of the Townhome Property so long as any portion of the Townhome Property is owned by Declarant. Such right shall include, without limitation, grading of the Townhome Property, and erecting, constructing and maintaining on the Townhome Property such structures and displays as may be reasonably necessary for the conduct of its business, construction of improvements and the sale, lease or other conveyance of Lots and/or Dwellings. This Declaration shall not limit the right of Declarant to establish on the Townhome Property additional licenses, easements, reservations and rights-of-way for itself, utility companies or other third parties, as may be reasonably necessary to the proper development and sale or transfer of all or portions of the Townhome Property; provided, that Declarant's exercise of such rights does not adversely affect existing improvements located on any Lot, or adversely and materially impair the usability of the Lot by the owner of the Lot for its intended use as a single residential Lot. Declarant need not seek or obtain the approval of the Townhome Association for any improvement constructed or placed by Declarant on any portion of the Townhome Property. All or any of the rights of Declarant in this section and elsewhere in this Declaration may be assigned by Declarant.

Section 3. Right to Landscape. Notwithstanding the provisions of Article VI, Section 1 with respect to the obligation of the Townhome Association to maintain the Common Properties, Declarant reserves for the entire term of this Declaration the right, at Declarant's cost and expense, to landscape the Common Properties, subject to applicable governmental or quasi-governmental laws, statutes, ordinances, rules, regulations and requirements (collectively, "Laws").

ARTICLE III MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Owner of a Lot which is a part of the Townhome Property shall, as a condition to holding fee simple title to any such Lot, be a member of the Townhome Association and shall remain as such so long as such individual or entity remains an Owner of a Lot. Upon the termination of the interest of an Owner in a Lot, that individual's or entity's membership shall thereupon automatically terminate as to such Lot and shall transfer and inure to the Owner succeeding to the interest of such individual or entity. Membership shall be appurtenant to and may not be separated from the ownership of any Lot.

Section 2. Voting. The Townhome Association shall have two (2) classes of voting membership:

(a) Class A. Class A members shall be all Owners (except Declarant) and shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

(b) Class B. The Class B member shall be Declarant. Declarant shall be entitled to three (3) votes for each Lot owned; provided, however, Declarant shall be entitled to only (1) vote per Lot upon the earliest to occur of the following events:

- (1) in the event all of the Add-On Property has been subjected to the terms of this Declaration, when seventy-five percent (75%) of the Lots have been sold and conveyed by Declarant to purchasers ("**75% Date**");
- (2) in the event less than all of the Add-On Property has been subjected to the terms of this Declaration, five (5) years after the 75% Date, unless any portion of the Add-On Property is subjected to the terms of this Declaration after the 75% Date and prior to the expiration of the five (5) year period that, when including such portion of the Add-On Property, causes less than seventy-five percent (75%) of the then existing Lots to be sold and conveyed by Declarant to purchasers;

- (3) ten (10) years after the date the first Lot is conveyed by Declarant to a third party purchaser; or
- (4) upon written notice of election by Declarant sent to the Townhome Association as of the date specified in the notice.

ARTICLE IV

PROPERTY RIGHTS IN THE COMMON PROPERTIES AND OTHER EASEMENTS

Section 1. Members' Rights of Enjoyment. Subject to (i) the rights and remedies of Declarant and the Townhome Association, and (ii) the covenants, conditions and restrictions, contained in this Declaration, each Owner shall have a right and easement in and to the Common Properties in common with all other Owners and such rights and easements shall be appurtenant to and pass with the title to every Lot. Such rights and easements shall inure to the benefit of each Owner and each Owner's family, guests, invitees, and contract purchasers.

Section 2. Title to Common Properties. On or before the conveyance of the first Lot or Dwelling to a third party purchaser, Declarant shall convey the Common Properties that have been subjected to the terms of this Declaration to the Townhome Association. After such conveyance, the Townhome Association shall own, hold, maintain and administer the same, and bear the cost thereof, for the uses and purposes and upon the terms and conditions set forth herein. After such conveyance and except as otherwise expressly provided herein, the Common Properties shall not be mortgaged or conveyed without the consent of the Owners having not less than sixty-six and two-thirds percent (66 $\frac{2}{3}$ %) of the total vote of the Townhome Association (excluding Declarant); provided, however, that so long as there is a Class B membership that is entitled to more than one vote per lot (a "**Weighted Vote Membership**"), Declarant must (if required by the rules and regulations promulgated by such entity) obtain the prior approval of any entity that is a federal agency or is federally related and is insuring, guaranteeing or holding a mortgage on a Dwelling (any of the foregoing, a "**Federal Entity**") before mortgaging the Common Properties.

Section 3. Common Properties Easement. Subject to all of the covenants, conditions and restrictions contained herein, except for the obligation for payment of any assessments hereunder or the payment of any other fees for the maintenance of the Common Properties, there is hereby created a non-exclusive perpetual easement upon, over and in the Common Properties, for the benefit of the Owners, for the use and enjoyment of the Common Properties.

Section 4. Maintenance Easement. Subject to all of the covenants, conditions and restrictions contained herein, except for the obligation for payment of any assessments hereunder or the payment of any other fees for the maintenance of the Common Properties, there is hereby created a non-exclusive perpetual easement appurtenant to and for the benefit of Declarant and the Townhome Association upon, across, under, over and through the Townhome Property, for ingress, egress, installation, replacement, repair and maintenance of the Townhome Property and Lots, including, but not limited to, the front yards and back yards of every Lot, and all Dwellings, additions, structures and other improvements located on or under the Townhome

Property or a Lot. By virtue of this easement, it shall be expressly permissible for the Townhome Association or Declarant, if so directed by the Townhome Association, to maintain, replace or repair, as applicable, the Townhome Property, the Lots, the exterior of the Dwellings, structures and all other improvements located on a Lot or the Townhome Property, to the extent required hereunder including, without limitation, installation and maintenance of mailboxes, painting, lawncare, snowplowing and exterior maintenance and repair; provided, however, except as expressly set forth in Article VI, Section 2 hereof, neither Declarant nor the Townhome Association shall have any obligation for the maintenance, repair and/or replacement of any Dwellings, additions, structures or other improvements on or under a Lot.

ARTICLE V PARTY WALL AGREEMENT

Section 1. Party Walls. The common walls and the foundations thereof located along or in immediate proximity to any line separating one Dwelling from another Dwelling as shown on the Plat, together with any horizontal or vertical extensions of the walls along the lines which may be constructed at any time in the future, shall be and remain party walls (individually and collectively "**Party Walls**"). To the extent not inconsistent with the provisions of this Article, the general rules of law in the State of Illinois regarding party walls and of liability for property damage due to negligent or willful acts or omissions shall apply thereto.

