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THIS INSTRUMENT PREPARED BY
and after recording return to:

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531625 (2)

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KENDALL COUNTY, ILLINOIS
PAUL ANDERSON
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RHSP Surcharge 10.00

**WINDSOR RIDGE HOMEOWNER'S ASSOCIATION
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS**

THIS DECLARATION is made this 10th day of March, 2006 by Montalbano Builders, Inc., an Illinois Corporation (hereinafter referred to as "Declarant") and Midwest Bank and Trust Company, as Trustee under Trust Agreement dated November 17, 2003 and known as Trust 03-1-8194 (collectively referred to as the "Owners").

WITNESSETH:

WHEREAS, Declarant is the owner of or has an interest in certain property in the City of Joliet, County of Kendall, State of Illinois, which is more particularly described in Exhibit "A" attached hereto and incorporated herein (the "Property"); and

WHEREAS, the said Property shall be conveyed, subject to certain protective easements, restrictions, covenants, conditions, reservations, liens and charges as hereinafter set forth.

NOW, THEREFORE, the Declarant hereby declares that all of the Property described in said Exhibit "A" shall be held, sold and conveyed subject to the following easements, restrictions, covenants, conditions, reservations, liens and charges which are for the purpose of protecting the value and desirability of, and which shall run with the Property and be binding on all parties having any right, title or interest in the described Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE ONE

DEFINITIONS

SECTION 1. "ASSOCIATION" shall mean and refer to Windsor Ridge Homeowners' Association, an Illinois not-for-profit corporation, its successors and assigns.

SECTION 2. "BY-LAWS" shall mean and refer to the By-Laws of the Association, a true and correct copy of which is attached hereto as Exhibit "B".

SECTION 3. "COMMON AREA" Common Area shall mean Lots 181 and 182. Lots 181 and 182 provide stormwater detention both for the single family and townhome portions of the subdivision and are designated as Subdivision Common Areas which will be maintained and insured by the Association and the Windsor Ridge Condominium Association will contribute its pro rata share of said maintenance and insurance to the Association pursuant to a recorded Maintenance Agreement.

SECTION 4. "DECLARANT" shall mean and refer to Montalbano Builders, Inc. successors and assigns if such successors and assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development. Midwest Bank and Trust Company, as is the Trustee Declarant and is a party to this Declaration merely to subject the property currently owned by the Trust to the terms of this Declaration. All actions under this Declaration as Declarant shall be taken by Montalbano Builders, Inc.

SECTION 5. "DETENTION AREA" the Detention areas include the Common Areas.

SECTION 6. "ENTRYWAYS" shall mean such portions of the Property (Lots or Common Area) as may be identified as Screen and Planting Landscape Easement on any Plat of Subdivision thereof or Plat of Easement as Declarant may determine, on which Declarant, prior to conveyance of the same to a third party, may construct a sign or monument identifying the name of the subdivision of the Property.

SECTION 7. "LOT" shall mean any plot of land shown upon any Plat of Subdivision of the Property upon which one individual detached single-family dwelling unit is constructed or to be constructed.

SECTION 8. "MEMBER" shall mean and refer to every person or entity that holds a membership in the Association.

SECTION 9. "OWNER" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title (or an undivided fee interest) to any Lot that is part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 10. "PLAT OF SUBDIVISION" shall mean a plat of the Property, or any part thereof, subdividing or resubdividing the same into Lots and Common Area (detention area/ stormwater management facility) if contained in such plat, and recorded with the Office of the Recorder of Kendall County, Illinois.

SECTION 11. "PROPERTY" shall mean and refer to that certain real property hereinafter described on Exhibit "A", and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

SECTION 12. "CITY" shall mean the City of Joliet, Illinois.

SECTION 13. "CONSERVATION EASEMENT AREAS" shall mean such portions of the Property (Lots) identified as 10-foot or 25-foot Conservation Easement on any Plat of Subdivision thereof, Plat of Easement or as Declarant may determine. Currently Lots 181 and 182 contain Conservation Easements.

SECTION 14. "SUBDIVISION COMMON AREAS" the Common Areas defined in Section 3 and the Entryway and Gatehouse defined in Article Eight, Section 3 are deemed to be Subdivision Common Areas which are for the mutual benefit of the Association and the Windsor Ridge Condominium Association. The subdivision Common Areas shall be maintained and insured by the Association and each Association shall contribute its pro rata share of said maintenance and insurance to the Association pursuant to a recorded Maintenance Agreement.

ARTICLE TWO

ANNEXATION OF ADDITIONAL PROPERTY

SECTION 1. Annexation by the Members. Annexation of any real-estate to the Property shall require the recording of an instrument signed by the Association with the assent of not less than seventy-five percent (75%) of the votes of each class of Members present in person or by written proxy at a meeting duly called for this purpose, at which a quorum is present, written notice of which shall be sent to all Members not less than five (5) days nor more than forty(40) days in advance of the meeting setting forth the purpose of the meeting.

SECTION 2. Annexation Limited to Lots, Common Areas. No real estate may be annexed to the Property other than real estate that fall within the definition of Lots or Common Areas, but such real estate may also contain Entryways.

SECTION 3. Annexation by Declarant. Notwithstanding any provision to the contrary or the above annexation provisions, for a period terminating upon the elimination of Class B membership set forth in Article Four but in no event later than three (3) years from the date of this Declaration, the Declarant hereby reserves the right and power to annex adjacent and contiguous real estate to the Property and subject same to the terms, provisions and conditions of this Declaration. Annexation of additional property pursuant to this Section 3 does not require the vote of the Members.

ARTICLE THREE

MEMBERSHIP IN THE ASSOCIATION

SECTION 1. Membership. Every person or entity, including the Declarant, who is a record owner of a fee or an undivided fee interest in any Lot that is subject to this Declaration of Covenants, Conditions and Restrictions, including contract sellers, shall be a Member of the Association, and each purchaser of any Lot by acceptance of a deed therefor covenants and agrees to be a member of the Association whether or not it shall be so expressed in any deed or other

conveyance. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. For each Lot, ownership shall be the sole qualification for membership. For the purpose of this Declaration, the word "Member" shall include any beneficiary of a trust holding legal title to one or more Lots.

SECTION 2. Transfer. Membership held by any Owner of a Lot is an appurtenant to such Lot and shall not be transferred, alienated, or pledged in any way, except upon the sale or encumbrance of such Lot, and then only to the purchaser of such Lot. Any attempt to make a transfer except by the sale or encumbrance of a Lot is void. Reference to the transfer of membership need not be made in an instrument of conveyance or encumbrance of such Lot for the transfer to be effective, and the same shall automatically pass with title to the Lot.

ARTICLE FOUR

VOTING RIGHTS IN THE ASSOCIATION

The Association shall have two classes of voting membership:

Class A: Class A Members shall be all those Owners, as defined in ARTICLE THREE, with the exception of the Declarant. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required by ARTICLE THREE for membership. When more than one person holds such interest in any Lot, all such persons shall be Members, and 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.

Class B: The Class B Member shall be the Declarant. The Class B Member shall be entitled to three (3) votes for each Lot in which it holds the interest required by ARTICLE THREE for membership, provided that the Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earliest:

(a) Three (3) years from the date of this Declaration of Covenants, Conditions and Restriction;

(b) One hundred twenty (120) days after the date by which seventy-five percent (75%) of the Lots submitted to this Declaration (either as a part of the original Property or as Additional Land or as a phase thereof annexed to the Property) have been conveyed by Declarant to Owners, if Declarant has failed to start construction of any home on a phase of the Additional Land that has not yet been annexed to the Property within such one hundred twenty (120) day period; provided, however, if Declarant has so started construction of a home on any Lot in a phase of the Additional Land that has not yet been annexed to the Property within such one hundred twenty (120) day period, then the provisions of this subparagraph (b) shall be applicable to the combined total of the Lots then comprising the Property and those contained in such phase of the Additional Land that is thereafter annexed to the Property. (For Purposes hereof, the term "start construction" shall mean the excavation of a building site on one Lot within the boundaries of a phase);or

(c) The date on which Declarant voluntarily withdraws as the Class B Member by executing and recording with the Office of the Recorder of Kendall County, Illinois, a written declaration of intent to withdraw, which withdrawal shall become effective in the manner specified in such declaration of intent.

Anything contained in the Articles of Incorporation or the By-Laws of the Association notwithstanding, so long as Declarant is a Class B Member it shall have the absolute right to fill any vacancies on the Board of Directors (including any vacancy caused by an increase in the number of directors) and to appoint any officers, assistant officers and agents of the Association.

ARTICLE FIVE

PROPERTY RIGHTS

SECTION 1. Association Access to Lots. The Association and its respective agents, employees and independent contractors shall have the right and license to enter upon any Lot to the extent necessary to exercise any right or responsibility of the Association as set forth in this Declaration, as to the Lot or the dwelling unit situated thereon, and shall not be guilty of trespass.

