

**AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR THE
CHELSEA PLACE**

TABLE OF CONTENTS

<u>ARTICLE</u>	<u>PAGE</u>
I	Definitions 2
	Section 1 Association 2
	Section 2 Common Area 2
	Section 3 Common Facilities 2
	Section 4 Living Unit 2
	Section 5 Lot 2
	Section 6 Member or Membership 2
	Section 7 Original Declaration 2
	Section 8 Owner or Ownership 2
	Section 9 Plat 2
	Section 10 Property 3
	Section 11 Resident 3
II	Property Subject to this Declaration 3
III	Membership 3
IV	Voting Rights 4
V	Maintenance Assessments 4
	Section 1 Covenant for Maintenance Assessments 4
	Section 2 Purpose and Use of Assessments 4
	Section 3 Assessment Procedure – Regular Assessments 5
	Section 4 Assessment Procedure – Special Assessments 6
	Section 5 Allocation of Assessments 7
	Section 6 Non-Payment of Assessments 7
	Section 7 Subordination of Lien 8
	Section 8 Exempt Property 8
VI	Party Walls 8
	Section 1 General Rules of Law to Apply 8
	Section 2 Willful, Negligent or Accidental Damage 8
	Section 3 Repair, Maintenance and Damage by Fire or Other Casualty 8
	Section 4 Alteration 9
	Section 5 Contribution 9
	Section 6 Arbitration 9
	Section 7 Unenforceability of Private Agreements 10

VII	Architectural Controls	10
VIII	Exterior Maintenance	11
	Section 1 Exterior Maintenance	11
	Section 2 Easement for Maintenance	11
	Section 3 Willful and Negligent Damage	11
IX	Use Restrictions	11
X	Easements	16
XI	Insurance	17
XII	Resales of Lots and Living Units	19
XIII	Rentals of Lots and Living Units	20
XIV	Miscellaneous	22
	Section 1 Covenant to Rebuff Dam	22
	Section 2 Covenant to Maintain Sewer and Water Lines	22
	Section 3 Binding Effect of Amended and Restated Declaration	22
	Section 4 Covenant in Event of Dissolution of Association	22
	Section 5 Severability	23
	Section 6 Amendments	23
	Section 7 Enforcement	23
	Section 8 Directors and Membership Meetings and Notices	23
	Section 9 Captions	24
	Section 10 Construction and Validity	24
	Section 11 Causes of Action	24

- Exhibit A – Legal Description
- Exhibit B – Certification as to Owner Approval
- Exhibit C – Amended and Restated By-Laws

**AMENDED AND RESTATED DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
CHELSEA PLACE**

THIS AMENDED AND RESTATED DECLARATION is adopted pursuant to Article XII, Section 7 of the Original Declaration whereby the Owners, by a vote of two-thirds (2/3) of the Members can amend the Declaration. Any Amendment must be recorded.

W I T N E S S E T H:

WHEREAS, the Association and its Owners hold legal title to certain real property (the "Property") in the Village of Winfield, County of DuPage, State of Illinois, which is more fully described as follows:

SEE LEGAL DESCRIPTION ATTACHED AS EXHIBIT A.
(Hereinafter referred to as the "Property"); and

WHEREAS, the Property has been subdivided to create the Chelsea Place Subdivision, a planned unit development, consisting of Lots for townhouse homes; and

WHEREAS, the Property consisting of townhouse homes together with easement rights of ingress and egress over, upon, and to the exterior of all units and grounds, including therein roads, driveways, walks, paths, open spaces and any Common Facilities, and Common Areas, was established by the Original Declaration; and

WHEREAS, the Association is a Not-for-Profit Corporation, incorporated under the laws of the State of Illinois to promote and enhance the value and amenities on said Property; and

NOW, THEREFORE, the Association and its Owners hereby declare that all of the Property described in Exhibit A shall be held, occupied, sold and conveyed subject to the covenants, conditions, restrictions, reservations, easements, charges and liens created herein, which are for the purpose of promoting and enhancing the value, desirability and attractiveness of the aforesaid Property. These easements, restrictions, covenants and conditions shall be considered as covenants running with the aforesaid Property set forth herein and shall be binding on all parties having any interest, right or title in and to the aforesaid Property or any part thereof, and shall inure to the benefit of each Owner thereof.

ARTICLE I

DEFINITIONS

The following words and terms, when used in this Amended and Restated Declaration, will be defined as follows:

Section 1. "Association" shall mean and refer to the Chelsea Place Townhouse Owners' Association, an Illinois Not-For-Profit Corporation, its successors and assigns.

Section 2. "Common Area" shall mean and refer to that portion of the Property shown upon the recorded Subdivision plat or plats of the Property upon which the Common Facilities are situated.

Section 3. "Common Facilities" shall mean and refer to private and public walkways, roads, streets, the exterior of all buildings, all grounds, and out buildings, if any, and easements created for the common use and enjoyment of the Members of the Association, but shall not include Lots.

Section 4. "Living Unit" shall mean and refer to any building or a portion thereof situated on a Lot on the Property and intended for use and occupancy as a single family dwelling for which an occupancy permit has been issued.

Section 5. "Lot" shall mean and refer to that portion of the Property shown upon recorded resubdivision plat or plats of the Property improved or intended to be improved with one Living Unit as hereinafter defined.

Section 6. "Member" or "Membership" shall mean and refer to every person or entity holding membership in the Association as provided in Article III hereof.

Section 7. "Original Declaration" means the Declaration of Covenants, Conditions and Restrictions for the Chelsea Place recorded with the DuPage County Recorder of Deeds as Document Number R91-030345, on April 9, 1991.

Section 8. "Owner" or "Ownership" shall mean and refer to the record holder of fee simple title to any Lot on the Property, whether such Owner shall be one or more persons or entities, the beneficiary or beneficiaries of trust, shareholder of a corporation or partner of a partnership, but excluding those persons or entities having any interest merely as security for the performance of an obligation.

Section 9. "Plat" shall be the Plat of Survey recorded with the Original Declaration and attached thereto, which is hereby incorporated herein by reference only.

Section 10. "Property" shall mean and refer to the entire parcel of real property hereinabove described and referenced as Exhibit A which is subject to the terms and conditions of this Amended and Restated Declaration.

Section 11. "Resident" shall mean and refer to any person who resides in or occupies a Living Unit, whether on a temporary or permanent basis and whether such Resident shall be one or more persons, including the families and tenants of the Living Unit's Owner, and including the Owner himself, unless such Owner does not reside in his Living Unit during the term of a Lease Agreement.

Unless the provisions of this Amended and Restated Declaration otherwise require, words imparting the masculine gender shall include the feminine; words imparting the singular number shall include the plural, and words imparting the plural shall include the singular.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION

The Property described in Exhibit A has been submitted to the provision of this Amended and Restated Declaration.

ARTICLE III

MEMBERSHIP

Every person or entity who is the record Owner of a fee or an undivided fee interest in any Lot, upon the vesting of such interest and without any further act, such Owner shall be a Member of the Association subject to the rights and obligations provided herein, in the Articles of Incorporation and the Amended By-Laws of the Association. The presence at any Membership meeting of any one of several Members whose Membership results from the Ownership of a Lot shall be sufficient for the purposes of determining the presence of a quorum and the voting on any matter properly before the meeting, except as otherwise provided for herein. The foregoing is not intended to include persons or entities who hold any interest merely for the performance of an obligation. Membership shall be appurtenant to and may not be separated from Ownership of any Lot. Ownership of such Lot shall be the sole qualification for Membership, and Membership shall cease upon termination of such Ownership.

The Board of Directors of the Association shall have standing and capacity to act in a representative capacity in relation to matters involving the Common Area and Common Facilities of the Association or more than one Lot, on behalf of the Members as their interests may appear.

ARTICLE IV
VOTING RIGHTS

Members shall be entitled to one vote for each Lot in which they hold the interest required for Membership under Article III. When the Ownership of any one Lot is held by more than one person or entity, all such persons or entities shall be Members and the vote for such Lot shall be exercised among them, but in no case shall there be allowed more than one vote for any one Lot.

ARTICLE V
MAINTENANCE ASSESSMENTS

Section 1. Covenant for Maintenance Assessments. Each Owner of a Lot by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or conveyance, is deemed to covenant and agree to pay to the Association, (a) an initial three (3) month reserve which shall not be allocated or accountable to any unit upon subsequent sale, (b) regular assessments or charges, and (c) special assessments for capital improvements and unforeseen expenses. All such assessments are to be established and collected as hereinafter provided by this Amended and Restated Declaration, together with the Articles of Incorporation and Amended By-Laws of the Association.

Section 2. Purpose and Use of Assessments. All assessments levied by the Association shall be for the purpose of insuring the high standards of maintenance and operation of the Property for the common use of all Residents and Owners, limited areas of the respective Living Units' exteriors, as delineated below; as well as other Common Facilities and Common Area which may be constructed, and in general to promote the desired character of the Property. The purposes and uses of regular assessments shall be limited to the costs to the Association of all taxes, insurance, equipment, repairs, replacements and maintenance for, to or on the following:

- a. the Common Area and the Common Facilities;
- b. certain areas of the Living Units' exteriors, limited to the front driveways (not including any sidewalks, steps or other means of ingress and egress between such driveways and the front door or other entrance to the Living Unit), and the roofs (including the chimney and any downspouts and gutters);
- c. limited landscaping for certain areas of the Lots, as determined by either the Board of Directors, or an architectural committee if authority for such is delegated

thereto by the Board, but in both cases pursuant to Article VII of this Amended and Restated Declaration;

- d. any storm sewer facilities originating on the Property, the Common Facilities and the exterior of the Living Units; and
- e. any other charges required by this Amended and Restated Declaration, or that the Board of Directors of the Association shall determine to be necessary or desirable to meet the primary purpose of the Association, subject to the provisions of Article XIV Section 7.