Section 2. Easement. Each Owner sharing Party Walls with the Owner of the adjoining Dwelling hereby grants, bargains, sells, conveys and warrants unto the Owner of the adjoining Dwelling, its successors and assigns, a perpetual, non-exclusive easement to use, maintain and replace the Party Walls. Neither Owner may use the top surface of the Party Wall to the exclusion thereof by the Owner of the adjoining Dwelling.

Section 3. Use. Each Owner shall have the right to use the side of any Party Wall adjacent to or facing its property for attaching structural and finishing material thereto, and shall have the right to keep, maintain, repair and replace therein all conduits, pipes and ducts originally located therein and all replacements thereof. No Owner shall make any openings or cuts in the Party Walls without the prior written consent of the Owner of the adjoining Dwelling, which consent shall not be unreasonably withheld. Each Owner shall have the right of access to the other side of the Party Walls for the purpose of anchoring attachments or causing repairs to be made to the Party Walls, provided, that such access for such purposes will be done so as to cause minimal disruption to the Owner of the adjoining Dwelling, provided, further, that such Owner give reasonable notice to the Owner of the adjoining Dwelling prior to such access.

Section 4. Maintenance. The cost of maintaining and repairing each Party Wall and any extensions or additions used by both Owners of the adjoining property shall be shared equally by the Owners of such properties; provided, however, the responsibility and cost of maintenance of an extension or addition used solely by one Owner shall be borne by that Owner. Repairs to a Party Wall shall be performed by either Owner upon a reasonable determination by either Owner that such are necessary for the safety and continued use of such Party Wall.

Section 5. Destruction by Fire or Other Casualty. In case of destruction of all or any part of any Party Wall by fire or other casualty, the Party Wall shall be reconstructed. Either Owner may reconstruct the Party Wall, and shall have an easement over the adjoining Dwelling for purposes of making such reconstruction. The cost of reconstruction shall be divided equally between the Owners, subject to the right of either Owner to call for a larger contribution from the other Owner under any rule of law regarding liability for negligent or willful acts or omissions.

Section 6. Right to Contribution Runs with the Lot. The right of either Owner to contribution from the other Owner under this Article shall be appurtenant to the Lot and shall pass to such Owner's successors in title, shall constitute a lien upon the Lot until paid, and shall run with the Lot and bind the parties and their heirs and successors in title.

Section 7. Mechanics' Liens. Each Owner of a Dwelling agrees to indemnify and hold harmless the Owner of the adjoining Dwelling for any mechanics' liens arising from work done or material supplied to make repairs or replacements for which the indemnifying Owner is responsible.

Section 8. Arbitration. In the event of a disagreement between Owners of adjoining Dwellings with respect to their rights or obligations as to Party Walls, upon written request of either of the Owners, the matter shall be submitted to the Board, and its decision as to the outcome of such matter shall be final and binding.

ARTICLE VI MAINTENANCE OBLIGATIONS

Section 1. Common Properties. It shall be the sole responsibility of the Townhome Association to maintain and, after conveyance by Declarant, own, operate and maintain the Common Properties. Each Owner shall bear his or her proportion of responsibility and cost for the continued maintenance, operation and preservation of the Common Properties, both on the surface and underground.

Section 2. Additional Association Obligations. The Townhome Association shall also be solely responsible for the maintenance, repairs and/or replacement of the following on or relating to the Townhome Property:

- (a) the following types of insurance:
 - (1) insurance on each Dwelling and the Common Properties against loss or damage by fire and against loss or damage by risks now or hereafter embraced by standard extended coverage and vandalism and malicious mischief endorsements and as reasonably required by First Mortgagees in an amount sufficient to prevent the insured from being a co-insurer within the terms of the applicable policies, but in any event in an amount not less than one hundred percent (100%) of the full insurable replacement cost thereof. The "full

insurable replacement cost" shall be determined from time to time by the Board, which determination may be based upon appropriate insurance appraisals. The cost of any and all such appraisals shall be included in determining the assessments payable by the Owners hereunder;

- (2) comprehensive public liability and property damage insurance against claims for personal injury or death or property damage suffered by the public or by any Owner occurring in, on or about the Common Properties or upon, in or about the streets and passageways and other areas adjoining the Common Properties, such public liability and property damage insurance to afford protection to such limits as the Board shall deem desirable (but in no event for less than One Million Dollars (\$1,000,000.00) with respect to liability for personal injury or property damage arising out of a single accident);
- (3) such workman's compensation insurance as may be necessary to comply with Laws;
- (4) employer's liability insurance in such amount as the Board shall deem desirable;
- (5) in the event that the Townhome Property is situated in a flood plain or is subject to special flooding hazards, flood insurance in such amounts as the Board shall deem desirable; and
- (6) such other insurance (including insurance with respect to officers' and directors' liability) in such reasonable amounts as the Board shall deem desirable;

(b) all standard vegetation, lawns, landscaping, berms and pathways or walkways, if any, on the Townhome Property planted or installed by Declarant or the Townhome Association;

(c) any property owned or leased solely by the Townhome Association;

(d) the exterior surfaces of the Dwelling, including without limitation, periodic painting, caulking and the maintenance, restoration, replacement and repair of the roof, exterior doors, shutters, masonry, siding, chimneys, trim of, and exterior lighting on, the Dwelling;

(e) all driveways and service walks located in front of a Lot (including snow removal and seal coating), front yard and back yard located on a Lot;

(f) the maintenance, restoration, replacement and repair of the gazebo located on the western portion of the Townhome Property and those two portions of the Townhome Property that are private and form cul-de-sac islands;

(g) the maintenance, restoration, replacement and repair of the mailboxes serving the Dwellings; and

(h) such other items as the Townhome Association may hereinafter deem appropriate, including, without limitation, planting, landscaping or improving any part of the Townhome Property adjacent to the Lots.

Section 3. Delegation to Master Association. The Townhome Association may delegate to the Master Association the obligation to provide any or all of those services set forth in Section 1 or Section 2 above, and in addition, the Townhome Association may delegate to the Master Association the duty to provide any other services the Townhome Association deems appropriate and pay the Master Association the cost therefor.