SECTION 2. Access to Adjoining Lots and Common Area. Every Owner of a Lot and also the Association, and their respective agents, employee and independent contractors, shall have the right and license to enter upon the adjoining Lot or common Area to the extent necessary for the purpose of maintaining, repairing and replacing the improvements situated on or near the boundary of such Owner's Lot and shall not be guilty of any trespass. In the event the Owner of a Lot or the Association, or their respective agents, employees or independent contractors enter upon any such Lot or the Common Area for the purpose of exercising the right and license created by this Section 2, then such Owner, or the Association, as the case may be, shall make all necessary repairs or replacements on such Lot or the common Area to correct any damage inflicted upon the same by exercise of the right and license. The City of Joliet shall also have the right and license (but not the obligation) to enter upon any Lot or Common Area to the extent necessary to exercise any rights of the City as set forth in this Declaration or otherwise and shall not be guilty of trespass.

SECTION 6. Waiver of Use. No Member may exempt himself from personal liability for assessments duly levied by the Association nor release the Lot owned by him from the liens and charges hereof, by waiver of the use and enjoyment of the Common Area or by abandonment of his Lot.

ARTICLE SIX

COVENANT FOR ASSESSMENTS

SECTION 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant (subject to the provisions set forth in Sections 7 and 8 of this ARTICLE SIX) for each Lot owned within the property hereby covenants, and each Owner of any Lot by acceptance of a deed therefor or possession thereof, whether or not it shall be so expressed in any such deed or other

conveyance, is deemed to personally and individually covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments, such assessments to be fixed, established and collected from time to time as hereinafter provided. The assessments, together with interest thereon, attorneys' fees and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment (and deficiency contributions, in the case of Declarant), together with such interest, costs and reasonable attorneys' fees shall also be the personal obligation of the person who is the Owner of such Lot at the time when the assessment falls due. In addition, the personal obligation shall pass to his successors in title accepting a deed to or assignment of beneficial interest in any trust holding title to said Lot.

SECTION 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the health, safety and welfare and enjoyment of its Members, and, in this connection, for the maintenance and repair of the Common Area and Entryways and Landscape Buffer areas for the payment of real estate taxes and premiums for the insurance, which are the obligation of the Association, and for the provision of funds for the Association to carry on its duties set forth herein or in its Articles of Incorporation or By-Laws.

SECTION 3. Basis and Maximum of Annual Assessments. Until January 1st of the year immediately following the year of conveyance of the first Lot to an Owner, the maximum annual assessment permitted shall be \$180.00 per Lot.

(a) From and after January 1st of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased effective January 1st of each year by the Board of Directors of the Association (at any meeting of the Board of Directors duly convened at least thirty (30) days prior to said January effective date) without a vote of the membership.

(b) From and after January 1st of the year immediately following the conveyance of the first Lot to an Owner, the annual assessment may be increased for any year by the Board of Directors of the Association at any time, over the maximum annual assessment permitted for the year immediately preceding, without the vote of the membership, if the same is necessary to: (i) pay the cost of any increases in real estate taxes for the common Area over the prior year, or (ii) pay the cost of increases in premiums for insurance procured by the Association over the prior year.

(c) From and after January 1st of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased for the coming assessment year only or for all succeeding assessment years effective January 1st of each year by the Board of Directors at any meeting of the Board of Directors (duly convened at least thirty (30) days prior to said January 1st effective date) in an amount greater than provided in subsections (a) or (b) hereof for the coming assessment year, provided that any such changes shall have the assent of the majority of the votes of each class of Members voting in person or by proxy, at a meeting duly called for such purpose, at which a quorum is present, written notice of which shall be sent to all Members not less than five (5) days nor more than forty (40) days in advance of the meeting, setting forth the purpose of the meeting.

(d) After consideration of future needs and expected expenditures of the Association, the Board of Directors may fix regular annual assessments in lesser amounts than the maximum annual assessments permitted or may, in its discretion, require no annual assessment whatsoever for any year(s) following on the basis of increases in the maximum annual assessments permitted hereunder rather than the actual assessments so fixed.

SECTION 4. Reasonable Reserves. The Association shall establish and maintain from annual assessments collected hereunder, reasonable reserves for the costs of the maintenance, repair, and replacement of the Detention Areas, Entryways, Landscape Buffer Areas, Conservation Easement Area and landscaping, plant materials, drainage structures and other improvements located on the Common Areas that are the obligation of the Association hereunder.

SECTION 5. Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment against Lots of the cost of: (a) any construction, reconstruction, repair or replacement of any landscaping, plant materials, drainage structures, and other improvements located on the Common Area; (b) any construction, reconstruction, repair or replacement of any Detention Area and Entryway and Landscape Buffer areas, (c) providing funds to the Association to carry on any of its duties set forth in this Declaration or in its Articles of Incorporation or By-Laws. Notwithstanding the foregoing, any such assessment shall have the assent of a majority of the votes of each class of Members voting in person or by proxy at a meeting duly called for this purpose, at which a quorum is present, written notice of which shall be sent to all Members not less than five (5) days nor more than forty (40) days in advance of the meeting, setting forth the purpose of the meeting. Unless the special assessment specifies that it shall be applicable only to the year enacted.

SECTION 6. Uniform Rate of Assessment. Annual assessments must be fixed at a uniform rate for all Lots, and may be collected on a monthly basis or such other basis as set by the Board of Directors.

SECTION 7. Assessment for Lots Owned by Declarant. Notwithstanding the foregoing provisions, the annual assessments and the special assessments for any Lots while (i) owned by Declarant and improved with a completed single-family home, for which a certificate of occupancy has been issued, but unoccupied by any tenant of Declarant or (ii) owned by any party but occupied by Declarant and used as a model or a sales office; shall be limited to 25% of the amounts fixed with respect to Lots owned by Owners other than Declarant. Prior to the completion of a single-family home on any Lot, and the issuance of a certificate of occupancy, such Lot shall be exempt from assessments.

SECTION 8. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence for any Lot within the Property (or any land annexed to the Property) on the day of the conveyance of the Lot in the Property (or any land annexed to the Property) to a third party and shall be prorated as of the month of said conveyance, and collected at closing. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period and, in lieu thereof, the amount of

the prior year's annual assessment shall be sent to every Owner subject thereto, but failure to do so shall not invalidate the charged assessments. The due dates when said annual assessments are due and payable shall be established by the Board of Directors. The Board may provide for a single annual due date or the periodic installment payments, as the Board may determine.

SECTION 9. Certificate of Payment. The association shall, upon demand, furnish to any Owner liable for said assessment a certificate in writing signed by an officer of the Association, setting forth whether the annual assessments on a specified Lot have been paid and the amount of the delinquency, if any. A reasonable charge may be made by the Board for the issuance of these certificates. Said certificates shall be conclusive evidence that any assessment therein stated to have been paid has in fact been paid. No charge shall be made for issuing from time to time said certificates to the Declarant on Lots then owned by Declarant.

SECTION 10. Working Capital Contribution. At the time the initial sale of each Lot is closed, the purchaser of the Lot shall pay to the Association an amount equal to the first annual assessment for such Lot. This sum shall be used and applied for start-up costs and as a working capital fund in connection with all initial operating expenses for the Common Areas and held for future working capital needs. The payment shall not be refundable or be applied as credit against the Owners annual assessments. The payment under this Section 10 is in addition to the prorated annual assessment described in Section 8, which shall also be collected at the time of the initial closing of each Lot.

ARTICLE SEVEN

EFFECT ON NONPAYMENT OF ASSESSMENTS: REMEDIES OF ASSOCIATION

SECTION 1. Delinquency. Any assessment provided for in this Declaration that is not paid when due shall be delinquent. With respect to each assessment not paid within fifteen (15) days after its due date, the Association may, at its election require the Owner to pay a "late charge" in a sum equal to \$50.00 which sum shall be assessed for each month any such assessment remains unpaid. If any such assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at 15% per annum, and the Association may, at its option, bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot, and there shall be added to the amount of such assessment the late charge, the costs of preparing and filing a Complaint and such action and reasonable attorneys' fees, and in the event a judgment is obtained, such judgment shall include all assessments accrued from date of suit to date of judgment, increased by such late charges, costs and fees, plus interest. Each Owner vests in the Association or its assigns the right and power to bring all actions at law or lien foreclosures against such Owner for the collection of such delinquent assessments.