Section 3. Assessment Procedure - Regular Assessments. The regular assessments per Lot shall be determined by the affirmative vote of two-thirds (2/3) of the Board of Directors of the Association, as provided in this Amended and Restated Declaration and the Amended By-Laws of the Association.

On the first Wednesday of December in each year, commencing in the year 2011, and pursuant to the Amended By-Laws of the Association, the Board of Directors shall hold a meeting or meetings (a) to estimate all expenses provided for in Article V; (b) to fix the amount assessed against the individual Lots for the forthcoming year; and (c) to establish the date or dates on which such assessments or installments thereof shall be due the Association and in lieu thereof, the amount of the prior year's annual assessment shall be the fixed amount. Should the Board of Directors fail to establish payment dates, all regular assessments shall be due in twelve (12) equal installments on the first day of each month of the year for which they are assessed. At the discretion of the Board, a late charge shall be levied against the Owner of a Lot who fails to cause the Association to receive the full amount assessed against such Lot, pursuant to this Section, within thirty (30) days of the payment date.

Any regular assessments may include a reasonable reserve fund which may be allocated to the costs of maintaining and improving the Common Area, Common Facilities, certain areas of the Living Units' exteriors and other purposes contemplated in this Article V, and to capital improvements. Any allocation of reserve funds shall be made upon the affirmative vote of two-thirds (2/3) of the Board of Directors of the Association, which vote shall be taken at a meeting called for that purpose as provided in the Amended By-Laws of the Association.

Each Owner shall also receive written notice, mailed or delivered, no less than ten (10) and no more than thirty (30) days prior to any meeting of the Board of Directors concerning any increase in the budget or establishment of an assessment. The Board of Directors shall annually supply to all Owners an itemized accounting of the expenses for the preceding year actually incurred, together with a tabulation of the amounts collected pursuant to the budget or

assessment, and showing the net excess or deficit of income over expenditures plus reserves.

The Board of Directors shall prepare an itemized list of all estimated expenditures in the form of a proposed budget, and a copy of that proposed budget shall be circulated to every Owner no less than thirty (30) days prior to any meeting in which a vote is to be taken. Included in that proposed budget shall be written notice of the proposed assessment to be charged to every Owner subject thereto.

Section 4. Assessment Procedure - Special Assessments. Special assessments may be levied by the Association to defray the expense, in whole or in part, of any capital improvement or unforeseen expenses. Such capital improvements shall include the construction or reconstruction, or unexpected repair or replacement of any capital improvements upon the Common Area, Common Facilities, or the exterior of any Living Unit or Units. Unforeseen expenses shall be deemed to be those expenses not provided for in the itemized list of estimated expenditures provided for in Section 2 of this Article V.

Whenever the Board of Directors shall determine that there exists a need for levying a special assessment as herein provided, the Board of Directors shall adopt a resolution setting forth the need, amount, period of payment and due date or dates for the proposed special assessment. Said vote shall be taken at a meeting called by the Board for that purpose. Each Owner shall receive notice, in the same manner as is provided in the Illinois Common Interest Community Association Act for membership meetings, of any meeting of the Board concerning the adoption of the proposed annual budget and regular assessments pursuant thereto or to adopt a separate (special) assessment, (ii) that except as provided in subsection (iv) below, if an adopted budget or any separate assessment adopted by the Board would result in the sum of all regular and separate assessments payable in the current fiscal year exceeding one hundred fifteen percent (115%) of the sum of all regular and separate assessments payable during the preceding fiscal year, the Board, upon written petition by Owners with twenty percent (20%) of the votes of the Association delivered to the Board within fourteen (14) days of the Board action, shall call a meeting of the Owners within thirty (30) days of the date of delivery of the petition to consider the budget or separate assessment; unless a majority of the total votes of the Owners are cast at the meeting to reject the budget or separate assessment, it is ratified, (iii) that any community expense not set forth in the budget or any increase in assessments over the amount adopted in the budget shall be separately assessed against all Owners, (iv) that separate assessments for expenditures relating to emergencies or mandated by law may be adopted by the Board without being subject to Owner approval or the provisions of item (ii) above or item (v) below. As used herein, "emergency" means an immediate danger to the structural integrity of the Common Facilities of Common Area or to the life, health, safety or property of the Owners, (v) that assessments for

additions and alterations to the Common Facilities or Common Area or to Association-owned property not included in the adopted annual budget, shall be separately assessed and are subject to approval of two-thirds of the total votes of all Owners, (vi) that the Board may adopt separate assessments payable over more than one fiscal year. With respect to multi-year assessments not governed by items (iv) and (v), the entire amount of the multi-year assessment shall be deemed considered and authorized in the first fiscal year in which the assessment is approved. Any assessments collected pursuant to this Section (other than those to cover an unanticipated deficit under the prior year's budget) shall be segregated in a special account and used only for the specific purpose set forth in the notice of assessment.

Section 5. Allocation of Assessments. Both regular and special assessments must be fixed at a uniform rate for middle/interior units, and a uniform rate for end units, except as may be otherwise provided for in this Amended and Restated Declaration. Any assessment and any installment thereof provided for herein shall commence on the Lot on the first day of the month following the conveyance or transfer of a Lot to the Owner. The initial assessment shall be adjusted according to the number of months remaining in any calendar year.

Section 6. Non-Payment of Assessments. Any assessments, regular or special, which are not paid on the due date shall be delinquent. Such delinquency shall be a continuing lien and an equitable charge running with the land touching and concerning said Lot and Living Unit so assessed, held by the then Owner or Owners, his heirs, devisees, personal representatives, assigns, successors and grantees.

Should title to any Lot be held by more than one Owner, all Owners shall be jointly and severally liable. The lien shall attach to all rents due from parties in possession on any Lot on which a delinquent assessment exists, provided that it shall be subordinate to an assignment of rents held by a mortgagee when delivered in connection with a first mortgage loan to purchase the Property.

Should any assessment remain unpaid thirty (30) days after it has become delinquent, such assessment shall bear interest from the date of delinquency at the maximum rate of interest per annum permitted by the usury laws of the State of Illinois.

The Association may recover any delinquent assessments by bringing an action at law or in equity against the then Owner personally obligated to pay the same within ten (10) years of the date such assessment became delinquent or foreclose the lien against the Lot and Living Unit. Such recovery shall include interest, costs and reasonable attorney's fees incurred in connection with any such action.

No Owner may waive or otherwise escape liability for the assessments provided for herein by the non-use of the Common Area and the Common Facilities or abandonment of his Living Unit and Lot.

Section 7. Subordination of Lien. The lien of the assessments provided for herein shall be subordinate to the lien of the first mortgage or first trust deed placed upon the Lot and Living Unit for the purpose of purchasing same. Such automatic subordination shall apply only to the assessments which arise subsequent to the lien of the first mortgage or first trust deed.

Section 8. Exempt Property. The following properties subject to this Amended and Restated Declaration shall be exempt from the assessments created herein:

- a. Common Facilities as defined in Article I, Section 3.
- b. Common Area, as defined in Article I, Section 2.

ARTICLE VI

PARTY WALLS

Each Lot Owner shall be subject to the following limitations and restrictions with respect to party walls constructed within the subdivision, as follows:

Section 1. General Rules of Law to Apply. Every wall which is built as a part of the original construction of the townhouses and placed on the dividing line between separate Living Units therein shall constitute a party wall, and to the extent not inconsistent with this Article, the general rules of law regarding party walls shall apply thereto.

Section 2. Willful, Negligent or Accidental Damage. Should any party wall be damaged or destroyed through the act or acts of any Owner of a Living Unit contiguous thereto, his tenants, agents, servants, guests or members of his family, irrespective of whether such act is willful, negligent or accidental, such Owner shall forthwith proceed to rebuild or repair said party wall to as good a condition as formerly existed without cost to the other adjoining Owner.

Section 3. Repair, Maintenance and Damage by Fire or Other Casualty. Should any party wall be destroyed or damaged by fire or other casualty or be in need of reasonable repair or maintenance, such wall shall be rebuilt, repaired or maintained by the Owners of both Living Units contiguous thereto to the end that such wall shall be restored to as good a condition as existed prior to such fire, casualty or need for repair or maintenance. It is expressly provided that the costs of any such repair or maintenance to a party wall shall be borne by the Owners of

the Living Units contiguous thereto in proportion to the use made of such party wall and as promptly as is reasonably possible. The Owner shall be responsible for any consequential or incidental damage which directly or indirectly results from the casualties referenced herein. The Owner of each unit shall name the Association as an additional insured under the Owner's homeowner's insurance policy to provide for any repair, maintenance and damage of any party wall by fire or other casualty. Prior to the Owner occupying each unit the Owner shall deliver to the association a certificate of insurance from the homeowner's insurance company acknowledging the association as an additional insured under said policy. On a yearly basis subsequent thereto the Owner shall provide to the association a renewed insurance certificate for the upcoming policy year. FAILURE OF THE OWNER TO PROVIDE TO THE ASSOCIATION SAID INSURANCE CERTIFICATE PRIOR TO THE OWNER'S INITIAL OCCUPANCY OR WITHIN TEN (10) DAYS FOLLOWING EACH SUBSEQUENT ANNIVERSARY DATE OF SAID OWNER'S OCCUPANCY SHALL AUTOMATICALLY AUTHORIZE THE BOARD OF DIRECTORS TO PURCHASE INSURANCE COVERAGE SUFFICIENT TO PROTECT THE ASSOCIATION'S INTEREST THEREIN AND TO PLACE A LIEN ON THE LIVING UNIT AND BRING AN ACTION AT LAW OR IN EQUITY AGAINST THE THEN OWNER FOR THE COST OF SUCH INSURANCE COVERAGE.