Section 4. Owner Obligations. Each Owner shall be responsible for the maintenance, repairs and/or replacement of the following on such Owner's respective Lot:

(a) insurance on such Owner's personal property and belongings and comprehensive public liability insurance, including liability for injuries to and death of persons, in such limits as Owner deems desirable;

(b) all decorating and furnishings within each Owner's Dwelling, including painting, wallpapering or other wall covering, paneling, floor covering, light fixtures and other furnishings and interior decorating, and any window coverings, whether by draperies, shades or other items visible on the exterior of the Dwelling, which shall be subject to the rules and regulations of the Board;

(c) the maintenance of the interior surfaces of all perimeter walls of the Dwelling and the surfaces of all floors, doors, ceilings and stairways therein;

(d) the interior and exterior surfaces of all windows of the Dwelling; and

(e) such other items as the Townhome Association may hereinafter deem appropriate.

Section 5. Additional Owner's Obligations. Notwithstanding anything stated herein to the contrary, in the event any property, building or other item which it is the obligation of the Townhome Association to maintain is damaged or destroyed by the negligent or willful acts or omissions of any Owner, it shall be such Owner's obligation to promptly repair or replace such property, building or other items to the same condition as existed prior to such damage or destruction.

ARTICLE VII
COVENANT FOR ASSESSMENTS

Section 1. Creation of Lien and Personal Obligation for Assessments. Declarant, for itself and its successors and assigns, and each Owner by the acceptance of a conveyance of any portion of the Townhome Property, whether or not it shall be so expressed in any deed or other conveyance, shall be deemed to covenant and agree to pay to the Townhome Association: (a) monthly assessments or charges; and (b) special assessments for capital improvements or other purposes, such monthly and special assessments being fixed, established and collected, from time to time, as hereinafter provided. The monthly and special assessments, together with such interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on the Townhome Property and shall be a continuing lien upon the Lot or portion of the Townhome Property, and improvements against which or with respect to which such assessment is made. Each such assessment together with such interest thereon and costs of collection thereof as hereinafter provided, shall also be the personal, joint and several, obligation of the person, persons or entities who was or were the Owner of such portion of the Townhome Property at the time the assessment was due and payable. No Owner may waive or otherwise escape liability for the assessments provided for herein by abandonment of such Owner's Lot. No sale or transfer shall relieve any Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 2. Purpose of Assessments. The monthly assessments and any special assessments levied by the Townhome Association shall be used exclusively for those matters stated in Article VI hereof, for the purpose of promoting the health, safety and welfare of the residents on the Townhome Property, and, in particular, for the administrative and management expenses of the Townhome Association and for the improvement and maintenance of properties, services and facilities devoted to the purpose of, and related to, the use and enjoyment of the Common Properties as stated herein, including, without limitation, the payment of taxes, if any, utilities and insurance thereon, the repair, replacement, maintenance, security and operation thereof, construction of additions thereto, the cost of labor, equipment, materials, management and supervision thereof and the establishment of accounts for future needs pursuant to the By-Laws.

Section 3. Basis of Assessments. The Townhome Association shall, in accordance with the By-Laws, fix the assessments at such amount as the Townhome Association estimates to be necessary to meet the expenses of the Townhome Association and shall notify each Owner of the amount due and payable from such Owner. Such amounts shall be due from and payable by each Owner at such times as the Board shall reasonably determine. The monthly assessment to the Townhome Association for each Dwelling shall at first be One Hundred Fifteen and 00/100 Dollars (\$115.00), subject to modification by the Townhome Association as provided herein, but in any event rounded to the nearest whole dollar. The assessment for each Dwelling shall be equal to the assessment fixed for any and every other Dwelling.

Section 4. Date of Commencement of Assessments. Each Owner shall commence to pay such Owner's assessment on the date on which such Owner purchases and takes title to a Lot. The assessment with respect to any Lot shall be adjusted according to the number of

months remaining in the period for which the assessment is applicable following such commencement and shall be payable upon the purchase of a Lot or in installments as determined by the Board in its sole discretion.

Section 5. Initial Capital Contribution. Upon the purchase of a Lot, each Owner (other than Declarant) shall pay to the Townhome Association an initial capital contribution equal to two (2) months of the monthly assessment established from time to time by the Townhome Association, as initial working capital to be deposited with the general funds of the Townhome Association and to be used by the Townhome Association. The payment shall be deemed to be the property of the Townhome Association and shall not be refundable or applied as a credit against any subsequent assessments. No Owner shall have any vested or other rights with respect to any such payments.

Section 6. Subsequent Assessments. If the Board deems it necessary or appropriate, it shall, from time to time, estimate the total amount which will be required during any period designated by the Board for (i) the matters specified in Section 2 of this Article VII, and (ii) monies for contingencies, replacements, extraordinary expenditures and similar matters (the "**Cash Requirement**"), and shall notify each Owner in writing of such amount, with reasonable itemization thereof, and containing each Owner's respective assessment therefor. The Cash Requirement shall be assessed to the Owners of each Lot by utilizing the following percentage for each such Lot: 1/Total Number of Lots on the Townhome Property (excluding those specified in Section 10 of this Article VII). On or before the twentieth (20th) day after the delivery of the foregoing notice, each Owner, jointly and severally, shall be personally liable for and obligated to pay the Board the assessments made pursuant to this Section 6. If the Cash Requirement proves inadequate for any reason for the period so designated by the Board, then the Board shall prepare a supplemental budget covering the estimated deficiency, copies of which shall be furnished to each Owner, and thereupon a separate assessment shall be made to each Owner for its proportionate share of such supplemental budget, which shall be due and payable on the date specified in the notice of the adjusted assessment. Subject to the provisions of Article XIV, Section 8, all Owners shall be personally liable for and obligated to pay their respective adjusted assessment. If the Cash Requirement accumulated in any given year exceeds the amount required for actual expenses and monies for contingencies and replacements for the period covered by the assessment, such excess shall be applied to expenses and/or such monies for the subsequent period. Notwithstanding the foregoing, capital expenditures (other than for repair or replacement) during a fiscal year of more than twenty percent (20%) of the annual budget for that fiscal year shall require the approval of or a vote by the members of the Townhome Association.

Section 7. Status of Collected Funds. All funds collected hereunder shall be held and expended by the Townhome Association for the purposes designated herein.

Section 8. Remedies for Failure to Pay Assessments. Each Owner shall pay its proportionate share of any Cash Requirement and any other expenses required pursuant to the terms hereof. If an Owner fails to pay the assessments, adjusted assessments or any other expenses required to be paid hereunder when due, the amount thereof, together with all costs and expenses incurred by the Townhome Association in collecting such amounts (including court

costs and attorneys' fees) and all damages, together with interest on the foregoing assessments, costs and expenses at the greater of: (a) the rate of twelve percent (12%) per year, and (b) the maximum rate permitted by a Federal Entity, until paid, shall be charged to and assessed against such defaulting Owner, and the Townhome Association shall have a lien, as of the date the assessment, adjusted assessment or other expense is due, for all of the same upon the Lot owned by such defaulting Owner and upon all additions and improvements to the Lot. In addition to the foregoing, the Townhome Association shall have such rights and remedies to enforce the collection of the foregoing amounts as shall be provided or permitted by law or equity from time to time, including, without limitation, the right to bring an action at law against the Owner personally obligated to pay the same and/or foreclose the lien against the Lot and any additions or improvements thereon.