SECTION 2. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or trust deed. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to the foreclosure of a mortgage or trust deed or any proceeding or deed in lieu thereof shall

extinguish the lien of such assessments as to payments that become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE EIGHT

DUTIES AND POWERS OF THE ASSOCIATION

SECTION 1. General. The Association shall have the power and duties, as set forth in this Declaration, the Articles and By-Laws, to: pay any real property taxes and other charges assessed against the Common Area; grant easements where necessary for public utilities over the Common Area or the Lots to serve both the Common Area and the Lots; adopt reasonable rules and regulations controlling and limiting the use of the Common Area; maintain such policy or policies of insurance at all times as the Board of Directors deems necessary or desirable in furthering the purposes of and protecting the interests of the Association and its members, officers and directors; contract with independent contractors, managing agents, collection agents and others to perform and effectuate all or any part of the duties and powers of the Association, if deemed necessary by the Directors; enforce any easements or restrictions which may be set forth herein; exercise any rights granted under the terms of this Declaration or under the Illinois Not-for-Profit corporation Act; and establish such reserves as may be required hereunder or as the Board of Directors shall from time to time deem necessary to fulfill and further the duties, powers, or purposes of the Association.

SECTION 2. Common Area. The Association shall own, maintain, repair and replace the Common Area and its elements, including, but not limited to, the Detention Areas, drainage structures, grass, trees, shrubs, plantings, and other improvements located upon the common Area. With regard to the Detention Areas the duties of the Association shall include; (a) the cleaning and dredging of stormwater detention ponds and basins, drainage swales and ditches; (b) the maintenance and care, including erosion control, of the lands surrounding such detention ponds and basins, drainage swales and ditches; and (c) to the extent not owned and/or maintained by the City, the maintenance, repair and replacement of storm sewers, drain tiles, pipes and other conduit and appurtenant structures.

SECTION 3. Entryways and Gatehouse. The Association shall maintain, repair and replace any entryways to the extent deemed by the Board to be beneficial and convenient. A subdivision monument may, at the discretion of the Board of Directors, be placed and maintained in the easement area of the entryway, or in the boulevard island of the entryway. The Association shall maintain, repair and replace the gatehouse to be located in the entryway boulevard island.

SECTION 4. Landscape Buffer Areas. The Association shall maintain, repair and replace any Landscape Buffer areas to the extent deemed by the Board of Directors to be beneficial and convenient.

SECTION 5. Notice. The recording of this Declaration with the Office of the Recorder of Deeds of Kendall County, Illinois, shall and does hereby constitute notice to the Association and to the Owners of any Lots of their respective duties and obligations hereunder.

ARTICLE NINE

AVAILABILITY OF RECORDS

Any Owner or first mortgagee of any Lot shall be entitled, upon reasonable request, to receive for inspection from the Association current copies of the Declaration, Articles of Incorporation, By-Laws, records and financial statements of the Association. Furthermore, any holder of a mortgage given on any Lot within the Property and any land annexed thereto shall be entitled to receive from the Association, without cost, a copy of the Association's financial statement, if any, and if any mortgagee shall so request in writing prior to the preparation of the annual financial statement of the Association, such financial statement shall be audited.

ARTICLE TEN

USE RESTRICTIONS

SECTION 1. No Alterations, Removal or Replacements by Owners. No Owner shall alter, remove or replace any Entryway located on his Lot, nor shall any Owner alter, remove, replace or add any landscaping or plant materials on any Entryway or Landscape Buffer Areas that may be a part of his Lot. Only the Association may make such alterations, removals, replacements or additions. No permanent buildings, structures or fences shall be constructed or maintained on, across, over or through any Landscape Easement Area, nor shall such vegetation be removed, without the written authority of the Board. Any fencing to be installed on any Lot containing a landscape buffer easement area shall be placed outside of the easement towards the residence side of the Lot, must be six (6) feet high (unless the City restricts such fencing to a lower height) board on board construction and must be approved in writing by the Board.

SECTION 2. Easement Areas. The use by Owners of portions of Lots or Common Areas reserved as easements for utility, drainage or other purposes on the recorded Plat of Subdivision or created by this Declaration shall be restricted in accordance with the provisions of ARTICLE TWELVE, Section 2 hereof.

SECTION 3. Land Use - Single-Family Residential. All Lots shall be improved with and used only for freestanding single-family residences in compliance with the applicable zoning and other ordinances of the City of Joliet. No storage shed or other outbuilding shall be placed, constructed or maintained on any Lot.

SECTION 4. Lot Appearance. Each Lot shall be maintained and landscaped in such a way as to enhance the appearance of the Lot and the surrounding Lots, and shall be kept neat in appearance and in good order. No person shall accumulate on a Lot junked vehicles, litter, refuse or any unsightly materials.

SECTION 5. Vehicles. The repair or body work on any motorized vehicle shall not be permitted except within the confines of a garage. Such repair or body work shall be on an occasional

basis, during reasonable hours, and shall be on an owner's vehicle only. No private vehicles shall be continuously parked on the streets or roadways, but shall be kept on the driveway of the Lot, or in the private garage, it being the intention to prevent obstruction of the streets by continuous parking thereon. No recreation, vehicles, campers, trailers, boats or snowmobiles may be parked outside or visible anywhere in the subdivision.

ARTICLE ELEVEN

INSURANCE

SECTION 1. Liability Insurance; the Association. The Association shall obtain and maintain a policy or policies of comprehensive general liability insurance insuring the Association, its Directors, Officers, the Members, and their agents and employees against claims for personal injury, including death and property damage, arising out of any occurrence in connection with the ownership of the Common Areas, Entryways, or in connection with any act or omission of or in behalf of the Association, its Board of Directors, agents or employees within the Property. Such policies shall be in the amount of \$1 Million for bodily injury, including death, and property damage arising out of a single occurrence, and shall contain a provision that they may not be cancelled without at least a thirty (30) day prior notice to the Association, the Owners and the first mortgagees of the Lots.

SECTION 2. Casualty Insurance; Common Areas. The Association may, but shall not be required to, carry insurance with respect to damage or destruction of the Entryways. The Association may but shall not be required to obtain and maintain a policy or policies of insurance with respect to the damage or destruction of the common Area and any of the improvements thereon made by Declarant or the Association, including coverage against damage or destruction by the perils of fire, lightning and those perils contained in an all-risk form, and such other perils as the Board of Directors of the Association from time to time may determine should be included in such coverage, in an amount equal to 100% of the insurable replacement cost thereof, without depreciation and with an agreed amount provision. Such insurance shall name as the insured, and the proceeds thereof shall be payable to, the Association, as trustee. The proceeds of such insurance shall be made available, as the Board of Directors of the Association shall reasonably determine, for the repair, reconstruction and restoration of such Common Areas subject to the rights of the first mortgagees. To the extent feasible, all such policies of insurance shall (i) provide that the insurance shall not be invalidated by the act or neglect of the Declarant, the Association, its Board of Directors, its Officers, any owner or occupant, or any agent, employee, guest or invitee of any of them, and (ii) shall contain an endorsement that such policies shall not be cancelled without at least thirty (30) days' prior notice to the Association, the Owners and all first mortgagees of the Lots.

SECTION 3. Workers' Compensation and Fidelity Insurance; Other insurance . The Association shall obtain and maintain a policy or policies of insurance with reputable insurance carriers providing the following coverage;

(a) Workers' Compensation and employers liability insurance in such form and in such amounts as may be necessary to comply with applicable laws;

(b) Fidelity insurance or bonds in reasonable amounts for all officers and employees having fiscal responsibilities, naming the Association as obligee; and

(b) Such other insurance in such limits and for such purpose as the Association may, from time to time, deem reasonable and appropriate; including but not limited to, errors and omissions insurance for officers and directors.

SECTION 4. Waiver of Subrogation. To the extent feasible, all policies of insurance obtained by the Association shall contain provisions that no act or omission of any named insured shall affect or limit the obligation of the insurance company to pay the amounts of any loss sustained. So long as the policies of insurance described herein shall provide that a mutual release as provided for in this Section shall not affect the right of recovery thereunder, and further shall provide coverage for the Section shall not affect the right of recovery thereunder, and further shall provide coverage for the matters for which the release herein is given, all insurers and all parties claiming under them shall, and do by these presents, mutually release and discharge each other from all claims and liabilities arising from or caused by any hazard or source covered by the Association, regardless of the cause of damage or loss.

SECTION 5. Insurance Premium Expense. The expense of insurance premiums paid by the Association under this Article shall be an expense of the Association to which the assessments collected by the Association from the Owners shall be applied.

ARTICLE TWELVE

EASEMENTS

SECTION 1. Installation, Maintenance, Repair and Replacement of Entryways and Landscape Buffer. The Declarant hereby reserves unto itself, its successors, assigns and designees, and to the Association, the right and easement to come onto the Lots or the Common Area for purposes of building, installing, maintaining, repairing and replacing Entryways and Landscape Buffer areas and such right and easement shall be exercisable at any time prior or subsequent to the closing of the sale of such Lot to a third party purchaser.

SECTION 2. Maintenance of Easement Areas. Easements for installation and maintenance of the utilities, sewer pipelines and facilities and drainage facilities over each of the Lots and the Common Areas within the Property and all pipelines and other facilities located and to be located in said easements are reserved as shown on the recorded Plat of Subdivision or as created in accordance with this Declaration or any amendments hereof. Within these easements, no structure, planting or other materials shall be placed or permitted to remain that may damage or interfere with the installation and maintenance of utilities or that may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each Lot and all improvements in it shall be maintained continuously by the owner of the Lot, except for those improvements for which a public authority, a private or public utility company or the Association is responsible.