Section 4. Alteration. No Owner or Resident of a Lot shall modify, rebuild, repair or make additions to such Owner's Living Unit or any structure upon such Owner's Lot, or cause such Owner or Resident's agent or servant to do so, in any manner which requires the extensive alteration or modification of any party wall, without first obtaining the written consent of the adjacent Owner in addition to meeting the other requirements of these covenants, to the extent such conditions do not violate the provisions of the Fair Housing Act and the Human Rights Act.

Section 5. Contribution. Should any Owner incur expenses in connection with the reconstruction, repair or maintenance provided for in this Article VI, which expenses should, by the terms of this Article or any general rule of law pertaining to party walls, be borne by the Owner of the other Living Unit contiguous to such wall, in whole or in part, the Owner incurring such expenses shall have a right of contribution from such other Owner, which right shall be appurtenant to the land and passed to such Owner's successor in title.

Section 6. Arbitration. In the event a disagreement should arise with respect to the repair, reconstruction or maintenance of a party wall, the adjoining Owners shall select an arbitrator, whose decision shall be binding on the Owners. The expense of employing such arbitrator shall be borne by the Owner against whom the decision is rendered. In the event they are unable to agree on an arbitrator, each such Owner shall select an arbitrator and the two arbitrators so selected shall select a third arbitrator. A determination of the matter by any two of the three arbitrators so selected shall be binding upon all Owners and

parties in possession. The expense of employing each of the first two arbitrators shall be borne by the Owner who selected each such arbitrator, respectively, but the expense of employing the third arbitrator shall be borne by the Owner against whom the determination is rendered.

Section 7. Unenforceability of Private Agreements. No private agreement of any adjoining property Owners shall modify or abrogate any of the provisions contained in this Article VI, which shall be binding upon the heirs, administrators, successors and assigns of the Owners; but no person shall be liable for any act or omission respecting such provisions, except as took place while such person was an Owner.

ARTICLE VII

ARCHITECTURAL CONTROLS

The purpose of the architectural controls provided for herein is to secure an attractive, harmonious Residential development having continuing appeal. No building, fence, wall or other structure or landscaping shall be commenced, erected or changed, nor shall any additions or alterations be made, except interior alterations (notwithstanding the fact that such interior alterations, if they require the extensive alteration or modification of any party wall, shall then require compliance with Section 4 of Article VI of this Amended and Restated Declaration), nor shall any exterior color changes be made nor any other change, no matter how minor, to a Living Unit's exterior or any portion of a Lot other than that on which a Living Unit is situated, until the construction plan and specifications showing the nature, kind, shape, heights, materials, color scheme, location on the Lot and approximate cost of such building or other structure and the grading plan and landscaping plan of the Lot shall have first been submitted to and approved in writing by the Board of Directors or by an architectural committee composed of three (3) or more Members appointed by the Board; provided, however, that the Board or its delegated committee may provide by rule for the submittal of additional information to the Board or its delegated committee relative to such approval, and for a limited number of minor alterations for which no such approval shall be required. The approval by the Board of Directors or by an architectural committee shall not be withheld if to do so would violate the provisions of the Fair Housing Act or the Human Rights Act. In the event that said Board or its delegated committee fails to approve or disapprove of such design, colors, location or landscaping plan within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article VII will be deemed to have been fully complied with.

ARTICLE VIII

EXTERIOR MAINTENANCE

Section 1. Exterior Maintenance. The Association shall provide exterior maintenance upon each Lot and Living Unit which is subject to assessment hereunder in accordance with the purposes and uses of such assessments set forth in Subsection 2, Article V of this Amended and Restated Declaration.

Section 2. Easement for Maintenance. The Association, its successors, assigns, agents and employees, is hereby granted the right and easement to enter in and upon any Lot and the exterior of the Living Unit thereon at any reasonable time to perform the maintenance contemplated in Section 1 of this Article VIII.

Section 3. Willful and Negligent Damage. To the extent that any maintenance or repairs are required by the willful or negligent conduct of the Owner, or his Residents, or the agents or servants of such Owner or Residents, the cost of such maintenance and repair shall be added to and become a part of the assessment to which such Lot and Living Unit are subject and therefor shall give the Association all lien rights as referenced herein.

ARTICLE IX

USE RESTRICTIONS

Section 1. All Lots and Living Units on the Property shall be used for single family Residential purposes only. The Common Area and the Common Facilities shall only be used for common purposes related to such Residential purposes and for which the Property was designed. No trade or business shall be conducted on, in or from any Lot or Living Unit, except that a Resident may:

- a. Maintain his personal professional library;
- b. Keep personal business or professional records or accounts;
and
- c. Handle personal business or professional telephone calls or other correspondence.

Commercial enterprises, other than a home office, are not permitted on or in any Lot or Living Unit.

All structures erected on the Property shall be of new construction and no subsequent construction, other than for single family attached or detached

housing shall be built on any Lot. No vehicle, outbuilding or other structure other than a Living Unit, as defined herein, shall be used as a residence, either temporarily or permanently, on any part of the Property.

Section 2. No boat, airplane, trailer, house trailer, or motorized recreational vehicle shall be stored permanently or temporarily in the open on any of the Property, except that the conventional passenger vehicles of the Owners and Residents shall be permitted to be parked on the Owners' respective driveway. There shall be an easement for ingress and egress by use of such driveways on each Lot and by use of a sidewalk leading from said driveway to the front door of the Living Unit located on each Lot. Such driveways and sidewalks are intended for the personal use of the Owners and Residents of the respective Living Units located thereon. Each such Owner and his Resident shall have the exclusive use to such driveways and sidewalks subject only, to public and private sidewalks constructed for pedestrian traffic, public utility easements, if any, and maintenance by the Association. The use of such driveway and sidewalks by any other person may be enjoined by the Association or the Owner or his Residents entitled to said exclusive use. The right to the exclusive use of such driveway and sidewalk shall pass with the title to each Lot.

Section 3. The grounds surrounding all Living Units shall be kept free and clear of all rubbish, debris and all other unsightly materials, trash or garbage shall be kept indoors so as not to be seen from neighboring Living Units or streets and shall be regularly removed from the Property and shall not be allowed to accumulate thereon.

Section 4. No advertising signs, billboard, objects of unsightly appearance or nuisances shall be erected, placed or permitted to remain on the Property except not more than one "For Sale" or "For Rent" sign of not more than three (3) square feet displayed by an Owner on his Lot.

Section 5. No noxious or offensive activity shall be conducted upon any of the Property, nor shall anything be done thereon which may be or may become an annoyance or nuisance to any of the Residents. Without in any way limiting the effect of the foregoing, the following activities are specifically prohibited:

- a. The maintenance of unsightly plants or underbrush or plants breeding infectious plant diseases or noxious insects.
- b. The burning of refuse outside a Living Unit (except as the burning of leaves may be permitted by ordinance of the appropriate municipal authority).
- c. The maintenance of exterior televisions or radio antennas, poles, wires, rods or other devices in connection with the

reception or transmission of any television, radio, or other electrical signal, except as provided below.

- d. No swimming pool of any type or size, whether permanent or temporary, shall be permitted on any of the Lots except with the written consent of the Board of Directors of the Association or its delegated architectural committee, pursuant to Article VII of this Amended and Restated Declaration. A portable child's swimming pool not greater than six (6) feet in diameter may be maintained and situated on a patio or other enclosed area of each Lot. ANY LOSS OR LIABILITY RESULTING DIRECTLY OR INDIRECTLY FROM THE MAINTENANCE OF ANY SUCH SWIMMING POOL SHALL REST SOLELY WITH THE OWNER AND HIS RESIDENTS AND THE ASSOCIATION SHALL HAVE NO LIABILITY IN REGARD THERETO.
- e. The hanging of laundry or other articles on a Lot which in any manner makes them visible from any part of the Property other than such Lot.
- f. The raising, breeding or maintaining of any livestock, poultry or animals, excepting therefrom, dogs, cats and other common house-hold pets, but in each case not exceeding a total of two (2) such household pets, per Lot. THE ASSOCIATION MAY IN THEIR DISCRETION ASSESS LOT OWNERS FOR EACH SUCH PET AND THE ASSOCIATION MAY, IF ANY PET BECOMES A NUISANCE TO THE GENERAL WELFARE OF THE RESIDENTS, ORDER THE REMOVAL OF ANY SUCH PET FROM ITS RESPECTIVE LOT.

Section 6. No lines or wires for communication or transmission of electric current or power shall be constructed, placed or permitted to be maintained anywhere on the Property, other than within buildings or structures or attached to their walls unless the same shall be contained in conduits or approved cables constructed, placed and maintained underground, except as provided below.

Section 7. No development, construction or removal of any improvement located on the grounds surrounding the Living Units shall be performed except upon the written consent of the Board of Directors of the Association or its delegated architectural committee pursuant to Article VII of this Amended and Restated Declaration. Notwithstanding the foregoing, no activity shall be undertaken on or about the Common Facilities or the Common Areas

which would impair the structural integrity of any other building or structure located on the Property.