Section 9. Subordination of Lien to a Mortgage. Notwithstanding anything to the contrary contained in this Declaration, the lien provided in the preceding Section 8 shall be subordinate only to (i) taxes, special assessments and special taxes levied, either before or after the date of the failure to pay the assessments or expenses provided herein, by any political subdivision or municipal corporation of Illinois and other state or federal taxes which by law are a prior lien on the interest of such Owner, and (ii) the lien of a Mortgage on the interest of the Owner in any such Lot. Notice is hereby given to all Mortgagees that paid assessment letters should be obtained from the Townhome Association before funding your loan.

Section 10. Exempt and Partially Exempt Property. The following property subject to this Declaration shall be exempt from the assessments created herein:

- (a) All properties not otherwise comprising a Lot which are dedicated to and accepted by a local public authority or public utility company.
- (b) Any other provision of this Declaration notwithstanding, all properties not otherwise comprising a Lot which are dedicated to and accepted by the Village shall not be subject to the terms and conditions of this Declaration.
- (c) Any other provision of this Declaration notwithstanding, any Lot and/or Dwelling owned by Declarant.

Section 11. Books and Records. The Board shall keep full and correct books of account in chronological order of the costs and expenses incurred by the Townhome Association as provided herein, together with all receipts and invoices relevant thereto. Such records, receipts and invoices, as well as a copy of this Declaration and the Articles of Incorporation of the Townhome Association, shall be available for inspection by the board of the Master Association, any Owner or Mortgagee at the office of the Townhome Association, if any, at such reasonable time(s) during normal business hours as may be requested by such Owner or Mortgagee.

Section 12. Fees for Services. Pursuant to those powers set forth in the By-Laws, the Townhome Association shall have the right to hire or employ a management or other professional organization to manage the day-to-day operations of the Townhome Association

and other professionals and service providers including, without limitation, accountants and attorneys.

ARTICLE VIII COVENANTS AND RESTRICTIONS AS TO USE AND OCCUPANCY

Section 1. Covenants, Conditions and Restrictions. The Dwellings and the Townhome Property shall be owned, occupied and used subject to the following covenants and restrictions:

(a) Use. No part of the Townhome Property shall be used for other than housing and related common purposes for which the Townhome Property was designed. The parking spaces and driveways shall be used for parking operable automobiles, motorcycles and other motor vehicles and for no other purposes, subject to such reasonable rules and regulations as may be adopted by the Board. Campers, trailers, vans, pick-up trailers, recreational vehicles, and other types of non-passenger vehicles and accessories (but not including non-business use "mini-vans"), including boats and snowmobiles, shall be stored in garages only. The Board may authorize such vehicles and items parked in violation of this provision to be towed away and any such towing charge shall become a lien on the Owner if he or she owns the vehicle or item.

(b) Obstruction of the Property and Dwelling Maintenance. There shall be no obstruction of the Townhome Property nor shall anything be stored in, on under or above the Townhome Property without the prior written consent of the Board except as herein expressly provided. Each Owner shall be obligated to maintain and keep in good order and repair his or her own Dwelling.

(c) Owner's Insurance. All Owners shall be responsible for their own insurance on their personal property in their own Dwellings, their personal property stored elsewhere on the Townhome Property and their personal liability insurance to the extent not covered by the liability insurance for all the Owners obtained by the Board as hereinbefore provided.

(d) Exterior Attachments. To the extent not otherwise inconsistent with applicable federal, state or City law, regulation or ordinance, Owners shall not cause or permit anything to be placed on the outside walls of the Dwellings and no sign, awning, canopy, shutter, satellite dish, radio or television antenna shall be affixed to or placed upon the exterior walls or roof or any part thereof, without the prior written consent of the Board.

(e) Exterior Colors. Owners shall not change or cause to be changed the exterior colors of the Dwellings without the prior written consent of the Board.

(f) Pets. No animals, reptiles, rabbits, livestock, fowl or poultry of any kind shall be raised, bred or kept in any Dwelling or in the Townhome Property, except that up to two (2) total dogs, cats, or other usual household pets may be kept in Dwellings, subject to rules and regulations adopted by the Board, provided that they are not kept, bred or maintained for any

commercial purposes, and provided further that any such pet kept in violation of rules and regulations adopted by the Board or causing or creating a nuisance or unreasonable disturbance (after causing more than one (1) violation) shall be permanently removed from the Townhome Property upon three (3) days' written notice from the Board.

(g) Nuisances. No noxious or offensive activity shall be conducted in any Dwelling or in the Townhome Property, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Owners.

(h) Unsightliness. No clothes, sheets, blankets, laundry of any kind or other articles shall be hung out or exposed on any part of the Townhome Property. The Townhome Property shall be kept free and clear of rubbish, debris and other unsightly materials, which shall be kept in receptacles provided for such purposes. No temporary or permanent chairs, hammocks or other lounging devices may be located within or on those portions of the Townhome Property which directly face or are contiguous to a public street.

(i) Commercial Activities. Except as otherwise provided herein no industry, business, trade, occupation or profession of any kind, commercial, religious, educational or otherwise, designated for profit, altruism, exploration or otherwise, shall be conducted, maintained or permitted in any Dwelling. This prohibition shall also apply to the Common Properties unless permission from the Board is obtained.

(j) Signs. Except as specifically set forth in this Declaration, no signs, advertising or other displays shall be maintained or permitted on any part of the Townhome Property except (i) one (1) "For Sale" sign no larger than twenty-four inches (24") high and thirty inches (30") wide, (ii) one (1) reasonably sized political sign displayed two (2) weeks before and one (1) week after any scheduled public election date or (iii) signs at such location and in such form, as shall be determined by the Board; provided that the right is reserved by Declarant and its agents, to maintain on the Townhome Property until the sale of the last Dwelling, all models, sales offices and advertising signs, banners and lighting in connection therewith, at such locations and in such forms as Declarant shall determine, together with the right of ingress, egress and transient parking therefor throughout the Townhome Property.