SECTION 3. Utility Easements. The Declarant hereby reserves unto itself, the Association, and their successors, assigns and designees, the right (i)to create, declare and grant over, above, under and across the Common Area or Lots, at any time before or after conveyance, non-exclusive perpetual utility easements and (ii) to exercise any easements created by any Plat of Subdivision or other instruments for the installation, construction, improvement or removal or reconstruction, replacement, substitution, and maintenance of sewer (storm and sanitary), water, gas, electricity, master television antenna and transmission systems, telephone and any other easements as may be necessary in the Declarant's sole judgment to develop, service and maintain the Property. The aforesaid easement shall include reasonable rights of ingress and egress.

SECTION 4. Easement for Installation and Maintenance of Storm Water Lines. The Declarant hereby reserves unto itself, the Association and their respective successors, assigns and designees an easement over each of the Lots and the Common Area for the following purposes: (i)the installation, maintenance and repair of downspouts on any single-family house constructed on any Lot where deemed necessary or appropriate by Declarant or the Association or their successors or assigns to alleviate storm water lines on any Lot or the common Area for connection to any downspout so installed by Declarant or the Association or their successors or assigns on the Lot or any other Lot, for connection to any storm water sewer constructed within the Property. Such downspouts and/or storm water lines so installed by the Declarant, the Association or their respective successors, assigns and designees on any single-family house, any Lot or any portion of the Common Area shall be and remain the property of the Association or its successors or assigns, and shall thereafter be maintained, replaced and repaired thereby. The aforesaid easement shall include reasonable rights for ingress and egress and shall be perpetual. No owner of a Lot shall interfere with any downspout or storm water line installed on his house or Lot, or the passing of storm water through the same.

SECTION 5. Ownership of Utility Lines. The Declarant shall initially own all storm sewers, sanitary sewers and water lines when situated in, or over, under, along or across the Common Area or within easement areas designated for the installation and maintenance of such lines, to the extent the same are not initially dedicated to the City, Kendall County, and public utility, or any governmental or quasi-governmental authority, and shall have the right (and obligation) of maintenance, replacement, repair or removal thereof and reasonable access thereto. Declarant may transfer title to said storm sewers, sanitary sewers and water lines and Declarant's rights of maintenance, replacement, repair and removal thereof to any designee deemed beneficial or appropriate by Declarant (including the Association, the City, Kendall County, any public utility or any governmental or quasi-governmental authority), which transfer and assignment shall be effectuated by a bill of sale or other appropriate writing. In the observance of such transfer prior to the completion of the sale of all the Lots by Declarant to Owners purchasing the same, the transfer shall be deemed to have been made to the Association upon the closing of the sale of the last Lot to an Owner, without further action or documentation.

SECTION 6. Reservation of Easements for Declarant's Benefit. Anything contained in this Declaration to the contrary notwithstanding, the Declarant hereby reserves for itself, its agents, employees, contractors, subcontractors, workmen, materialmen, invitees and any successor builders an easement under, over and across the Common Area (as amended from time to time by annexation)

for the purposes of constructing, completing, repairing, maintaining, inspecting, exhibiting and selling any Lots or houses then owned by the Declarant.

SECTION 7. Rights to Reserve or Grant Specific Easements for and Entryways.

Declarant shall have the right to grant or reserve specific non-exclusive easements on any portion of any Lot (except portions occupied by dwellings) or on the Common Area for the installation, maintenance and repair of Entryways, by Declarant, its successors, assigns or designees or by the Association. Such easements may be created after such Lots are conveyed to Owners or after the Common Area is conveyed to the Association only if (i) such areas are designated as such by a Plat of Subdivision, a deed, a declaration of easement or a grant of easement executed and recorded by Declarant with the Office of the Recorder of Kendall County, Illinois, or (ii) construction of the Entryway has commenced prior to conveyance of such Lot or Common Area. Failure to so grant or reserve a specific easement shall not invalidate or adversely affect the easements reserved under Section 4 hereof.

SECTION 8. Power Coupled with an Interest. In furtherance of Declarant's rights to create easements pursuant to Section 10 above, a power coupled with an interest is hereby reserved to Declarant, as attorney-in-fact of the Association and of the Owners of all Lots within the Property, to grant or reserve such easements, and the giving of any deed, mortgage or other instrument with respect to the Common Area or any Lot, and acceptance thereof, shall be deemed a grant and acknowledgment of and a consent to such power of said attorney-in-fact.

ARTICLE THIRTEEN

CITY OF JOLIET

SECTION 1. City Ordinances Prevail. None of the covenants, conditions, restrictions or provisions of the Declaration are intended to supersede or prevail over the ordinances of general applicability of the City in which the Property is located, and in the event of any conflict, the applicable ordinances of the City shall supersede and prevail over the covenants, conditions, restrictions and provisions of this Declaration. However, no ordinance of the City controlling or regulating any act that is expressly limited, controlled or prohibited by the covenants of this Declaration shall operate to authorize or permit such act.

SECTION 2. Standards of Maintenance. The standards of maintenance of the Entryways, Buffer areas and the Common Area (including the Detention Areas and any stormwater facilities, landscaping or other improvements located thereon) adopted by the Association from time to time shall be at least equal to those set forth in the ordinances of general applicability of the City in effect from time to time that govern and control the maintenance of private property.

SECTION 3. Easements. The City is hereby granted the right and easement of access over, across and through the Property for any purposes reasonably related to the proper exercise of the rights and powers of the City, including without limitation, the right and easement to come upon the Property to install, lay, construct, renew, operate, maintain, repair and replace lines, pipes, pumps and other equipment (including housings for such equipment) into, over, under, along and through the

Property (including the Community Area and Lots) for the purpose of providing water, storm sewer and sanitary sewer services and storm water detention areas, if any, to the Property or any part or parts thereto and to adjacent property.

ARTICLE FOURTEEN

GENERAL PROVISIONS

SECTION 1. Enforcement. The Declarant, the Association, any Owner or the City shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions covenants, liens and charges now or hereafter imposed by the provisions of the Declaration, and there shall be included in the recovery all costs, fees and reasonable attorneys' fees incurred in connection therewith. The City shall have the right to enforce, by any proceeding in law or in equity, any rights created in its favor by the provisions of this Declaration. Failure by the Declarant, the Association or by any Owner or the City to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. Breach of any of the covenants shall not defeat or render invalid the lien or any mortgage or trust deed made in good faith and for value as to said Lots or property, or any parts thereof, but such provisions, restrictions or covenants shall be binding and effective against any Owner of said property whose title thereto is acquired by foreclosure, trustee's sale or otherwise.

SECTION 2. Severability. Invalidation of any one or more of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

SECTION 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Declarant, the Association or the Owner of any Lot subject to this Declaration, and their respective legal representatives, heirs, successors and assigns for a period of twenty (20) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended by an instrument signed by Lot Owners comprising not less than sixty-seven percent (67%) of the total votes collectively held by all classes of Members with the written consent of mortgagees holding at least fifty-one percent (51%) of the outstanding mortgages on Lots within the Property and any land annexed thereto. Any amendment that has the effect of (i) terminating this Declaration or (ii) terminating the legal status of the Association shall require the written consent of mortgagees holding at least sixty-seven percent (67%) of the outstanding mortgages on Lots within the Property and any land annexed thereto and subject to the written consent of the City. Notwithstanding the foregoing, in the event the Declarant desires to amend this Declaration: (x) to correct a technical or typographical error or to clarify any provisions herein that are otherwise vague, or (y) for the sole purpose of causing the Declaration to comply with form and substance as may be required by either the Federal Housing Authority (FHA) or the Veterans Administration (VA) to enable the sales of Lots from the Property to qualify for the insurance by either such agency of end mortgage loans made to Owners of such Lots, or as may be required to conform to the published manuals or guidelines of any governmental, quasi-governmental or private agency engaged in the business of the purchase of mortgage loans, including, but not limited to Federal Home Loan Mortgage Corporation (FHLMC) and Federal National Mortgage

Association (FNMA) for the purchase of mortgage loans made on Lots, or (z) for the sole purpose of causing the Declaration to comply with the requirements of any statutes, ordinances, law or regulations applicable thereto, it may do so by an instrument signed by Declarant without the consent of Owners, mortgagees, FHA or VA, but shall give notice of any such amendments to all Owners, the FHA, the VA and all mortgagees of Lots who have requested the same in writing. The failure to give such notice shall not affect the validity or effectiveness of such amendment. Any amendment that affects the rights of the City as set forth in this Declaration must be consented to by the City. In furtherance of the foregoing, a power coupled with an interest is hereby reserved to Declarant, as Attorney-in-Fact, to so amend the Declaration as provided in this Section 3, and each deed, mortgage or other instrument with respect to a Lot and acceptance thereof shall be deemed a grant and acknowledgment of and a consent to such power to said Attorney-in-Fact. Any amendment must be recorded with the Office of the Recorder of Kendall County, Illinois.