Section 8. No storage of recreational vehicles, trucks, commercial vehicles except for personal automobiles shall be permitted to be parked on the Common Area. No vehicle of any kind shall be abandoned on any part of the Property.

Section 9. The Board shall adopt such other Rules and Regulations from time to time governing the use and enjoyment of the Common Facilities and Common Areas as the Board of Directors of the Association in its sole discretion deems appropriate or necessary.

Section 10. Satellite Dishes:

(a) Any Owner interested in installing a satellite dish one meter or less in diameter must notify the Board and obtain instructions for installation within ten (10) days prior to the date of installation. Satellite dishes greater than one (1) meter in diameter are prohibited.

(b) Satellite dishes may only be installed on portions of property within the Owner's exclusive use or control. The Board may designate the preferred location within the Rules and Regulations.

(c) To protect the health, safety and welfare of the residents, it is recommended that all satellite dishes be professionally installed. If a professional installer is utilized, the Owner must provide proof that the contractor is insured and licensed. All wires must be encased in molding which matches the color of the building. If at all possible, please attempt to use existing wires.

(d) In order to protect the health, safety and welfare of the residents and their property the Board reserves the right to inspect the installation and maintenance of the satellite dish.

(e) Once installed, the Owner will be responsible for the maintenance of the dish. If additional cost is required to maintain the portion of property on which the dish is installed, the Board may assess this cost back to the Owner. If it is necessary for the Association to remove the satellite dish to perform maintenance, the owner will be advised accordingly.

(f) The Owner shall at all times keep the satellite dish in good repair. Failure to do so after five (5) days notice from the Board, may result in the removal of the dish.

(g) The Owner shall be responsible to fund the cost of any maintenance, repair or replacement to the property resulting from installation of the satellite dish. In addition, the Owner must restore the property to its original condition upon removal of the dish.

(h) The Owner shall indemnify and hold harmless the Board of Directors, the Association, its agents and Members from any and all claims, controversies or causes of action resulting from the installation or use of the satellite dish, including the payment of any and all costs of litigation and attorneys' fees resulting therefrom. The Owner agrees to be responsible for any damage to the property or any injury to any individual as a result of the installation of the dish. Upon installation of the dish the Owner must execute a hold harmless agreement, which is available from management.

(i) Upon transference of the ownership or occupancy of the Living Unit, the Owner shall inform the successor in title, including any purchaser by Articles of Agreement for Warranty Deed, or tenant, of the existence of the Rules and Regulations governing satellite dishes and the obligations set forth herein. All obligations herein shall pass to any successor in interest. If the transferee is unwilling to assume the responsibilities set forth herein, and execute a new hold harmless agreement, the dish must be removed prior to conveyance.

(j) All satellite dishes shall be constructed in strict compliance with the Association's Rules and Regulations. Any deviation from the Rules and Regulations without the written consent of the Board of Directors may result in the dismantling and removal of the satellite dish by the Association. All costs of removal and restoration shall be borne by the Owner. The Association reserves the right to levy a continuing and daily fine for each and every day an unauthorized satellite dish shall remain on the premises after the Owner has been notified to remove it, or advised to re-install the dish in conformance with the Rules and Regulations. The fine shall be set by the Board of Directors in accordance with approved guidelines for fines.

Section 11. Flags. (a) An American Flag shall be defined as a flag made of fabric, cloth, or paper displayed from a staff. An American Flag shall not

include a depiction or emblem of the American flag made of lights, paint, or roofing, siding, or paving material, flora or balloons, or any other similar building, landscaping, or decorative component. (b) A Military Flag shall be defined as a flag of any branch of the United States Armed Forces or the Illinois National Guard made of fabric, cloth, or paper displayed from a staff or flagpole or in a window. A Military Flag shall not include a depiction or emblem of a military flag made of lights, paint, or roofing, siding, or paving material, flora or balloons, or any other similar building, landscaping, or decorative component.

In the interests of the health, safety, and welfare of the Association, the Board has adopted the following Rules and Regulations governing the display of American and Military Flags:

1. The display of the American Flag shall be subject to the provisions of Title 4 of the United States Code, Chapter 1 (The Flag), Sections 4 through 10.
2. In order to protect the health, safety and welfare of the residents and their property the Board reserves the right to inspect the installation and maintenance of the flag pole.
3. Once installed, the owner will be responsible for the maintenance of the flag.

The Owner hereby indemnifies and holds harmless the Board of Directors, the Association, its agents and Members from any and all claims, controversies or causes of action resulting from the installation or use of the flag pole, including the payment of any and all costs of litigation and attorneys' fees resulting therefrom. Owner agrees to be responsible for any damage to the property or any injury to any individual as a result of the installation of the flag.

ARTICLE X

EASEMENTS

Section 1. Easements are hereby granted to utilities furnishing water, gas, electric, and sewer and drainage services to the Property or any part thereof and to any other public utility or cable television company or authority as well as the Village of Winfield, its successors and assigns for the perpetual right, privilege and authority, to control and restrict the direct access of vehicular traffic to County Farm Road. The easements granted extend to but are not limited to initial construction and installation, repairs, replacement, operation and inspection of all facilities on the Property located on the Common Areas and any other utility easement areas as may be designated on the Plat. Additional easements may be granted by the Association by any written instrument or as depicted on any plat whether now or hereafter recorded. The easements granted

herein include and extend to ingress and egress and are perpetual and run with the land.

Section 2. No structure may be erected on any utility easement area nor any plantings or fences which interfere with the easements granted.

Section 3. If construction of any improvement shall result in an encroachment from one Lot to another, the Owner of each Lot agrees to take title subject to an easement for such encroachment including rights of access for inspection, maintenance, repair and replacement.

Section 4. The Association (including its employees, agents, and contractors) is hereby granted a maintenance easement, including the right of ingress and egress, to maintain, repair, replace and inspect all parts of the Property reasonably required to fulfill its obligations set forth in this Amended and Restated Declaration.

Section 5. All owners are granted easements for maintenance, repairs, replacements and inspections to an individual Living Unit or Lot over and onto an adjoining Lot or Living Unit as may be reasonably necessary.

Section 6. All easements granted and described herein or granted in the future are easements appurtenant, run with the land, and inure to the benefit of and are binding upon all owners, successors, grantees, heirs and devisees in perpetuity.

ARTICLE XI

INSURANCE

Section 1. The Board may obtain insurance coverage, if available, for the Common Areas and Common Facilities to the extent deemed necessary by the Board with said coverage specifically excluding the individual Living Units, and the Lots and all alterations and additions and improvements now or in the future located thereon to insure against loss or damage by fire and such other hazards covered under standard extended coverage provisions and such other perils as the Board from time to time may determine should be included in such coverage. The insurance may be for full insurable replacement value. Such insurance coverage shall be written in favor of and the proceeds of such insurance shall be payable to the Association, as trustees for the owners of any property damaged or destroyed. Subject to the rights of first mortgagees, the proceeds from such insurance shall be available, as the Board shall reasonably determine, for repairs, reconstruction and restoration. The policies obtained by the Association shall be deemed to be the primary insurance coverage for the Insured Property. To the extent feasible, the policy or policies of insurance shall

contain a clause that coverage will not be terminated without at least thirty (30) days prior written notice to the Association and all mortgagees.

Section 2. The Association may maintain a policy or policies of insurance, if available, with carriers providing for:

- (a) Comprehensive general liability insurance insuring on an occurrence basis each owner (except to the extent that any liability results from any Owner's acts or omissions with respect to his Living Unit and Lot), the Association, its directors and officers, against claims for personal injury, including death and property damage, arising out of any occurrence in connection with the ownership, occupancy, supervision, operation, repair, maintenance or restoration of any portion of the Property in connection with any act or omission of or on behalf of any of the above mentioned individuals or entities within the Property. Such policies shall contain a provision that they may not be canceled without at least thirty (30) days prior notice to the Association, the owners, and the first mortgagees of the Living Units and Lots.
- (b) Workers compensation and employers' liability insurance in such form and in such amounts as may be necessary to comply with applicable laws.
- (c) Such other insurance in such limits and for such purposes as the Association may, from time to time, deem necessary or desirable. The insurance premiums paid by the Association under this Article shall be a common expense of the Association.

Section 3. The Association shall obtain and maintain fidelity insurance covering persons who control or disburse funds of the Association for the maximum amount of coverage available to protect funds in the custody or control of the Association plus the Association Reserve Fund.

Section 4. Every Owner shall maintain, at his own expense during his period of ownership, insurance covering his own Living Unit, Lot, and personal property and fixtures located therein against loss or damage or destruction by fire, vandalism, malicious mischief and other hazards covered under standard extended coverage insurance provisions, for the full insurable replacement cost. Every such policy shall contain, if possible, a waiver of the right of subrogation by the insurer against other owners and the Association, and upon request of the Board, every Owner shall provide the Board with evidence of such insurance. Any flood hazard insurance required by any individual first mortgagee is the

responsibility of the individual Owner. Every Owner is also responsible for obtaining any personal liability insurance for his own acts or omissions.