(k) Improvements. No physical improvements or additions shall be made to a Dwelling, Lot or the Common Properties, including, without limitation, patios, fences, decks, screens, steps, sheds, pathways, sidewalks, special, unique or other vegetation, landscaping, berms and fencing, without the prior written consent of the Board. No Owner shall make any physical improvements or additions to a Dwelling or otherwise that cause a violation of any setback line set forth on the Plat.

(l) Townhome Property. Nothing shall be altered or constructed in or removed from the Townhome Property, without the prior written consent of the Board.

(m) Exceptions. Nothing herein contained shall be construed in such a manner as to prohibit Owners from: (i) maintaining their professional libraries therein; (ii) keeping their personal business or professional records or accounts therein; or (iii) handling their personal

business or professional telephone calls, business or correspondence therefrom provided such business activities are in accordance with all applicable Laws and do not include personal visits to the Townhome Property from business employees, invitees or guests. Such uses are expressly declared customarily incident to the principal residential use and not in violation thereof.

(n) Leasing of Dwellings. Any lease or rental agreement concerning an individual Dwelling must be in writing and be subject to the requirements of the Townhome Association. No Dwelling may be leased or rented for an initial term of less than six (6) months. A copy of each executed lease or rental agreement shall be supplied to the Board within ten (10) days after the lease is executed and prior to occupancy. The Townhome Association is hereby expressly deemed to be a third party beneficiary of any such lease; any violation by the tenant under any such lease of this Declaration, the By-Laws or rules and regulations shall be deemed a default under such lease entitling the Townhome Association to exercise any and all remedies under the lease or available at law or equity, regardless of the Owner's action or inaction in response to such default.

ARTICLE IX SPECIFIC COVENANTS, CONDITIONS AND RESTRICTIONS RELATING TO THE PROPERTY

Section 1. Restrictions on Modification to Common Properties. No part of the Common Properties designated as open space areas on the Plat shall be used for any other purpose. In the event Declarant or the Townhome Association authorizes or conducts any other use, such party shall do so at such party's sole cost and expense, and such cost and expense shall not be required to be reimbursed by any Owner and shall not be subject to this Declaration or the lien rights set forth herein.

Section 2. Creation of Easement. Subject to all of the covenants, conditions and restrictions contained herein, except for the obligation for payment of any assessments hereunder or the payment of any other fees for the maintenance of the Common Properties, there is hereby created a non-exclusive perpetual easement upon, over and in the Common Properties, for the benefit of the Owners, for the use and enjoyment of those portions of the Common Properties designated on the Plat as open space areas.

Section 3. Approval of Changes to Property. In furtherance of the general restrictions set forth in this Declaration, the following additional restrictions shall apply to all of the Townhome Property. With respect to the Townhome Property, an Owner shall not alter, modify or change in any way the existing topography, ground elevations or hydrology of any Lot or the Townhome Property unless such alteration, modification or change is specifically approved by Declarant, in its sole discretion, and any other governmental entity having authority therefor with respect thereto; provided, however, that additional or alternative alterations, modifications or changes in the topography and ground elevations of the Townhome Property may be made by Declarant in its sole discretion from time to time.

Section 4. Duration and Modification. The specific restrictions set forth in this Article IX shall continue in full force and effect for the full term of this Declaration commencing on the recording of this Declaration and shall not be subject to amendment or modification by the Townhome Association unless expressly approved in writing by Declarant. Any attempt to modify or amend this Section 4 shall be null and void.

ARTICLE X INTENTIONALLY OMITTED

ARTICLE XI REMEDIES

In addition to the rights set forth elsewhere in this Declaration, each of the covenants, conditions, restrictions and easements contained in this Declaration shall be enforceable at law and/or in equity by the Townhome Association or any Owner; provided, however, in the event of a breach or violation of any such covenant, condition, restriction or easement, there shall be no forfeiture or reversion of title; provided further, however, failure to enforce any of the foregoing matters shall in no event be deemed a waiver of the right to do so thereafter. Notwithstanding the foregoing, the provisions of this Article XI shall not apply to the terms and conditions of Article VII (Covenant For Assessments) of this Declaration, which Article contains separate remedies.

The duly designated officials and employees of the Village are hereby granted an easement to enter upon, on and over the Common Properties for the purpose of inspecting such areas to determine whether the Common Properties are being properly maintained in conformity with this Declaration and the applicable ordinances and regulations. If it is determined that the Common Properties are not in conformity with Laws, the Village shall give the Townhome Association written notice of such determination.

Further, the Village shall be empowered to compel correction of a problem concerning maintenance after providing notice to the Townhome Association, although notice shall not be required in the event that the Village determines that the failure of maintenance constitutes an immediate threat to public health, safety and welfare. If the Townhome Association fails to perform the necessary maintenance within a reasonable time after receiving notice of the determination, the Village shall have the right, but not the obligation, to perform or cause to be performed such maintenance or other operations necessary to preserve the Common Properties. If the Village is required to perform such service, it shall be entitled to complete reimbursement upon demand by the Townhome Association. The Village shall have a lien on the Common Properties and Dwellings, or applicable portion thereof, subordinate to any Mortgage on the Common Properties and Lots, for the amount due from the Townhome Association.

The easement described in this section is an easement appurtenant, running with the land; it shall at all times be binding upon Declarant, all of its grantees and their respective heirs, successors, personal representatives and assigns, perpetually and in full force.

ARTICLE XII ADD-ON PROPERTY

Declarant hereby reserves the right, for a period of ten (10) years from the date hereof, to add certain additional property legally described on Exhibit C attached hereto and made a part hereof (the "**Add-On Property**") to the Townhome Property presently designated in this Declaration. In the event Declarant elects, from time to time, to subject all or any portion of the Add-On Property to the provisions of this Declaration, Declarant shall record a supplementary declaration ("**Supplementary Declaration**") setting forth, among other items, the legal description of any such additional property. All such Supplementary Declarations, and the portion of the Add-On Property covered therein, shall be subject to the terms and conditions of this Declaration, and all voting rights and the liability for assessments specified in this Declaration shall be reallocated accordingly. The recording of a Supplementary Declaration shall not alter or affect the amount of any liens for assessments due from Owners of Lots already a part of the Townhome Property ("**Existing Lots**") or the respective amounts theretofore assessed to or due from the Owners of Existing Lots or other fees and charges theretofore assessed.

Declarant further reserves unto itself the right to add portions of the Add-On Property to the Townhome Property at different times (and to determine the order thereof), and to fix the boundaries of such portions of the Add-On Property. Any Supplementary Declaration may contain such additions and modifications to the terms hereof, including, without limitation, the granting of additional easements over Lots and designation of additional Common Properties, as are necessary to reflect the differences in character, if any, of the Add-On Property and the Townhome Property. The terms and provisions of this Article XII shall not be construed as imposing upon Declarant an affirmative obligation to exercise the rights and powers herein reserved. The Add-On Property shall not be bound hereby unless and until the property is submitted to the provisions of this Declaration by a Supplementary Declaration.