SECTION 4. Quorum. Unless otherwise specified to the contrary in any provision of this Declaration, the presence of Members or of proxies entitled to cast twenty percent (20%) of the votes of each class of membership shall constitute a quorum for any meeting of the Members of the Association.

If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth in the By-Laws of the Association, and the required quorum at such subsequent meeting shall be fifty percent (50%) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

SECTION 5. FHA/VA Approval. As long as there is a Class B Member, the following actions Kendall require the prior approval of the Federal Housing Administration (FHA) or the Veterans Administration (VA):

- (1) Annexation of additional land to the Property, or
- (2) Amendment of this Declaration of Covenants, Conditions and Restrictions, except for amendments made pursuant to Section 3(x),(y) or (z) above.

SECTION 6. Binding Effect. Each grantee of Declarant by the acceptance of a deed of conveyance, and each purchaser under any contract for such deed of conveyance, accepts the same subject to all restrictions, conditions, covenants, reservations, liens and charges and the jurisdiction, rights and powers created or reserved by this Declaration, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations hereby imposed shall be deemed and taken to be covenants running with the land, and shall bind any person having at any time any interest or estate in the land, and shall inure to the benefit of such person in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance, or in any mortgage or trust deed or other evidence of obligation, and the rights described in this Section 6 or described in any other part of this Declaration shall be sufficient to create and reserve such easements and rights to the respective grantees,

mortgages and trustees of such Lot ownership as fully and completely as though such rights were recited fully and set forth in their entirety in such documents.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal on the date first written above.

MONTALBANO BUILDERS, INC.

by: Anthony Montalto
President

Attest: Anthony Montalto
Secretary

MIDWEST BANK AND TRUST COMPANY,
as Trustee as aforesaid, and not personally.

by: James A. Hoop
Trust Officer

Attest: Wanda Chavalka
Trust Administrator

**SEE EXCULPATORY RIDER
ATTACHED TO AND
MADE PART HEREOF.**

STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

I, Grace Bochenski, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Anthony Montalbano, President and Secretary of, personally known to me to be the Montalbano Builders, Inc. an Illinois corporation, 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 acknowledged that he signed and delivered the said instrument as President and Secretary of said Corporation, pursuant to authority given by the Board of Directors of said corporation, as his free and voluntary act and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

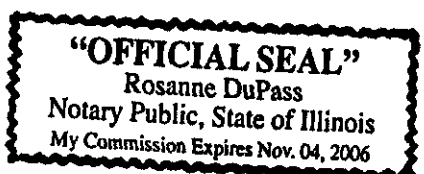
GIVEN under my hand and Notarial Seal this 13th day of March, 2006.



Grace Bochenski
Notary Public

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Laurel Thorpe, Trust Officer of Midwest Bank and Trust Company, as Successor Trustee to Midwest Trust Services, Inc. a corporation, and Juanita Chandler, Trust Administrator personally known to me to be the same persons, whose names are subscribed to the foregoing instrument, appeared before me this day in person and acknowledge that they signed and delivered the said instrument as their own free and voluntary act, and as the free and voluntary act of said corporation, as Trustee for the uses and purposes, therein set forth and the said Trust Officer of said corporation did also then and there acknowledge that he/she as custodian of the corporate seal of said corporation did affix the said corporate seal of said corporation to said instrument as his/her own free and voluntary act, and as the free and voluntary act of said corporation, as Trustee for the uses and purposes therein set forth. Given under my hand and Notarial Seal this 10th day of March, 2006.



Rosanne DuPass
Notary Public

EXCULPATORY RIDER

Midwest Bank and Trust Company, as Trustee executes this **Windsor Ridge Homeowner's Association Declaration of Covenants, Conditions and Restrictions** under the provisions of Trust dated November 17, 2003, and known as Trust Number 03-1-8194, not personally but solely as Trustee aforesaid in the exercise of the power and authority conferred upon and vested in it as such Trustee. This instrument is executed and delivered by the Trust solely in the exercise of the powers expressly conferred upon the Trustee under the Trust and upon written direction of the beneficiaries and/or holders of the power of direction of said Trust and Midwest Bank and Trust warranties that it possesses full power and authority to execute this instrument. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representation, warranties covenants, undertakings and agreements herein; made on the part of the trustee while in form purporting to be the said representation, warranties, covenants, undertakings and agreements of said Trustee are each and every one of them not made with the intention of binding Midwest Bank and Trust Company in its individual capacity, but are made and intended solely for the purpose of binding only the Trust property specifically described herein. No personal liability or personal responsibility is assumed by nor shall at any time be asserted or enforceable against Midwest Bank and Trust Company on account of any representations, warranties, covenants, undertakings and agreements contained in the instrument (including but not limited to any indebtedness accruing plus interest hereunder) either express or implied or arising in any way out of the transaction in connection with this instrument is executed, all such personal liability or responsibility, if any, being expressly waived and releases, and any liability hereunder being specifically limited to the Trust Assets, if any, securing this instrument. Any provision of this instrument referring to a right of any person to be indemnified or held harmless, or reimbursed by the Trustee for any costs, claims, losses, fines, penalties, damages, costs of any nature, in connection with the execution of this instrument, shall be construed as only a right of redemption out of the assets of the Trust. Notwithstanding anything in this instrument contained, in the event of any conflict between the body of this exoneration and the body of this instrument, the provisions of this paragraph shall control. Trustee being fully exempted; nothing herein contained shall limit the right of any party to enforce the personal liability of any other party to this instrument.

EXHIBIT "A"

TO DECLARATIONS OF COVENANTS, CONDITIONS AND RESTRICTIONS

LEGAL DESCRIPTION FOR PROPERTY OWNED BY MONTALBANO BUILDERS, INC.

LOTS 1 THROUGH 38, BOTH INCLUSIVE, 59 THROUGH 82, BOTH INCLUSIVE, 89 THROUGH 105, BOTH INCLUSIVE, 130 THROUGH 136, BOTH INCLUSIVE, 140 THROUGH 151, BOTH INCLUSIVE, 181 AND 182, IN THE WINDSOR RIDGE SUBDIVISION BEING A PART OF THE NORTH ½ OF THE SOUTHWEST QUARTER OF SECTION 35, IN TOWNSHIP 36 NORTH, RANGE 8 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED OCTOBER 6, 2005 AS DOCUMENT # 200500030871 IN THE TOWNSHIP OF NAU-AU-SAY, KENDALL COUNTY, ILLINOIS.

LEGAL DESCRIPTION FOR PROPERTY OWNED BY MBC III, LLC

LOTS 39 THROUGH 58, BOTH INCLUSIVE, 83 THROUGH 88 BOTH INCLUSIVE, 106 THROUGH 129, BOTH INCLUSIVE, LOTS 137, 138, 152 AND LOTS 155 THROUGH 160, BOTH INCLUSIVE IN WINDSOR RIDGE SUBDIVISION UNIT 1, A SUBDIVISION OF PART OF SECTION 35, IN TOWNSHIP 36 NORTH, RANGE 8 EAST OF THE THIRD PRINCIPAL MERIDIAN, RECORDED OCTOBER 6, 2005 AS DOCUMENT NUMBER 200500030871, IN KENDALL COUNTY, ILLINOIS.

COMMON AREA

LOTS 181 AND 182 IN THE WINDSOR RIDGE SUBDIVISION BEING A PART OF THE NORTH ½ OF THE SOUTHWEST QUARTER OF SECTION 35, IN TOWNSHIP 36 NORTH, RANGE 8 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED OCTOBER 6, 2005 AS DOCUMENT # 200500030871 IN THE TOWNSHIP OF NAU-AU-SAY, KENDALL COUNTY, ILLINOIS.

PERMANENT INDEX NUMBER: 06-35-300-003

**BY-LAWS OF WINDSOR RIDGE
HOMEOWNERS' ASSOCIATION**

ARTICLE I

Purposes and Powers

1.01. Windsor Ridge Homeowners' Association ("The Association") shall be responsible for the general management and supervision of the Premises and shall have all of the powers to perform, and shall be responsible to perform, all of the obligations provided for in the Declaration of Covenants, Conditions, Restrictions, Easements, and Rights for the Windsor Ridge Subdivision which is recorded in the office of the Recorder of Deeds of Cook County. (All terms used in these By-Laws shall have the same meaning and definition as set forth in said Declaration). Further, the Association shall have all powers now or hereafter granted by the General Not-For-Profit Corporation Act of the State of Illinois which shall be consistent with the purposes specified herein and in the Declaration.

ARTICLE II

Offices

2.01. Registered Office. The Association shall have and continuously maintain in this State a registered office or registered agent whose office shall be identical with such registered office.