ARTICLE XII

RESALES OF LOTS AND LIVING UNITS

Section 1. In the event of any resale of a Lot and Living Unit by an Owner, the Owner shall obtain from the Board of Directors and shall make available for inspection to the prospective purchaser, upon demand, the following:

- a. A copy of the Amended and Restated Declaration, other instruments and any Rules and Regulations;
- b. A statement of any liens, including a statement of the account of the Lot and Living Unit setting forth the amounts of unpaid assessments and other charges due and owing;
- c. A statement of any capital expenditures anticipated by the Association within the current or succeeding two (2) fiscal years;
- d. A statement of the status and amount of any reserve for the replacement fund and any portion of such fund earmarked for any specified project by the Board of Directors;
- e. A copy of the statement of financial condition of the Association for the last fiscal year for which such statement is available;
- f. A statement of the status of any pending suits or judgments in which the Association is a party;
- g. A statement setting forth what insurance coverage is provided for all Owners by the Association; and
- h. A statement that any improvements or alterations made to the Lot and Living Unit by the prior owner are in good faith believed to be in compliance with the Amended and Restated Declaration of the Association.

Section 2. The principal officer of the Association or such other officer as is specifically designated shall furnish the information under Section 1 of this Article XII when requested to do so in writing, within thirty (30) days of receiving the request.

Section 3. A reasonable fee covering the direct out-of-pocket cost of copying and providing the information under Section 1 of this Article XII may be charged by the Association or its Board of Directors to the seller of the Lot and Living Unit for providing the information.

ARTICLE XIII

RENTALS OF LOTS AND LIVING UNITS

Section 1. All rentals of Lots and Living Units by Owners shall be subject in all respects to the provisions of the Amended and Restated Declaration, this Amended By-Laws and any Rules and Regulations of the Association pertaining thereto, and any amendments.

Section 2. No Owner may lease less than the entire Lot, including the Living Unit and any other structures thereon, nor may the Lot be leased for transient or hotel purposes.

Section 3. Every lease shall be preceded by the delivery to the Association by the prospective tenant of a completed and signed Notice of Intent to Rent for each Lot, and its corresponding Living Unit and any other structures thereon, which such tenant intends to lease. In no event shall such lease commence earlier than thirty (30) days after the Association's receipt of such completed and signed Notice of Intent to Rent.

Section 4. Every lease shall be entered into under a written Lease Agreement which shall: (1) be limited to the lease of only one Lot, and its corresponding Living Unit and any other structures thereon; (2) have a term of twelve (12) months, renewable for twelve (12) month terms thereafter upon delivery to the Association by the tenant of a completed and signed Notice of Intent to Renew no less than ninety (90) days prior to the ending date of the current term and (3) provide that the tenant agrees to abide by the provisions of the Amended and Restated Declaration, Amended By-Laws and all Rules and Regulations of the Association, and any amendments.

- a. Each Owner shall provide his tenants with copies of the Amended and Restated Declaration, Amended By-Laws, Rules and Regulations and amendments.
- b. Each Owner must provide the Association with a copy of the executed Lease Agreement no later than the date of occupancy by his tenants or ten (10) days after such Agreement is executed, whichever occurs first. Any expenses of the Association incurred in obtaining such Agreement shall be added to and become a part of the

assessment to which such Owner's Lot is subject, and shall give the Association all lien rights as referenced in the Amended and Restated Declaration and these Amended By-Laws.

- c. Each Owner shall be jointly and severally liable for any breach of any covenants, rules, regulations or by-laws of the Association by his tenants. No Lease Agreement shall reduce or disclaim such liability of an Owner for his tenants' breach.

Section 5. If an Owner does not reside in his Living Unit during the term of a Lease Agreement, he must provide the Association with his permanent residence address and telephone number where he may be reached in an emergency, both at home and at work.

- a. Any expenses of the Association incurred in locating an Owner who fails to provide such information shall be added to and become a part of the assessment to which such Owner's Lot is subject, and shall give the Association all lien rights as referenced in the Amended and Restated Declaration and these Amended By-Laws.
- b. Unless otherwise provided by law, an Owner who fails to provide such information shall be deemed to have waived the right to receive notices at any address other than the address of the Owner's Living Unit, and the Association shall not be liable for any loss, damage, injury or prejudice to the rights of the Owner caused by any delays in, or failure to receive notice resulting therefrom.

Section 6. Provisions in this Article XIII, which relate to the execution of new Lease Agreements, shall become effective upon the expiration of any lease which is currently in effect, notwithstanding the renewal of such lease, except for Sections 4.a. and 4.b. hereof, which, for the purposes of such current leases, shall be modified to require that each Owner of a Lot and Living Unit subject to such lease provide his tenants with copies of the Amended and Restated Declaration, Amended By-Laws, Rules and Regulations and amendments, in the case of Section 4.a., and provide the Association with a copy of the executed Lease Agreement, in the case of Section 4.b., no later than thirty (30) days after the date of these Amended and Restated Declaration. All other provisions in this Article XIII are effective immediately.

Section 7. In the event an owner or tenant violates any provision set forth in this Article of the Governing Documents, said Owner or tenant may be

subject to a flat or daily fine to be determined by the Board of Directors upon notice and an opportunity to be heard.

Section 8. In addition to the authority to levy fines against the Owner or tenant for violation of this Article or any other provision of the Amended and Restated Declaration, Amended By-Laws or Rules and Regulations, the Board shall have all rights and remedies, including but not limited to the right to maintain an action for possession against the tenant, an action for injunctive and other equitable relief, or an action at law for damages.

Section 9. Any action brought on behalf of the Association and/or Board of Directors to enforce this Article shall subject the Owner and/or the tenant to the payment of all costs and attorneys' fees at the time they are incurred by the Association.

ARTICLE XIV

MISCELLANEOUS

Section 1. Covenant to Rebuff Dam. In the event that it is necessary to rebuild any one or more Living Units, whether by reason of fire, casualty or other occurrence, all Owners covenant that any such reconstruction shall be in accordance with the original plan of development in harmony as practically as possible with all other existing Living Units.

Section 2. Covenant to Maintain Sewer and Water Lines. The Owners covenant, to the extent that any utility company, municipality or other governmental body shall not be liable, to maintain all sewer and water lines on their, respective Lots that are used by other Owners and their Residents and to allow such utility companies, municipality or other governmental bodies access to their Lots and Living Units for the purpose of maintaining such lines.

Section 3. Binding Effect of Amended and Restated Declaration. Each Owner covenants to abide by each and every covenant and restriction set forth herein and agrees that all conveyances shall be subject to this Declaration as though each and every provision herein was set forth in each and every document affecting title to any Lot or Living Unit.

Section 4. Covenant in Event of Dissolution of Association. All Owners hereby covenant and agree that in the event the Association herein provided for shall be dissolved, all restrictions created herein affecting the Common Facilities, Common Area, Lots and Living Units shall remain in force and that this document shall be in full force and effect regardless of the devolution of title to such Common Area, if any, upon the Owners of the Lots.

Section 5. Severability. If by legislation, judgment or court order, any portion of the covenants, restrictions, easements, conditions, reservations, liens and charges imposed by this Amended and Restated Declaration shall be found to be unconstitutional, invalid, or unenforceable, such determination shall in no way affect any other provisions of this Amended and Restated Declaration and all provisions of this Amended and Restated Declaration not so affected shall remain in full force and effect.

Section 6. Amendments. This Amended and Restated Declaration and each provision thereof may be amended by an instrument executed by not less than two-thirds (2/3) of the then Members.

Section 7. Enforcement. Enforcement of the covenants and restrictions contained in this Amended and Restated Declaration shall be had by any proceeding at law or in equity against any person or persons violating or attempting to violate any such covenant or restrictions or to restrain violation or recover damages and against the land and/or any structures thereon to enforce any lien created by these covenants. The failure of the Association, any mortgagee or any Owner to enforce any covenant or restriction created herein shall not be deemed a waiver of the right to do so thereafter.

The Board of Directors shall have the power, after notice and an opportunity to be heard, to levy and collect reasonable fines from Owners for violations of this Amended and Restated Declaration, the Amended By-Laws, and rules and regulations of the Association, whether such violation be by an Owner himself, or by such Owner's Residents, or the agents and servants of such Owner and his Residents, such Owner being jointly and severally liable for any violation by his Residents and the agents and servants of such Owner and his Residents; provided, however, that nothing contained in this sentence shall give rise to a statutory lien for unpaid fines. The fines shall be so levied and collected pursuant to the Amended By-Laws, except as such Amended By-Laws are expressly modified by the terms hereof. Other than attorney's fees, no fees pertaining to the collection of an Owner's financial obligation to the Association, including fees charged by a manager or managing agent, shall be added to and deemed a part of an Owner's assessments unless: (i) the managing agent fees relate to the costs to collect assessments for the Association; (ii) the fees are set forth in a contract between the managing agent and the Association; and (iii) the authority to add the management fees to an Owner's assessments is specifically stated in this Amended and Restated Declaration or the Amended By-Laws of the Association.

Section 8. Directors and Membership Meetings and Notices. All meetings of the Board of Directors or Membership of the Association shall be called and conducted pursuant to the Articles of Incorporation and Amended By-Laws of said Association, except as such Amended By-Laws are expressly modified by the terms hereof.

Section 9. Captions. All articles and section headings set forth herein are intended for convenience only and shall not be given or construed to have any substantive effect on the provisions of this Amended and Restated Declaration.

Section 10. Construction and Validity. All questions concerning the construction, validity and interpretation of this Amended and Restated Declaration, the Amended By-Laws, any rules and regulations adopted by the Association or its Board of Directors, and any amendments, and the enforcement of the obligations and covenants contained herein and therein shall be governed by the internal law, not the law of conflicts, of the State of Illinois.