Notwithstanding anything to the contrary contained in this Article XII, Declarant shall not have any right to record a Supplementary Declaration with respect to any portion of the Add-On Property, and no portion of the Add-On Property shall be subject to the terms and provisions of this Declaration, unless and until Declarant shall have acquired fee title ownership of the same, and neither this Declaration, nor any attempt to record any such Supplementary Declaration shall encumber or otherwise affect title to any portions of the Add-On Property not so acquired by Declarant.

ARTICLE XIII
RIGHTS OF DECLARANT

Section 1. In General. In addition to any rights or powers reserved or granted to Declarant under this Declaration or the By-Laws, Declarant shall have the rights and powers set forth in this Article. In the event of a conflict between the provisions of this Article and any other provisions of this Declaration or the By-Laws, the provisions of this Article shall govern. Except as otherwise provided in this Article, Declarant's rights under this Article shall terminate at such time as Declarant is no longer vested with or controls title to a portion of any the Townhome Property.

Section 2. Promotion Efforts. At all times and from time to time prior to the sale of the last Dwelling on the Townhome Property, Declarant shall have the right, but not the obligation, in its discretion, to maintain model Dwellings, sales and leasing offices, displays, signs and other forms of advertising and, to the extent not prohibited by law, to come upon any portion of the Townhome Property for the purpose of showing the Townhome Property to prospective purchasers or lessees of Dwellings, all without the payment of any fee or charge whatsoever (other than the payment of assessments as set forth in Article VII). Declarant shall have the right and power, but not the obligation, to sell or lease a Dwelling to whomever it chooses on whatever terms it, in its sole discretion, shall deem appropriate.

Section 3. Special Amendment. In addition to any other rights of Declarant set forth herein, but in any event subject to the provisions of Article XIV, Section 12, Declarant reserves the right and power to record a special amendment ("***Special Amendment***") to this Declaration at any time and from time to time that amends this Declaration (a) to comply with the requirements of any Federal Entity, (b) to induce any Federal Entity to make, purchase, sell, insure or guarantee Mortgages covering Dwellings, (c) to comply with the provisions of the Illinois General Not for Profit Corporation Act of 1986, as amended, (d) to correct clerical or typographical errors in this Declaration or any Exhibit hereto or any supplement or amendment thereto or (e) that benefits directly or indirectly the interests of all the Owners. In furtherance of the foregoing, an irrevocable power coupled with an interest is hereby reserved and granted to Declarant to vote in favor of, make, consent to, execute and record a Special Amendment on behalf of each Owner as proxy or attorney-in-fact, as the case may be. Each deed, mortgage, trust deed, other evidence of obligation, or other instrument affecting a Dwelling and the acceptance thereof shall be deemed to be a grant and acknowledgment of Declarant's authority to execute and record Special Amendments. The right of Declarant to act pursuant to rights reserved or granted under this Section shall terminate upon the latest date on which the initial membership meeting of the Owners must be held, whether or not it has actually been held.

Section 4. Construction. Declarant, its agents and contractors shall have the right, but not the obligation, to come upon the Townhome Property for the purpose of making alterations or improvements to the Townhome Property and shall have the right to store equipment and materials used in connection with such work on the Townhome Property without payment of any fee or charge whatsoever.

Section 5. Dedication Rights Reserved. Declarant hereby reserves the right at its sole discretion to dedicate or otherwise convey portions of the Townhome Property (but not those portions on which a Dwelling is situated) to any public agency or governmental authority or quasi-public utility for purposes of utilities, and right-of-way and easements therefor. The right to make such dedications or conveyances shall not require the consent, approval or signatures of either the Board or any Owner, and such dedication or conveyance shall be considered fully accomplished and conclusively binding upon each of the Owners and upon the Townhome Association when set forth in writing or in a plat of dedication executed by Declarant that has been recorded with the County recorder's office where the Townhome Property is located; provided, however, that nothing in this Section shall be construed to in any manner require or obligate Declarant to make any conveyance or dedication; provided further, however, that so long as there is a Weighted Vote Membership, Declarant must (if required by the rules and regulations promulgated by such entity) obtain the prior approval of any applicable Federal Entity before dedicating any portion of the Common Properties. In furtherance of the foregoing, an irrevocable power coupled with an interest is hereby granted to Declarant, as agent and attorney-in-fact, to make dedications or conveyances. Each deed, mortgage, trust deed or other instrument with respect to a Dwelling and the acceptance thereof shall be deemed a grant and acknowledgment of and consent to such power and to such attorney-in-fact and shall be deemed to reserve to it the foregoing powers and rights. This right shall expire upon the sale of all the Dwellings.

ARTICLE XIV GENERAL PROVISIONS

Section 1. Severability. Each covenant, condition, restriction and easement contained herein shall be considered to be an independent and separate right or obligation, and in the event one or more of such covenants, conditions, restrictions or easements shall for any reason be held to be invalid or unenforceable, all remaining covenants, conditions, restrictions and easements shall nevertheless remain in full force and effect.

Section 2. Binding Upon the Land. Unless otherwise expressly provided herein, each covenant, condition, restriction and easement set forth in this Declaration shall run with the land and shall be binding upon each and all of the record titleholders of the land and their respective heirs, representatives, successors, assigns, purchasers, grantees and Mortgagees. By the recording or acceptance of a deed conveying any interest in the Townhome Property, the individual or entity to whom such interest is conveyed shall, except as otherwise provided in this Declaration, be deemed to accept and agree to be bound by and subject to all of the terms and provisions of this Declaration, whether or not mention thereof is made in the deed, except that with respect to the Add-On Property, the covenants, conditions, restrictions and easements set forth in this Declaration or in any Supplementary Declaration shall run with the land and become binding on the record titleholders thereof (and their respective heirs, representatives, successors, assigns, purchasers, grantees and Mortgagees) only upon the recording of a Supplementary Declaration by Declarant after Declarant acquires fee title ownership of such Add-On Property.