2.02. Principal Office. The principal office of the Association shall be maintained in DuPage County or Cook County, Illinois.

ARTICLE III

Membership

3.1. The Association shall have two classes of voting membership:

Class A: Class A Members shall be all those Owners, as defined in ARTICLE THREE, with the exception of the Declarant. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required by ARTICLE THREE for membership. When more than one person holds such interest in any Lot, all such persons shall be Members, and 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.

Class B: The Class B Member shall be the Declarant. The Class B Member shall be entitled to three (3) votes for each Lot in which it holds the interest required by ARTICLE THREE for membership, provided that the Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earliest:

- a) Three (3) years from the date of this Declaration of Covenants, Conditions and Restriction;
- b) One hundred twenty (120) days after the date by which seventy-five percent (75%) of the Lots submitted to this Declaration (either as a part of the original Property or as Additional Land or as a phase thereof annexed to the Property) have been conveyed by Declarant has failed to start construction of any home on a phase of the Additional Land that has not yet been annexed to the Property within such one hundred twenty (120) day period; provided, however, if Declarant has so started construction of a home on any Lot in a phase of the Additional Land that has not yet been annexed to the Property within such one hundred twenty (120) day period, then the provisions of this subparagraph (b) shall be applicable to the combined total of the Lots then comprising the Property and those contained in such phase of the Additional Land that is thereafter annexed to the Property. (For Purposes hereof, the term "start construction" shall mean the excavation of a building site on one Lot within the boundaries of a phase);or
- c) The date on which Declarant voluntarily withdraws as the Class B Member by executing and recording with the Office of the Recorder of Cook County, Illinois, a written declaration of intent to withdraw, which withdrawal shall become effective in the manner specified in such declaration of intent.

So long as Declarant is a Class B Member it shall have the absolute right to fill any vacancies on the Board of Directors (including any vacancy caused by an increase in the number of directors) and to appoint any officers, assistant officers and agents of the Association. The directors elected by the Members at the first annual meeting of Members shall include not less than two (2) directors who are Class A Members residing on Lots within the Property. At all times thereafter, the Board of Directors of the Association shall include not less than two (2) such Class A Members.

3.02. Succession. The membership of each Owner shall terminate when he ceases to be an Owner, and upon the sale, transfer or other disposition of the Owner's ownership interest in the Premises, the Owner's membership in the Association shall automatically be transferred to the new Owner succeeding to such ownership interests.

3.03. Regular Meetings. The first regular annual meeting of Members (the "First Meeting") may be held within the limits of the DuPage or Cook County, subject to the terms hereof, on any date, at the option of the Board, provided, however, that said First Meeting shall be held not later than either (a) one hundred twenty (120) days after Montalbano Builders, Inc. has sold and delivered its deed for at least 79 of the Lots, or (b) thirty six (36) months from the recording date of the Declaration, whichever is earlier. Subsequent to the First Meeting, there shall be a regular annual meeting of Members held each year within the limits of the City of Oak Brook or such other place as determined by the Board. All such meetings of Members shall be held at such place in DuPage or Cook County, Illinois, and at such time, and for purposes as specified in the written notice of such meeting which shall be mailed to all Members at least ten (10) days and not more than thirty (30) days prior to the date of such meeting, except that notice of the First Meeting shall be given at least twenty-one (21) days prior to the date of such Meeting.

The method of calling meetings shall be by the aforesaid written notice sent by the Board, copies of which notice may be mailed or delivered personally to the Members.

3.04. Special Meetings. Special meetings of the Members may be called by the President or by a majority of the directors of the Board. Said special meetings shall be called by delivering written notice to all Members not less than ten (10) days nor more than thirty (30) days prior to the date of said meeting, stating the date, time, and place of said special meeting within the City limits of Oak Brook or such other place as determined by the Board and the matters to be considered. Matters to be submitted to Members shall first be submitted to the Board, at least five (5) days prior to the special meeting, who shall then submit such matters to the special meeting.

3.05. Voting Member. There shall be one person with respect to each Lot Membership who shall be entitled to vote at any meeting of the Members. Such Voting Members shall be no less than twenty-one (21) years old, an individual, mentally competent, and if not an Owner, be authorized in writing to act for and bind the Owner as to all Association matters ("designation"). Such designations shall be dated, shall be made in writing to the Board, shall be executed by the Owner or the Owner's duly authorized attorney in fact or by any of multiple owners of a Lot as set forth below, and shall be revocable at any time by actual notice to the Board of the death or judicially declared incompetence of any designator, or by written notice to the Board by the Owner or Owners. Any or all Owners of a Lot, and their designee, if any, may be present at any meeting of the Voting Members, but only the Voting Member may vote or take any other action as a Voting Member either in person or by proxy. In the absence of any written designation of the Voting Member with respect to a particular Lot or in the event of conflicting designations, the Board shall be entitled to conclusively rely on a vote cast by anyone of the group composed of all Owners of that particular Lot.

3.06. Quorum. A quorum of Members for any meeting shall be constituted by a twenty percent (20%) of Members represented in person or by proxy.

3.07. Informal Action by Members. Any action which must or may be taken at a meeting of Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the Members entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the Members.

ARTICLE IV

Board of Directors

4.01. Number, Election and Term of Office. The Board of Directors of the Association (the "Board") shall consist of Three (3), ("Directors"). Directors shall be voting Members and shall be elected by a majority of voting Members at the annual meeting of Members and shall remain in office until the subsequent annual meeting of Members. The term of office of any director shall terminate contemporaneously with the conveyance of a fee simple title by the Member, or, if title to a Lot is held in trust, by assignment of the beneficial interest of such trust.

4.02. Qualifications. Each director shall be an individual no less than twenty-one years old and mentally competent. Any director ceasing to meet such qualifications shall thereupon cease to be a director and that director's place on the Board shall be deemed vacant.

4.03. Vacancies. Any vacancies occurring in the Board shall be filled by a two-thirds (2/3) vote of the remaining directors. (Any officer so elected to fill a vacancy shall hold office for a term equal to the time until the next annual meeting of Members.)

4.04. Meetings. A regular annual meeting of the Board shall be held at the same time as or within ten (10) days following the regular annual meeting of Owners. Special meetings of the Board shall be held upon a call by the President or by a majority of the Board on not less than forty-eight (48) hours notice in writing to each director, delivered personally or by mail or telegram. Any director may waive notice of a meeting, or consent to the holding of a meeting without notice, or consent to any action proposed to be taken by the Board without a meeting. A director's attendance at a meeting shall constitute his waiver of notice of said meeting. The Board shall meet at least once annually and at such other times as the Board deems necessary. Notice of any such meeting shall be mailed or delivered at least forty-eight (48) hours prior thereto, unless a written waiver of such notice is signed by the person or persons entitled to such notice pursuant to the Declaration, By-Laws, or provision of law before the meeting is convened.

4.05. Removal. Any director whose term is not otherwise terminated may be removed from office by the vote of a majority of the directors voting, but only upon: (a) receipt of documentary evidence that the director is not twenty-one years of age; or (b) receipt of a court order declaring the director mentally incompetent. Any director may be removed from office at any time, without cause by a majority vote of the voting Members at a duly called regular or special meeting of the Members.

4.06. Compensation. Directors shall receive no compensation for their services as directors.

4.07. Quorum. A majority of Directors shall constitute a quorum.

4.08. Informal Action by Directors. Any action which must or may be taken by the Board may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the directors entitled to vote with respect to the subject matter thereof. Any such consent signed by all the directors shall have the same effect as a unanimous vote.

4.09. General Powers and Duties of the Board. The powers and duties of the Board shall include, but shall not be limited to, the following matters:

- a) To adopt rules and regulations governing the use, maintenance and administration of the Common Interest Property and for the health, comfort, safety and general welfare of persons using the Common Interest Property.
- b) To repair, maintain, improve and replace the Common Interest Property and all facilities and improvements located thereon; and to have such rights of ingress and egress over and upon the Premises as may be reasonably required to exercise such rights.

- c) To provide all necessary maintenance, repairs and services with respect to the Common Interest Property, including without limitation (i) removal of snow and ice from paved areas; (ii) maintenance, repair, replacement, improvement and care of all streets, trees, shrubs, grass and landscaped areas; (iii) maintenance, repair and replacement of those "Utilities" or portions thereof which are not maintained by a public or quasi-public utility or authority; and (iv) maintenance, repair, replacement and improvement of storm water facilities; further, upon affirmative vote of no less than four (4) members of the Board, to provide for selected, common maintenance repairs or services, for all or part of the premises which are not part of the Common Interest Property.
- d) To pay for out of the assessment funds all taxes and assessments and other liens and encumbrances which shall properly be assessed or charged against Outlot 36.
- e) To retain and compensate a person or firm to manage the Association and the Premises or any separate portion thereof, and provide the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Homeowner's Association, whether such personnel are employed directly by the Board or by such manager.
- f) To provide or pay for any material, supplies, insurance, furniture, equipment, fixtures, labor, services, maintenance, repairs, taxes or assessments which the Board is required to obtain or pay for pursuant to the terms of this Declaration or by law, including payments to the City, or which in its opinion shall be necessary or proper for the operation or protection of the Association and its members or for the enforcement of this Declaration.
- g) To make the dedications and grant the utility easements described in Article III and Paragraph 12.03 of the Declaration.