Section 11. Causes of Action. Any claim or cause of action arising under this Amended and Restated Declaration, the Amended By-Laws, any rules and regulations adopted by the Association or its Board of Directors, and any amendments, must be filed in an appropriate court in the County of DuPage, State of Illinois. This section shall survive the dissolution of the Association.

SIGNED AND ACKNOWLEDGED this ____ day of _____, 20__.

President, Board of Directors of the
Chelsea Place Townhouse Owners'
Association

Subscribed and Sworn to before me
this ____ day of _____, 20__.

Notary Public

My Commission Expires:_____

EXHIBIT A

LEGAL DESCRIPTION

“Property”

Block 3 and Block 6 in Chelsea Place Subdivision, being a subdivision in part of the Northeast quarter of Section 12, Township 40 North, Range 9, East of the Third Principal Meridian, according to the Plat thereof recorded July 16, 1990 as Document No. R90-088101, in DuPage County, Illinois.

EXHIBIT B

CERTIFICATION AS TO OWNER APPROVAL

I, _____, do hereby certify that I am the duly elected and qualified secretary for the Chelsea Place Townhouse Owners' Association, and as such Secretary, I am the keeper of the books and records of the Association.

I further certify that the attached Amended and Restated Declaration was duly approved by not less than 2/3 of the owners, in accordance with the provisions of Article XII, Section 7 of the Original Declaration.

Secretary

Subscribed and sworn to before me
this ____ day of _____, 20__.

Notary Public

EXHIBIT C

AMENDED BY-LAWS

OF THE

CHELSEA PLACE TOWNHOUSE OWNERS' ASSOCIATION

ARTICLE I

NAME OF CORPORATION

The name of this corporation is the CHELSEA PLACE TOWNHOUSE OWNERS' ASSOCIATION.

ARTICLE II

PURPOSE AND POWERS

Section 1. Purposes: The Association will act on behalf of the Membership collectively as their governing body for civic functions with respect to the care, maintenance, enhancement, preservation and operation of both real and personal property for the enjoyment of the Members; and the maintenance of such other property, the exclusive use of which is retained by the various individual Members.

Section 2. Powers: The Association shall have and exercise all powers now or hereafter conferred under the terms of the Illinois General Not-For-Profit Corporation Act of 1986, the Illinois Common Interest Community Association Act, or conferred by the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Chelsea Place.

Section 3. All present or future Owners, tenants, future tenants, and their agents and employees, and any other person that might use the facilities of the Property in any manner, shall be subject to the provisions of the Amended and Restated Declaration and these Amended By-Laws. The acquisition or rental of a Living Unit or the act of occupancy of a Living Unit will signify that the Amended and Restated Declaration and these Amended By-Laws are accepted, ratified and will be complied with.

ARTICLE III

DEFINITIONS

The following terms, when used in these Amended By-Laws, shall have the meanings set forth herein:

Section 1. "ASSOCIATION": Chelsea Place Townhouse Owners' Association, an Illinois Not-For-Profit Corporation, its successors and assigns.

Section 2. "BOARD OF DIRECTORS, "BOARD" or "DIRECTORS": The Board of Directors, or any individual member of said Board, of the Chelsea Place Townhouse Owners' Association.

Section 3. "COMMON AREA" shall mean and refer to that portion of the Property shown upon the recorded Subdivision plat or plats of the Property upon which the Common Facilities are situated.

Section 4. "COMMON FACILITIES" shall mean and refer to private and public walkways, roads, streets, the exterior of all buildings, all grounds, and out buildings, if any, and easements created for the common use and enjoyment of the Members of the Association, but shall not include Lots.

Section 5. "AMENDED AND RESTATED DECLARATION": That Amended and Restated Declaration of Covenants, Conditions and Restrictions for Chelsea Place Townhouse Owners' Association recorded at the Office of the Recorder of Deeds for DuPage County, Illinois, on _____, _____, as Document No. _____, and all other supplementary declarations properly executed and recorded in such Office pursuant to the terms of the aforesaid Amended and Restated Declaration.

Section 6. "LIVING UNIT": Any building or a portion thereof situated on a Lot on the Property and intended for use and occupancy as a single family dwelling for which an occupancy permit has been issued.

Section 7. "LOT": That portion of the Property shown upon recorded resubdivision plat or plats of the Property improved with one Living Unit as hereafter defined.

Section 8. "MEMBER" or "MEMBERSHIP": Every person or entity holding membership in the Association as provided in Article V hereof.

Section 9. "OWNER" or "OWNERSHIP": The record holder of fee simple title to any Lot on the Property, whether such Owner shall be one or more

persons or entities, the beneficiary or beneficiaries of a trust, shareholder of a corporation or partner of a partnership, but excluding those persons or entities having any interest merely as security for the performance of an obligation.

Section 10. "PROPERTY": The entire parcel of real property described and referenced in Exhibit A of the Amended and Restated Declaration which is subject to the terms and conditions of the Amended and Restated Declaration.

Section 11. "RESIDENT": Any person who resides in or occupies a Living Unit, whether on a temporary or permanent basis and whether such Resident shall be one or more persons, including the families and tenants of the Living Unit's Owner, and including the Owner himself, unless such Owner does not reside in his Living Unit during the term of a Lease Agreement.

Unless the provisions of these Amended By-Laws otherwise require, words imparting the masculine gender shall include the feminine; words imparting the singular number shall include the plural, and words imparting the plural shall include the singular.

ARTICLE IV

OFFICES AND AGENTS

The Association shall have and continuously maintain within the State of Illinois a registered office and a registered agent whose office shall be identical with such registered office. In addition, the Association may have such other offices, either within or without the State of Illinois, as the Board of Directors may from time to time determine.

ARTICLE V

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership: Membership in the Association shall be determined pursuant to the provisions of Article III of the Amended and Restated Declaration.

Section 2. Voting Rights: Members shall be entitled to one vote for each Lot in which they hold the interest required for Membership under Article III of the Amended and Restated Declaration. When the Ownership of any one Lot is held by more than one person or entity, all such persons or entities shall be Members and the vote for such Lot shall be exercised among them, but in no case shall there be allowed more than one vote for any one Lot.

ARTICLE VI

MEETINGS OF MEMBERS

Section 1. Annual Meeting: The annual meeting of the Membership of the Association shall be held on the first Wednesday in December in each year, at the hour of 7:30 P.M. for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. If any such day shall be a legal holiday, the meeting shall be held at the same time on the next succeeding business day. If the election of Directors shall not be held on the day designated herein for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Members called as soon thereafter as conveniently may be.

Section 2. Special Meetings: Special meetings of the Membership may be called at any time by the President or by the Board of Directors, or upon the written request of not less than twenty percent (20%) of all Owners.

Section 3. Notice: Written notice stating the place, day and hour and the purpose of which the meeting shall be delivered, either personally or by mail not less than ten (10) nor more than thirty (30) days before the date of such meeting. Such notice shall be given by, or at the direction of, the President or the Secretary or the Officers or Members calling the meeting to each Member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the Member at his address as it appears on the records of the Association, with postage thereon prepaid.

Section 4. Place: The Board of Directors of the Association may designate any place, either within or without the State of Illinois for any annual Membership meeting or for any special meeting called by the Board. If no designation is made, or in the case of special meetings otherwise called, meetings shall be held at the registered office of the Association. Notwithstanding the foregoing, should all of the Members meet at any time and place, either within or without the State of Illinois, and consent to the holding of a meeting, such meeting shall be valid without call or notice and at any such meeting any corporate action may be taken.

Section 5. Quorum: Except as provided in the Articles of Incorporation, these Amended By-Laws or the Amended and Restated Declaration, the presence at any meeting in person or by proxy of Members holding one-tenth (1/10th) of the votes entitled to be cast shall constitute a quorum. If a quorum is not present at any meeting of Members, majority of the votes represented thereat may adjourn the meeting from time to time without further notice.

Unless a greater proportion is required by the Illinois General Not-For-Profit Act, the Illinois Common Interest Community Association Act, the Articles of Incorporation or these Amended By-Laws, the vote at any Membership meeting, at which a quorum is present, of the majority of the votes present in person or by proxy shall be necessary for the adoption of any matter voted upon by the Members.

Section 6. Proxies: At all Membership meetings, each Member may vote in person or by proxy executed in writing by the Member or his duly authorized attorney-in-fact and filed with the Secretary of the Association. Each proxy shall be revocable and shall automatically cease eleven (11) months from the date of execution, unless otherwise provided therein. Notwithstanding the foregoing, any proxy given by a Member who sells, transfers, or assigns the interest required for Membership in the Association under the terms of Article III of the Amended and Restated Declaration shall automatically terminate upon such transfer.

ARTICLE VII

BOARD OF DIRECTORS

Section 1. Number: The affairs of the Association shall be managed by a Board of five (5) Directors, each of whom need not be a Resident of Illinois but must be a Member of the Association.

Section 2. Term of Office: Directors, as elected by the Members at the Members' annual meetings, shall be elected for terms of two (2) years, and the terms of at least one-third (1/3) of the Directors shall expire annually.

Section 3. Vacancies: Should the death, resignation or removal of a Director create a vacancy on the Board, the remaining Members of the Board may fill the vacancy by a two-thirds (2/3) vote of the remaining Board Members until the next annual meeting of Owners or until owners holding twenty percent (20%) of the votes of the Association request a meeting of Owners to fill the vacancy for the balance of the term. A meeting of the Owners shall be called for the purposes of filing a petition signed by Owners holding twenty percent (20%) of the votes of the Association requesting such a meeting.