Section 3. Notices. Notices provided for in this Declaration shall be in writing, and shall be addressed to the Board or Townhome Association, or any Owner, as the case may be, at the address of the Dwelling, or at such other address as herein provided. The President of the Townhome Association is hereby designated as the person to mail and receive all notices to the Board or the Association as provided for in this Declaration; provided, however, that the Board may designate a different address for notices to the Board or the Townhome Association by giving written notice of such change of address to all Owners. Any Owner may also designate a different address for notices by giving written notice of such change of address to the Board. Notices to Owners shall be deemed delivered when mailed by United States mail, or when delivered in person, or, if addressed to an Owner, when deposited at the door of the Owner's Dwelling or in his or her mailbox. Notices to the Board or to the Townhome Association shall be deemed delivered when mailed by United States registered mail to the Board or Townhome Association.

Section 4. Notices to Deceased Owner. Notices required to be given any devisee, heir or personal representative of a deceased Owner may be delivered either personally or by mail to such party at the address appearing in the records of the court wherein the state of such deceased Owner is being administered.

Section 5. No Release. Wherever in this Declaration Declarant has reserved unto itself or the Village any easement or easements, and rights thereunder, with respect to any part or all of the Townhome Property, the exercise or failure to exercise any or all of such rights shall in no event release the Townhome Association or the Owners from the responsibilities otherwise imposed on such parties in any covenant, condition, restriction or provision set forth in this Declaration.

Section 6. No Waiver. No covenants, restrictions, conditions, obligations or provisions contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 7. Declarant's Successors and Assigns. All rights granted to Declarant under this Declaration shall inure to and all obligations of Declarant under this Declaration shall be binding upon the successors and assigns of Declarant; provided, however, that the Owners purchasing Dwellings for their own occupancy shall not be deemed to be successors or assigns of Declarant.

Section 8. Land Trust. In the event title to any Lot is conveyed to a land trust, under the terms of which all powers of management, operation and control of the Lot remain vested in the trust beneficiary or beneficiaries, then the beneficiary or beneficiaries thereunder from time to time shall, jointly and severally, be responsible for the payment of all obligations, liens or indebtedness and for the performance of all agreements, covenants and undertakings relating to or chargeable against any such Lot, and shall be deemed to be the Owner as that term is used herein. No claim shall be made against any such title-holding trustee personally for payment of any lien or obligation hereunder created, but the amount of such lien or obligation shall continue to be a charge or lien upon the Lot and the beneficiary or beneficiaries of any such trust shall

remain personally liable for any such amounts, notwithstanding any transfers of the beneficial interest of any such trust or any transfers of such Lot.

Section 9. Headings. The headings contained in this Declaration are for convenience only and shall not in any way affect the meaning or interpretation of this Declaration.

Section 10. Duration. The covenants, conditions and restrictions contained in this Declaration shall continue in full force and effect for a period of ninety-nine (99) years commencing on the date hereof.

Section 11. Rule Against Perpetuities. If any of the options, privileges, covenants or rights created by this Declaration would otherwise be unlawful or void for violation of (a) the rule against perpetuities or some analogous statutory provision, (b) the rule restricting restraints on alienation, or (c) any other applicable statutory or common law rules imposing limitations upon the time for which such matters may be valid, then the provision in question shall continue and endure only until twenty-one (21) years after the death of the last to survive of the class of persons consisting of all the now living lawful descendants of George H. W. Bush, former President of the United States.

Section 12. Amendment. This Declaration, including, without limitation, the By-Laws, may be amended by the affirmative vote of the members holding 75% or more of the total votes then eligible to be cast by the members of the Townhome Association; provided, however, it is hereby understood that neither the Townhome Association, nor its Board, officers or members, may adopt, amend, repeal, alter or change this Declaration, the By-Laws of the Townhome Association, or any rules or regulations relating to the Townhome Association or this Declaration such that any such adoption, amendment, repealer, alteration or change adversely affects Declarant, Declarant's rights under this Declaration or Declarant's proposed development of the Townhome Property (as such proposed development currently exists or may hereinafter change). Notwithstanding the foregoing, this Declaration may be amended, modified, altered or repealed by Declarant at any time during the ten (10) year period after the date hereof; provided, however, no such amendment, modification, alteration or repealer shall be effective if it adversely affects the priority of the lien of any Mortgage; provided further, however, that so long as there is a Weighted Vote Membership, Declarant must (if required by the rules and regulations promulgated by such entity) obtain the prior approval of any applicable Federal Entity before making any amendment to this Declaration. All amendments, repealers, alterations and changes to this Declaration and the By-Laws shall be recorded with the County recorder's office where the Townhome Property is located. For purposes of this Section 12, a Supplementary Declaration shall not be deemed an amendment, alteration or repealer of this Declaration.

Section 13. Conflict. In the event of any conflict between the terms and provisions of this Declaration, on the one hand, and any plat(s) of subdivision relating to the Townhome Property or the By-Laws, on the other hand, the terms and provisions of the plat(s) of subdivision shall control.

Section 14. Enforcement. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to

violate any covenant or restriction, either to restrain violation or to recover damages, and against the land or the interest of any Owner to enforce any lien created by these covenants, and against the Townhome Association for failure to discharge its duties and responsibilities hereunder. The failure of the Townhome Association, Declarant, the Village or any Owner to enforce any covenant or restriction herein contained, or exercise any rights or easements granted hereby, shall in no event be deemed a waiver of the right to do so thereafter.

Section 15. Waiver of Claims. To the extent permitted by applicable law, each Owner hereby waives and releases any and all claims which such Owner may have against any other Owner, occupant, the Townhome Association, its officers, members of the Board, Declarant, the managing agent, if any, and their respective employees and agents, for damage to the Common Properties, the Dwellings, or to any personal property located in the Dwellings or Common Properties, caused by fire or other casualty, to the extent that such damage is covered by fire or other form of casualty insurance. Neither Declarant nor its respective representatives or designees shall be liable for any claim whatsoever arising out of or by reason of any actions performed pursuant to any authority granted to or delegated to it by or pursuant to this Declaration, or in Declarant's capacity as developer, contractor, owner, manager or seller of the Townhome Property, including all claims for, or arising by reason of, the Townhome Property or any part thereof being or becoming out of repair or containing any patent or latent defects, or by reason of any act or neglect of any Owner, occupant, the Board, the Townhome Association and their respective agents, employees, guests and invitees or by reason of any neighboring property or personal property located on or about the Townhome Property, or by reason of the failure to function, or disrepair of, any utility services (heat, air conditioning, electricity, gas, water, sewage, etc.).

Section 16. Damages. Each Owner shall be responsible for any damages to the Common Properties or to any Dwelling and also for the maintenance, repairs or replacements caused by or resulting from his or her negligent act or omission, or the negligent act or omission of a member of his or her family, his or her household pet, his or her guests, visitors or his or her invitees or of an occupant of his or her Dwelling, including the household pets, guests, visitors or invitees of an occupant of his or her Dwelling.