4.10. Other Powers and Duties. The Board shall also have the following powers and duties:

- a) To execute, on behalf of all Owners, all divisions of ownership for tax assessment purposes with regard to Outlots, or any portion thereof.
- b) To borrow funds to pay costs of operation secured by assignment or pledge of rights against delinquent Owners, if the Board sees fit.
- c) To enter into contracts; maintain bank accounts granting authority as the Board shall desire to one or more persons (including any managing agent) to draw upon such account; invest surplus funds of the Association in U.S. Government securities, in money market accounts, or in Certificates of Deposit insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation; and generally to have all the powers necessary or incidental to the operation and management of the Association.
- d) To protect or defend the Common Interest Property from loss or damage by suit or otherwise, and to provide adequate reserves for contingencies and replacements.

- e) To adjust the amount, collect and use any insurance proceeds to repair or replace damaged or lost property; and if proceeds are insufficient to repair or replace damaged or lost property, to assess Owners to cover the deficiency.
- f) To transfer any part of the Common Interest Property to any title-holding land trust in exchange for the entire beneficial interest therein, or to any corporation in which the Association is the sole shareholder.
- g) To enforce the provisions of these By-Laws and the Declaration and rules made thereunder and to enjoin and seek damages from any Owner, Member or resident for violation of such provision or rules.
- h) To exercise all other powers and duties of the Board specifically provided for in these By-Laws or the Declaration.

4.11. Execution of Instruments. All agreements, contracts, deeds, leases, vouchers for payment of expenditures, and other instruments shall be signed by such officer or officers, agent or agents of the Board and in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board such documents shall be signed by the President and attested by the Secretary.

ARTICLE V

Officers

5.01. Designation. At each regular annual meeting, the directors present at said meeting shall elect the following officers of the Association by a majority vote:

- a) a President, who shall be a director and an Owner (either as holder of fee simple title or as beneficial owner of a trust holding the fee simple title), and who shall preside over the meetings of the Board and of the Members, and who shall be the chief executive of the Association;
- b) a Secretary, who shall keep the minutes of all meetings of the Board and of the Members, and who shall, in general, perform all the duties incident to the office of Secretary, and who may be a representative of any managing agent;
- c) a Treasurer, who shall be a director and an owner and be responsible for financial records and books of account and the manner in which such records and books are kept and reported;
- d) such additional officers as the Board sees fit to elect.

5.02. Powers. The respective officers shall have the general powers usually vested in such officers, provided that the Board may delegate any specific powers to any other officer or impose such limitations or restrictions upon the powers of any officer as the Board may see fit.

5.03. Term of Office. Each officer shall hold office for the term of one (1) year and until his successor shall have been appointed or elected and qualified; provided, however, that if the President or Treasurer ceases to have all of the necessary qualifications set forth in Section 5.01 above, his or her term shall terminate automatically and the office shall be deemed vacant until filled as provided in Section 5.04 below.

5.04. Vacancies. Vacancies in any office shall be filled by the Board by a majority vote of the Board. (Any officer so elected to fill a vacancy shall hold office for a term equal to the time until the next meeting of Members.)

5.05. Compensation. The officers shall receive no compensation for their services as officers unless expressly provided for in a resolution duly adopted by the Members.

ARTICLE VI

Assessments

6.01. Creation of the Lien and Personal Obligation for Assessment. Each Owner (except the Developer) shall pay to the Association such assessments as are levied pursuant to the provisions of these By-Laws and the Declaration. Such assessments, together with interest and penalties thereon and reasonable attorney's fees and other costs of collection, if any, as hereinafter provided, shall be a charge and continuing lien upon the Lot against which such assessment is made and on the Lot Membership appurtenant thereto. Each such assessment, together with such interest and costs, shall also be the personal obligation of the person or entity who was the Owner of such Lot at the time such assessment first became due, until the obligation is satisfied.

6.02. Purpose of Assessments. The assessments levied by the Association (or by Declarant acting on its behalf) shall be used for the purpose of promoting the health, safety and welfare of the Members of the Association and in particular, without limiting the foregoing: (i) for the improvement and maintenance of the services and facilities devoted to such purpose and related to the use and enjoyment of the Premises, including reasonable reserves, (ii) for the payment of taxes and other charges and insurance on and the making of repairs, replacements and additions to Outlot improvements and the Storm Water Management System and pedestrian walkways, defraying the cost of labor, equipment and material for the management and maintenance of the Outlot improvements and the Storm Water Management System and pedestrian walkways, (iii) in general for carrying out the duties of the Board as set forth in these By-Laws and the Declaration and (iv) carrying out the stated purposes of the Association.

6.03. Assessment Procedures.

- a) Preparation of Estimated Budget Each year on or before December 1, the Board shall estimate the total amount necessary to pay the cost of water, materials, insurance, taxes, services, fees, repairs, replacements, management, supplies and of other items, which in the judgment of the Board will be required to be provided to the Association or be required to meet the Association's obligations during the ensuing calendar year to effect the purposes of the Association, together with a reasonable amount considered by the Board to be necessary to reserve for contingencies and replacements. Said "estimated cash requirement" shall be allocated among and assessed to the Owners in accordance with the provisions of Paragraph 6.06. If the actual expenditures paid or provided for by the Board during said year shall be more or less than said estimated cash requirement, any net shortage or excess shall be applied as an adjustment to the installments under the current year's estimate falling due after the amount of such net shortage or excess for the preceding year has been determined.
- b) Adjustments to Estimated Budget. If said "estimated cash requirement" proves inadequate for any reason (including non-payment of any Owner's assessment), the Board may at any time levy a further assessment. The Board shall serve notice of such further assessment on all Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall become effective with the semi-annual assessment payment which is due no more than ten (10) days after the delivery or mailing of such notice of further assessment. All Owners shall be personally liable for and obligated to pay their respective adjusted semi-annual amount.
- c) Failure to Prepare Annual Budget. The failure or delay of the Board to prepare an annual or adjusted estimated budget shall not constitute a waiver or release in any manner of any Owner's obligation to pay the maintenance costs and necessary reserves, as herein provided, whenever the same shall be determined, and in the absence of any annual estimate or adjusted estimate, each Owner shall continue to pay the semi-annual maintenance charge at the then existing rate established for the previous period.
- d) User Charges. The Board (or Declarant acting pursuant to Paragraph 2.04(c) of the Declaration) may establish, and each Owner shall pay, user charges to defray the expense of providing services, facilities or benefits which may not be used equally or proportionately by all of the Owners or which, in the judgment of the Board or Declarant, should not be charged to every Owner. Such expenses may include, without limitation, charges predicated on the negligence of any Owner or the abuse of any part of Common Interest Property; fees for scavenger or trash services or other services which the Board has obtained for certain, but not all, of the Owners, or for all of the Owners but in different or varying amount; and fees for such other services and facilities provided to Owners which should not reasonably be allocated among all of the Owners in the same manner as Owner assessments. Such user charges may be billed separately to each member benefited thereby, or may be added to such Owner's assessments as otherwise determined, and collected as a part thereof pursuant to Paragraphs 6.06 and 6.07. Nothing herein shall require the establishment of user charges as hereinabove authorized, and the Board or Declarant may elect to treat all or any portion thereof as expenses to be defrayed by Owner assessments.

- e) Initial Assessment. The Board shall determine the date upon which the Owners who own Lots shall commence payment of annual assessments established by the Board. The first estimated budget prepared by the first Board may be for the balance of the calendar year in which such budget is prepared, in which event semi-annual installments of assessments shall commence on the date fixed by the Board for such purpose.
- f) Annual Increases. The estimated budget shall reflect the reasonable and necessary cost of maintaining the premises in a first class condition, as well as providing for other services and expenses. Accordingly, in order to maintain services despite increases in costs, each estimated budget amount shall be no less than five percent (5%) greater than the preceding estimated budget amount unless no less than four-fifths (4/5) of the Members consent to a lesser amount. If the first estimated budget is for less than a full calendar year, the budget amount shall be prorated to produce the amount required for a full year, and the succeeding budget shall be no less than five percent (5%) greater than the prorated amount. Further, if the initial estimated budget is adjusted pursuant to subparagraph 4.03(b), such adjustment shall be deemed to be part of the initial estimated budget for purposes of this subparagraph. The annual assessments shall not be increased by more than 10% over the maximum annual assessment permitted for the year immediately preceding.