Section 4. Removal: Any Directors may be removed from the Board, with or without cause, by a vote of two-thirds (2/3) of the Members of the Association. No Director shall be removed at a meeting of Members entitled to vote unless the written notice of such meeting is delivered to all members entitled to vote on removal of Directors. Such notice shall state that a purpose of the meeting is to vote upon the removal of one or more Directors named in the notice. Only the named Director or Directors may be removed at such meeting.

Section 5. Compensation: No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of his duties as a Director.

Section 6. Regular Meetings: The Board shall meet at least four (4) times annually. There shall be an Owners' forum at every Board meeting, however, the Board may establish the time and length of said forum. All meetings of the Board of Directors shall be open to any Owner, and any vote on matters addressed there shall be taken during portions of such meetings open to any Owner, except for the portion of any meeting held: (A) to discuss litigation when an action against or on behalf of the Association has been filed and is pending in a court or administrative tribunal, or when the Board of Directors finds that such an action is probable or imminent; (B) to consider information regarding appointment, employment or dismissal of an employee; or (C) to discuss violations of Rules and Regulations of the Association or unpaid assessments owed to the Association.

Section 7. Special Meetings: Special meetings of the Board of Directors may be called by or at the request of the President or twenty-five percent (25%) of the Member of the Board. The person or persons authorized to call such special meetings of the Board may fix the time and place, either within or without the State of Illinois, as the place for the holding of any such special meeting.

Section 8. Notice: Notice of each meeting of the Board of Directors shall be given at least forty-eight (48) hours prior thereto by written notice delivered personally, sent by mail or by posting copies of notices in conspicuous places on the Property, to each Owner unless a written waiver of such notice is signed by the person or persons entitled to such notice before the meeting is convened. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these Amended By-Laws.

Section 9. Quorum: A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board, provided that if less than a majority of the Directors are present at said meeting, a majority

of the Directors present may adjourn the meeting from time to time without further notice.

Section 10. Manner of Acting: The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except when the Board shall consider the following matters set forth at length in the Amended and Restated Declaration.

ARTICLE VIII

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination: Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual Membership meeting. The Nominations Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominations Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such meeting until the close of the next annual meeting shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations must be made from among the Members.

Section 2. Election: Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Amended and Restated Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE IX

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers: The Board of Directors shall have power to:

(a) Adopt and publish Rules and Regulations governing the use of the Common Facilities and Common Area and the personal conduct of the Owners and their Residents, and their respective agents and servants, as well as the number and personal conduct of such Owners' and Residents' guests thereon, and the conduct of such Owners' and Residents' personal household pets;

(b) Establish procedures regulating the delegation of a Member's rights of enjoyment to the Common Facilities and Common Areas;

(c) Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Membership by other provisions of these Amended By-Laws, the Articles of Incorporation or the Amended and Restated Declaration;

(d) Exercise all the powers and duties referred to in the General Not-For-Profit Corporation Act of the State of Illinois and the Illinois Common Interest Community Association Act, except those reserved to the Membership by the Amended and Restated Declaration or other provisions of these Amended By-Laws;

(e) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties: It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all its acts and corporate affairs including books and records of account, and minutes of the proceedings of the members, Board of Directors and committees having any of the authority of the Board of Directors and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by twenty percent (20%) of the Members who are entitled to vote. The Board of Directors shall also cause to be kept at the Association's registered office or principal office a record giving the names and addresses of its Members entitled to vote;

(b) Supervise all officers, agents and employees of the Association and to see that their duties are properly performed;

(c) As more fully provided in the Amended and Restated Declaration, to:

(i) Conduct a regular meeting of the Board of Directors on the first Wednesday of December in each year for the purpose of determining the regular assessment against each Lot and Living Unit prior to such regular assessment period;

(ii) Prepare an itemized list of all estimated expenditures and give written notice of each assessment in every Owner;

(iii) Foreclose the lien against an Owner's Lot and Living Unit for which assessments are not paid pursuant to the Amended and Restated Declaration or to bring an action at law or in equity against the Owner personally

obligated to pay the same and for other infractions and violations of the Amended and Restated Declaration, these Amended By-Laws and Rules and Regulations;

(d) To cause an appropriate officer of the Association to issue, upon demand by any Owner, a certificate setting forth whether or not the assessments on such Owner's Lot have been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive of payment of any assessment therein stated to have been paid;

(e) Procure and maintain adequate liability insurance for the actions of all Board members, officers and employees;

(f) Cause all officers and employees having a fiscal responsibility to be bonded;

(g) Cause the Common Facilities, the Common Area, and certain areas of the Living Units' exteriors to be maintained in accordance with the provisions set forth in the Amended and Restated Declaration.

ARTICLE X

OFFICERS

Section 1. Officers: The officers of the Association shall be a President, Vice President, Treasurer, Secretary and such other officers as may be elected in accordance with the provisions of this Article. The President shall be a member of the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 2. Election and Term of Office: The officers of the Association shall be elected annually by the Board of Directors at the annual meeting of the Board of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Vacancies may be filled or new offices created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified.

Section 3. Removal: Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Association would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

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

Section 5. President: The President shall be the principal executive officer of the Association and shall, in general, supervise and control all of the business and affairs of the Association. He shall preside at all meetings of the Members and of the Board of Directors and shall see that the orders and resolutions of the Board of Directors are carried out. He may sign, with the Secretary or any other proper officer of the Association authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors have authorized to be executed, and, in general, shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. Vice President: In the absence of the President or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 7. Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board. The Treasurer shall sign all checks and notes of the Association, provided that such checks and notes shall also be signed by the President or the Vice President. The Treasurer shall keep proper books of account and cause an annual audit of the Association books to be made by a certified public accountant at the completion of each fiscal year. He shall prepare an annual budget and an annual balance sheet statement and the budget and balance sheet statement shall be presented to the Membership at its annual meeting.

Section 8. Secretary: The Secretary shall be ex-officio the Secretary of the Board of Directors, shall record the votes and keep the minutes of all proceedings in a book to be kept for that purpose. He shall keep the records of the Association. He shall record in a book kept for that purpose the names of all Members of the Association together with their addresses as Members.

ARTICLE XI

COMMITTEES

Section 1. Committees: The Board of Directors, by resolution adopted by a majority of the Directors in office, may delegate one or more committees, each of which shall consist of one Director and two or more Members of the Association, which committees, to the extent provided in said resolution, shall have and exercise the authority vested herein by said Board of Directors. However, committees not related to the election, nomination, qualification or credential of Directors or other committees involved in the process of electing Directors, including, but not limited to, the Architectural Control Committee established below, shall consist of two (2) or more directors, with a majority of such committees' memberships being Directors.

The standing committees of the Association shall be:

- (a) Nominations Committee
- (b) Architectural Control Committee

Standing committees shall be appointed by the Board of Directors at each annual Directors' meeting, to serve from the close of such meeting until the close of the next annual meeting, and such appointment shall be announced at each such annual Directors' meeting. The Board of Directors may establish by resolution such other committees as it may deem desirable.

Section 2. Nominations Committee: The Nominations Committee shall have the duties and functions described Article VIII of these Amended By-Laws.

Section 3. Architectural Control Committee: The Architectural Control Committee shall have the duties and functions described in Article VII of the Amended and Restated Declaration. It shall be the purpose of said committee to review all proposals coming before it to determine their effect upon the Residential value of the Property and to advise the Board of Directors regarding Association action on each such proposal.

Section 4. Chairman: One member of each committee shall be appointed Chairman.

Section 5. Vacancies: Vacancies in the membership of any committee will be filled by appointments made in the same manner as provided in the case of original appointments.

Section 6. A majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

Section 7. Rules: Each committee may adopt rules for its own government not inconsistent with these Amended By-Laws or with rules adopted by the Board of Directors.

ARTICLE XII

BOOKS AND RECORDS

Section 1. The Board of Directors shall maintain the following records of the Association and make them available for examination and copying at convenient hours of weekdays by any Owners or their mortgagees and their duly authorized agents or attorneys:

a. Copies of the recorded Amended and Restated Declaration, other Association instruments, other duly recorded covenants, the Amended By-Laws and any amendments, the Articles of Incorporation, annual reports and any rules and regulations adopted by the Association or its Board of Directors shall be available;

b. Detailed and accurate records in chronological order of the receipts and expenditures affecting the Common Facilities and the Common Area, specifying and itemizing the maintenance and repair expenses of the Common Facilities and the Common Area and any other expenses incurred, and copies of all contracts, leases or other agreements entered into by the Association, shall be maintained;

c. The minutes of all meetings of the Association and the Board of Directors shall be maintained for not less than seven (7) years;

d. With a written statement of a proper purpose, ballots and proxies related thereto, if any, for any election held for the Board of Directors and for any other matters voted on by the Owners shall be maintained for not less than one (1) year;

e. With a written statement of a proper purpose, such other records of the Association as are available for inspection by members of a not-for-profit corporation pursuant to Section 107.75 of the Illinois General Not-For-Profit Corporation Act of 1986 shall be maintained; and

f. With respect to Lots and Living Units owned by a living trust, or other legal entity, the Trustee, officer, or manager of the entity may designate, in writing, a person to cast votes on behalf of the Owner, the designation shall remain in effect until a subsequent document is filed with the Association.

Section 2. Where a request for records under this Article XII is made in writing to the Board of Directors or its agent, failure to provide the requested record or to respond within thirty (30) days shall be deemed a denial by the Board of Directors.

Section 3. A reasonable fee maybe charged-by the Association or its Board of Directors for the cost of copying.