Section 17. Association Rules and Regulations. Subject to Article XIV, Section 12 hereof, the Townhome Association shall have the authority, as it deems necessary, to adopt general rules and regulations to implement the purposes set forth in this Declaration, interpret the covenants, conditions and restrictions contained herein and in furtherance of the powers and duties set forth in the By-Laws. Such general rules and regulations may be amended in the same manner as provided herein for the amendment of this Declaration.

Section 18. Covenant in Event of Dissolution of the Association. In the event the Townhome Association is dissolved, all Owners and titleholders of any portion of the Townhome Property agree that all provisions contained herein regarding maintenance, repair and replacement in, on or to the Townhome Property shall still apply and that this Declaration shall be in full force and effect. In the event of a dissolution of the Townhome Association, the assets of the Townhome Association shall be conveyed to a nonprofit organization with purposes similar to that of the Townhome Association.

Section 19. Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of a first class development.

Section 20. Lease. The provisions of this Declaration and By-Laws, and rules and regulations that relate to the use of the Dwellings or the Common Properties shall be applicable to any person leasing a Dwelling and shall be deemed to be incorporated in any lease of any Dwelling.

Section 21. Interpretation. Whenever from the context it is appropriate, each term stated in either the singular or the plural shall include both the singular and the plural, and each term stated in either the masculine or feminine shall include both the masculine and feminine.

* * *

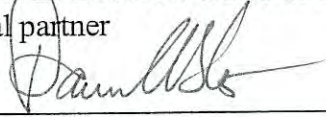
[Signatures to follow on next page.]

IN WITNESS WHEREOF, this Declaration is executed on the day and year first above written.

DECLARANT:

CENTEX HOMES,
a Nevada general partnership

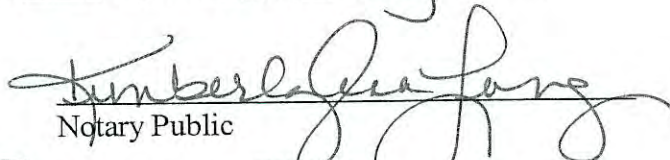
By: CENTEX REAL ESTATE CORPORATION, its
managing general partner

By: 
Name: Daniel L. Star
Its: Illinois Division President

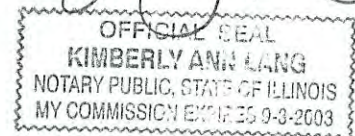
STATE OF ILLINOIS)
 Kane) SS.
COUNTY OF ~~COOK~~)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Daniel L. Star, personally known to me to be the Illinois Division President of Centex Real Estate Corporation, the general partner of Centex Homes, a Nevada general partnership, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such Division President of the General Partner, he signed and delivered said instrument as Division President of the General Partner of said partnership, pursuant to authority given by the partners of the partnership as his free and voluntary act, and as the free and voluntary act and deed of said partnership, for the uses and purposes therein set forth.

Given under my hand and official seal, this 26th day of February, 2003.


Notary Public

My Commission Expires: 9-3-2003



This instrument prepared by
and after recording return to:

Shannon Walsh
McDermott, Will & Emery
227 West Monroe Street, Suite 4700
Chicago, Illinois 60606-5096
(312) 372-2000

EXHIBIT A

Townhome Property

THAT PART OF LOT 1 IN SCHOOL TRUSTEE'S SUBDIVISION IN THE NORTHWEST QUARTER OF SECTION 36, TOWNSHIP 45 NORTH, RANGE 9 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 36, THENCE SOUTH 89 DEGREES 11 MINUTES 11 SECONDS EAST ALONG THE NORTH LINE OF SAID SECTION 36, A DISTANCE OF 652.5 FEET FOR A POINT OF BEGINNING; THENCE SOUTH 06 DEGREES 50 MINUTES 57 SECONDS WEST, A DISTANCE OF 555.4 FEET; THENCE SOUTH 01 DEGREES 35 MINUTES 22 SECONDS WEST, A DISTANCE OF 509.48 FEET TO A LINE 75.00 FEET NORTHERLY OF (AS MEASURED AT RIGHT ANGLES THERETO) AND PARALLEL WITH THE CENTERLINE OF STATE AND ROUTE 7 ALSO KNOWN AS WILSON ROAD; THENCE SOUTHEASTERLY ALONG SAID PARALLEL LINE BEING A NON-TANGENT CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 1835.08 FEET AND AN ARC LENGTH OF 600.68 FEET AND A CHORD BEARING OF SOUTH 44 DEGREES 53 MINUTES 57 SECONDS EAST TO A POINT OF NON-TANGENCY; THENCE CONTINUING ALONG SAID PARALLEL LINE SOUTH 54 DEGREES 18 MINUTES 56 SECONDS EAST, A DISTANCE OF 399.63 FEET TO THE EAST LINE OF LOT 1 IN SCHOOL TRUSTEE'S SUBDIVISION OF SAID SECTION 36; THENCE NORTH 00 DEGREES 21 MINUTES 55 SECONDS EAST ALONG SAID EAST LINE, A DISTANCE OF 1708.34 FEET TO THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 36; THENCE NORTH 89 DEGREES 11 MINUTES 11 SECONDS WEST ALONG SAID NORTH LINE, A DISTANCE OF 20.66 FEET TO A NON-TANGENT CURVE; THENCE SOUTHERLY ALONG A CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 6926.25 FEET AND AN ARC LENGTH OF 55.92 FEET AND A CHORD BEARING OF SOUTH 00 DEGREES 12 MINUTES 03 SECONDS EAST; THENCE SOUTH 89 DEGREES 41 MINUTES 55 SECONDS WEST, A DISTANCE OF 166.85 FEET; THENCE NORTH 74 DEGREES 22 MINUTES 06 SECONDS WEST, A DISTANCE OF 120.72 FEET; THENCE NORTH 70 DEGREES 58 MINUTES 40 SECONDS WEST, A DISTANCE OF 78.82 FEET; THENCE NORTH 62 DEGREES 41 MINUTES 07 SECONDS WEST, A DISTANCE OF 63.33 FEET; THENCE SOUTH 71 DEGREES 50 MINUTES 30 SECONDS WEST, A DISTANCE OF 75.69 FEET TO THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 36; THENCE NORTH 89 DEGREES 11 MINUTES 11 SECONDS WEST ALONG SAID NORTH LINE, A DISTANCE OF 170.91 FEET TO THE POINT OF BEGINNING, IN LAKE COUNTY, ILLINOIS.

Permanent Index Number: 05-36-100-002-0000