6.04. Special Assessments for Capital Improvements. In addition to the annual assessment authorized in Paragraph 6.03, the Board may levy special assessments for the purpose of defraying, in whole or in part, the cost of construction or purchase of a specified capital improvement constituting Common Interest Property and the necessary fixtures and personal property related thereto; provided, however, that any such special assessment shall first be approved at a meeting of the Members by the affirmative votes of three-fifths (3/5) of the Members at a meeting called and held in accordance with the provisions of Paragraph 6.05, with each Lot being entitled to one (1) vote. The provisions of this Paragraph 6.04 shall not limit the power of the Board, without such prior approval, to levy assessments to reconstruct, replace or restore any Common Interest Property improvements to the quality and condition as originally constructed by Declarant and such reconstruction, replacement or restoration shall not be deemed a capital improvement nor shall the cost be deemed a capital expenditure.

6.05. Notice and Quorum. Written notice of any meeting called for the purpose of authorizing any special assessments requiring approval pursuant to Paragraph 6.04 hereof shall be sent to all Members (and to Declarant, if then the owner of a Lot or Lots) not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. The presence in person or by proxy of Members representing a majority of the Lots shall constitute a quorum.

6.06. Payment of Assessments. All assessments shall be paid directly by each Owner to the Association. Upon written demand of an Owner or mortgagee at any time, the Association shall furnish such Owner or mortgagee a written dated certificate signed by an officer of the Association setting forth whether there are any then unpaid annual or special assessments levied against such Owner's Lot. Such certificate shall be conclusive evidence of payment of any annual or special assessments theretofore levied and not stated therein as unpaid.

6.07. Nonpayment of Assessments.

- a) Any installment of an assessment which is not paid when due shall be delinquent. All installments shall be automatically increased by ten percent (10%) upon the fifteenth (15th) day of delinquency. If said installment is not paid within thirty (30) days after the due date, the Board may upon notice to such Owner of such delinquency, accelerate the maturity of the remaining installments due with respect to the current assessment year, and the total amount shall commence to bear interest from the date of acceleration at the Remedy Interest Rate, which term is used in this Declaration, shall mean a rate of interest per annum which shall be changed and adjusted annually, on and as of January 1 of each calendar year, such that it is equal to the lower of (i) two percent (2%) above the then publicly announced prime rate of interest, as charged by Bank One or any successor thereto, or (ii) eighteen percent (18%) per annum, or (iii) the highest rate permitted by law. The Homeowner's Association may bring an action against the Owner personally obligated to pay assessments and recover the same, including interest and penalties, costs and reasonable attorney's fees for any such action, which shall be added to the amount of such assessment and included in any judgment rendered in such action; and the Association may enforce and foreclose any lien it has or which may exist for its benefit.
- b) No Owner shall be relieved of personal liability for the assessments and for other amounts due as provided herein by nonuse of Common Interest Property or abandonment or transfer of ownership of a Lot.
- c) The lien of the assessments provided for in Paragraph 6.01 hereof shall be subordinate to the lien of any prior recorded first mortgage to either a bank, savings and loan association, insurance company or other financial institution, now or hereafter placed upon the properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve such property from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment.

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

6.9. Records and Statement of Account. The Board shall cause to be kept detailed and accurate records in chronological order of the receipts and expenditures. Payment vouchers may be approved in such manner as the Board may determine.

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

6.10. Discharge of Liens. The Board may cause the Association to discharge any mechanics lien or other encumbrances which in the opinion of the Board may constitute a lien against the Common Interest Property, rather than a lien against only a particular Lot. When less than all the Owners are responsible for the existence of any such lien, the Owners responsible shall be jointly and severally liable for the amount necessary to discharge the same and for all costs and expenses, including attorneys' fees, incurred by reason of such lien.

6.11. Holding of Funds. All funds collected hereunder shall be held and expended for the purposes designated herein, and (except for such special assessments as may be levied hereunder against less than all the Owners and for such adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held for the benefit, use and account of all the Owners.

6.12. Forbearance. The Association shall have no authority to forebear the payment of assessments by an Owner.

ARTICLE VII

Use and Occupancy Restrictions

7.01. All Owners shall maintain, occupy and use their respective lot and Outlot Property only in accordance with the terms of the Declaration and any additional rules and regulations permitted by the Declaration to be adopted by the Board or by the Members. Such rules and regulations are limited to those which bear a reasonable relationship to the maintenance, conservation, beautification, privacy and peaceful enjoyment of the Premises or to the health, comfort, safety, and general welfare of the Owners and other residents. Written notice of such rules and regulations shall be given to all Owners, and the Premises shall at all times be maintained subject thereto.

ARTICLE VIII

Contractual Powers

8.01. No contract or other transaction between this corporation and one or more of its directors or between this corporation and any corporation, firm or association in which one or more of the directors of this corporation are directors, or are financially interested, is void or voidable because such director or directors are present at the meeting of the Board or a committee thereof which authorizes or approves the contract or transaction or because his or their votes are counted, if the circumstances specified in either of the following subparagraphs exists:

- a) the fact of the common directorship or financial interest is disclosed or known to the Board or committee and noted in the minutes and the Board or committee authorizes, approves or

ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such director or directors; or

- b) the contract or transaction is just and reasonable as to the corporation at the time it is authorized or approved.

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

ARTICLE IX

Amendments

9.01. The By-Laws may be amended by an instrument executed and acknowledged by the Homeowner's Association, and containing an affidavit by an officer of the Homeowner's Association certifying that (1) the Owners of not less than three-fourths (3/4) of the Lots have voted in writing to approve said amendment, and that (2) a copy of the amendment has been mailed by certified mail to all mortgagees having bona fide liens of record against any Lot, no less than ten (10) days prior to the date of such affidavit. No such amendment shall be effective unless and until the aforesaid instrument is recorded in the office of the Recorder of Deeds of Cook County, Illinois. For the period of Declarant's continuing rights under Paragraph 7.02 of the Declaration no provision of these By-Laws may be changed, modified or rescinded and no provision may be added without the written consent of Declarant. Notwithstanding anything to the contrary contained herein, no amendment to any portion of these By-Laws which affects the rights of the City of Oak Brook hereunder shall be valid, unless the City has first consented in writing to such amendment.

ARTICLE X

Liabilities and Indemnification

10.01. None among the Declarant, its agents, beneficiaries and employees, directors, officers, shareholders, the Board, Directors of the Board, Officers of the Association, and the agents and employees of any of them (all of the above hereinafter referred to as the "Protected Parties"), shall be liable to the Owners or any other person for any mistake of judgment or for any acts or omissions made in good faith as such members of the Board, or Officers of the Association or acting as the Board. The Owners hereby agree to indemnify, hold harmless, protect and defend any and all of the Protected Parties against all contractual liability to others arising out of the contracts made by the Board, or acting as the Board, on behalf of the Owners unless any such contracts shall have been made not in good faith or contrary to the provisions of this Declaration. It is intended that the liability of each Owner arising out of said indemnity shall be limited to and borne by each such Owner in the proportion that each said Owner's Lot Membership bears to the total number of Lot Memberships. The Board shall assess each Owner for his share of the cost of such indemnification, and such assessment shall be collectible and enforceable in mode and manner as set forth in Article IV hereof. To the extent possible the obligation of the Owners for indemnification hereunder shall be insured by means of appropriate contractual

endorsements to the comprehensive general liability insurance policies held from time to time by the Association.

ARTICLE XI

Construction of Instruments

11.01. Definition of Terms. The terms used in these By-Laws shall have the same meaning and definition as set forth in the Declaration.

11.02. Interpretations. In the case of any conflict between the Articles of Incorporation of the Association and these By-Laws, the Articles of Incorporation shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control. The By-Laws, Articles, and Declaration shall be liberally construed to favor the free use of the Lots and shall be strictly construed to limit the power of the Association to regulate and restrict the Owners' use and enjoyment of the Lots.

ARTICLE XII

Miscellaneous

12.01. Fidelity Bond. The Board may require (1) that all officers, employees or other persons who either handle or are responsible for funds held or administered by the Association shall furnish fiduciary insurance coverage which covers the maximum amount of funds that will be in custody of the Association plus the Association reserve funds, the premium cost of which will be paid by the Association and (2) that any management company which either handles or is responsible for funds held or administered by the Association shall furnish a fidelity bond to the Association which covers the maximum amount of Association funds and the Association reserves that will be in the custody of the management company, the premium cost of which will be paid by the Association, and shall at all times maintain a separate account for each reserve fund, for the total operating funds of the Association managed by the management company and for all other monies of the management company. The management company may hold all operating funds of the Association which it manages in a single operating account but shall at all times maintain records identifying all monies of each Association on such operating account.

12.02. Applicability of Documents to Lessees of a Unit. The Declaration, By-Laws, and other Rules and Regulations of the Association and other project documents shall be applicable to any person leasing a Lot and shall be deemed to be incorporated in any lease for any Lot.

This Instrument Prepared by:
After Recording Return to Preparer
Michael McGurn
General Counsel
Montalbano Builders, Inc.
2208 Midwest Road
Oak Brook, IL 60523