Section 4. If the Board of Directors fails to provide records properly requested under Section 1 of this Article XII within the time period provided in Section 2., the Owner may seek appropriate relief; including an award of attorney's fees and costs if the Owner prevails and the court finds that such failure is due to the acts or omissions of the Board.

ARTICLE XIII

FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January and end on the last day of December in each year.

ARTICLE XIV

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: CHELSEA PLACE TOWNHOUSE OWNERS' ASSOCIATION.

ARTICLE XV

WAIVER OF NOTICE

Whenever any notice whatsoever is required to be given under the provisions of the Illinois General Not-for-Profit Corporation Act or under the provisions of the Articles of Incorporation or the Amended By-Laws of the Association, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XVI

AMENDMENTS

Section 1. These Amended By-Laws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of each class of Members present in person or by proxy, provided that any matter stated herein to be or which is, in fact, governed by the Amended and Restated Declaration applicable to the Property may not be amended, except as provided in such Amended and Restated Declaration.

Section 2. In case of any conflict between the Amended and Restated Declaration applicable to the Property and these Amended By-Laws, the Amended and Restated Declaration shall control.

ARTICLE XVII

INDEMNIFICATION

Section 1. Indemnification of Officers and Directors. The Association shall indemnify the officers and directors of the Association to the full extent permitted or allowed by the laws of the State of Illinois including any person who, by reason of the fact that he is or was an officer or director of the Association, is made a party or is threatened to be made a party to any litigation, claim, suit, action, or other proceeding of any kind, against expenses (including reasonable attorney's fees), liabilities, judgments, costs, fines, penalties, amounts paid in settlement, and other losses, actually and reasonably incurred by him in connection with the defense or settlement thereof, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and if he had no reasonable cause to believe his conduct was unlawful. No indemnification shall be made in respect of any claim or matter as to which such person shall have been adjudged to be liable for gross negligent or willful misconduct in the performance of his duty to the Association.

Section 2. Indemnification Non-Exclusive. The indemnification provided hereby shall not be deemed exclusive of any other rights to which those seeking indemnification (whether or not they are officers or directors) may be entitled under any law, agreement, vote of Members, or directors or otherwise, both as to action in official capacities and as to action in other capacities, and shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors, and administrators of the person being so indemnified.

ARTICLE XVIII

ENFORCEMENT

Section 1. The enforcement of all covenants, rules, regulations, by-laws and all other obligations which the Association imposes upon the Owners, which, for the purposes of this Article, shall be referred to as, the 'Obligations,' shall be subject in all respects to the provisions of the Amended and Restated Declaration, this Article and any rules and regulations of the Association pertaining thereto, and any amendments.

Section 2. Owners should endeavor to resolve personal differences among and between themselves. The Association is not a police department, nor can it interfere with personal disputes. To maintain and improve the Association's living environment, the Association has adopted the procedures in this Article for enforcing the Obligations imposed upon the Owners.

Section 3. Any complaint which alleges an Owner's violation of the Obligations, whether such violation be by the Owner himself, or by such Owner's Residents, or the agents and servants of such Owner and his Residents, and whether the complaint be made by another Owner, another Resident or a manager, managing agent or officer or director of the Association, shall be made in writing, by delivery to the Association by the person making such allegations (such person being, for the purposes of this Article referred to as, the 'Witness') of a completed and signed Complaint for each and every instance of a violation, unless a single violation be of a continuing nature. A Complaint received by the Association more than seven (7) days following the date of the alleged violation, or in the case of a continuing violation, the date of the first occurrence of such, or a Complaint lacking sufficient information for processing, shall not be considered by the Association, and the failure of the Witness to cause the Association to receive the Complaint within such time period or to provide sufficient information shall be deemed a waiver of the right to complain of such alleged violation or continuing violation thereafter.

Section 4. After a Complaint is delivered to the Association, the Owner complained against shall be notified in writing of the alleged violation and given the opportunity to request a formal hearing on such alleged violation. In the event that the Owner complained against is not a Resident, both the Owner and such Owner's Resident shall receive such Notice, but only the Owner may request a hearing.

- a. The Owner may, in addition to requesting a formal hearing, seek settlement of the alleged violation directly with the Witness making the allegations in the Complaint. Unless the

Witness is a manager, managing agent or officer or director of the Association, the Association shall not be obligated to assist with or facilitate the settlement of the alleged violation in any way, such settlement being solely among and between the Witness and Owner. The resolution of the alleged violation shall proceed by means of the enforcement procedures provided in this Article, provided, however, that should the Witness and Owner agree to a settlement of the alleged violation, and memorialize the terms of such settlement in a written agreement signed and dated by both the Witness and Owner then, upon receipt of such settlement agreement by the Association no less than seven (7) days before the scheduled hearing for which notice is provided pursuant to Section 5. of this Article (or, if the Witness is a manager, managing agent or officer or director of the Association, upon execution of such settlement agreement by the Witness and Owner), the resolution of the alleged violation shall be removed from the enforcement procedures provided in this Article and proceed according to the terms of the settlement agreement.

- b. A Request for Hearing returned to the Association more than twenty-one (21) days following the date the Notice shall not be considered by the Association, and the failure of the Owner to cause the Association to receive the Request within such time period shall be deemed a waiver both of the right to a formal hearing on, and the settlement of the alleged violation thereafter. The alleged violation shall then be deemed admitted by default, and fines shall be imposed, as determined by the Board, with notice of such. Regardless of the Owner's exercise of his right to a formal hearing, or the Owner and Witness' settlement of the alleged violation as provided above (unless the Witness is a manager, managing agent or officer or director of the Association), in the event that the Association determines that the Complaint and Witness Statement warrants legal action, the Association may refer the Complaint to the Association's attorneys. All legal expenses and costs incurred as a result of this action shall be levied against the Owner complained against.

Section 5. In the event that the Owner complained against submits to the Association a timely Request for Hearing, the Association shall provide such Owner with reasonable advance notice of the scheduled hearing, such that the hearing shall be conducted no later than six (6) weeks following the Association's receipt of the Request.

Section 6. The hearing on the violation alleged in the Complaint will be conducted by the Board of Directors of the Association, in a closed session. In the event that a director is to present evidence at such hearing, that person shall be prohibited from serving in the capacity of a director during any portion of the proceedings.

- a. The President of the Association or the Chairman of the Meeting will conduct the hearing, and shall open such with a summary of the Complaint and Witness Statement. The Board of Directors shall hear and consider arguments and evidence regarding the alleged violation, first from the Witness and any other person having direct knowledge of the alleged violation, and then from the Owner complained against, the Owner's Resident if such Owner is not a Resident, and any person having direct knowledge on such Owner's, or Owner's and Resident's, behalf.
- b. The Board of Directors shall issue its ruling regarding the alleged violation within one (1) week following the hearing, provided that such time period may be extended, as reasonably necessary, if legal counsel is required. The decision of the Board shall be made by majority vote of those directors present at the hearing, and shall be final and binding on the Witness, the Owner complained against and the Association. Minutes of the hearing will be prepared by the Secretary of the Meeting, and shall include the names of those persons appearing before the Board of Directors, the ruling of the Board, and the fines to be levied or other action taken if a violation of the Obligations has occurred.
- c. The Board of Directors shall, concurrent with the issuance of its ruling, provide the Owner complained against with a notice of its ruling.

Section 7. The Board may elect either to waive the fine and issue a warning to such Owner, or to levy a fine in an amount determined at the discretion of the Board; provided, however, that if out-of-pocket expenses have been incurred by the Association, or if actual damages have been caused, the Owner shall be liable therefor, and the amount of such expenses or damages shall be added to such Owner's assessments. The failure of the Owner, within a reasonable time, determined in the Board's sole discretion, to pay such expenses or damages, or to repair or otherwise restore the property damaged, as the case may be, shall cause the assessments for such expenses or damages to become delinquent, and the Association shall have recourse to all legal and equitable

remedies provided herein and in the Amended and Restated Declaration for the recovery of delinquent assessments.

Section 8. The Association reserves the right, should any changes be made by an Owner or his Resident to such Owner's Living Unit's exterior, or any portion of such Owner's Lot other than that on which the Living Unit is situated, which result in changes being made to the Common Area or the Common Facilities without the approval of the Architectural Control Committee established above, to send a Notice of Alleged Violation, on the Association's own initiative and notwithstanding the provisions of Section 3. of this Article, and certain sections of this Article shall then be modified, as follows:

- a. The provisions of Section 4.b. shall be modified to the extent that: such Owner must cause the Association to receive such Owner's Request for Hearing, if one is desired, no more than ten (10) days following the date such Notice is dated in order to avoid waiving both the right to a formal hearing on, and the settlement of the alleged violation; and, the Association may still refer the matter to the Association's attorneys, in the event that the Association determines that the matter warrants legal action, and all legal expenses and costs incurred as a result of this action shall still be levied against such Owner.
- b. The provisions of Section 7. shall be modified to include the Association's right to require the Owner or the Owner and his Resident to remove the changes and restore the Common Area and the Common Facilities to their original condition, all at such Owner's, or such Owner and his Resident's expense, and should the Owner, or the Owner and his Resident refuse or fail to properly perform the work described in this paragraph, cause such work to be done; and, should a Notice and an opportunity to request a formal hearing be provided thereafter, the Association may, upon a ruling by the Board of Directors that a violation of the type described in this Section 9. has been committed by such Owner, add the costs of the work which the Association caused to be done to such Owner's assessments; or