

Section 11.02. Each Amendment to this Declaration shall include:

(a) An Amendment to the legal description on the Schedule of Real Estate attached hereto and made a part hereof which shall add to the legal description of the Real Estate that portion or portions of the Additional Real Estate made subject to this Declaration;

(b) An amendment to Additional Schedule of Real Estate attached hereto which shall subtract from the legal description of the Additional Real Estate those portions of the Additional Real Estate made subject to this Declaration by such Amendment to Declaration.

Section 11.03. Any Townhouse Unit which is located on a portion of the Additional Real Estate which is made subject to this Declaration shall be entitled to, and be subject to, all the benefits and burdens of this Declaration as of the date of recording of the Amendment to Declaration. Any common areas which are part of the portion of the Additional Real Estate which is made subject to this Declaration shall become Common Areas as of the date of recording of the Amendment to Declaration.

ARTICLE XII

LEASING OF TOWNHOUSE UNITS

Section 12.01. Except as noted in Section 12.03, every Townhouse Unit in Prairie Ridge Townhomes is subject to the following rules and regulations, regardless of whether it is stated in the lease:

(a) the lease must be in writing;

(b) the lease must be for the entire unit;

(c) the lease must be for a minimum period of not less than six (6) months. Renewals can be for any length;

(d) the use of the premises is subject to the By-Laws and the rules and regulations of the Association;

(e) within thirty (30) days of occupancy by the tenant, the name and telephone number of the tenant, together with a clear and complete copy of the lease, must be furnished to an officer or Director of the Association;

(f) the Townhouse Unit cannot be used as a motel or hotel or otherwise for transient tenants; and

(g) if any Owner (landlord) or tenant is in violation of any of the provisions of the By-Laws, including any rules and regulations, the Association may bring an action in

its own name or in the name of the Owner, or both, to have the tenant evicted or to recover damages, or both. If the court finds that the tenant is or has violated any of the provisions of the Declaration, the By-Laws of the Association or the rules and regulations, the court may find the tenant guilty of forcible detainer despite the facts that the Owner is not a party to the action and/or that the tenant is not otherwise in violation of tenant's lease or other rental agreement with Owner. For purposes of granting the forcible detainer against the tenant, the court may consider the Owner a person in whose name a contract (the lease or rental agreement) was made for the benefit of another (the Association). The remedy provided by this subsection is not exclusive and is in addition to any other remedy or remedies available to the Association. If permitted by present or future law, the Association may recover all of its cost, including court costs and reasonable attorney's fees, and these costs shall be a continuing lien on the Townhouse Unit that shall bind the Townhouse Unit in the hands of the then Owner and the Owner's successors and assigns. The Association shall give the tenant and the Owner written notice of the nature of the violation of the rules and twenty (20) days from the mailing of the notice in which to cure the violation before the association may file for eviction.

Section 12.02. By becoming a tenant, each tenant agrees to be bound by the By-Laws and the other rules and regulations of the Association, and recognizes and accepts the right and the power of the Association to evict the tenant for any violation by the tenant of the By-Laws and the other rules and regulations of the Association.

Section 12.03. To protect first mortgage lenders and to encourage first mortgage lenders to make loans on Townhouse Units in the project, only subsections (d) and (e) of Section 12.01 of these rules and regulations apply to a first mortgage lender who has title to the Townhouse Unit through (a) foreclosure of its first mortgage on the Townhouse Unit; or (b) a deed in lieu of foreclosure on its first mortgage on the townhouse. Any subsequent purchaser from the first mortgage lender is subject to all of the rules and regulations.

ARTICLE XIII

MISCELLANEOUS

Section 13.01. The Association, the City or any Owner, their successors or assigns, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, easements, conditions, covenants, reservations, liens and charges now or hereafter imposed, by the provisions of this Declaration. Any Owner found to be in violation by a court of competent jurisdiction of any of the foregoing shall also be liable for reasonable attorney's fees incurred by the Association in prosecuting such action. The amount of such attorney's fees together with court costs, if unpaid, shall constitute an additional lien against the defaulting Owner's Townhouse Unit, enforceable as other liens herein established. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so with the enforcement of any provisions hereunder, the violation of which shall also be considered a violation of any applicable City ordinance.

Section 13.02. Invalidation of any of these covenants or restrictions by judgment or order shall in no way affect any other provisions which shall remain in full force and effect.

Section 13.03. The covenants and restrictions of this Declaration shall run with and bind the land and shall inure to the benefit of and be enforceable by the Association, the City, the Owner of any Townhouse Unit subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of fifty (50) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years, subject to amendment as hereinafter set forth. The covenants and restrictions of this Declaration may be amended during the first fifty (50) year period or within any successive ten (10) year period by an instrument signed by those Members (Class A and Class B) entitled to cast seventy-five per cent (75%) of the total votes and as provided in ARTICLE III, Section 3.01 hereof and then properly recorded. These covenants and restrictions may also be cancelled or amended by an instrument signed by sixty per cent (60%) of Owners executed and recorded within ninety (90) days of the expiration of any successive ten (10) year period, such cancellation or amendment to be effective on the date of commencement of the ten(10) year period in question. Notwithstanding the foregoing, no amendment shall be made to this Declaration without the consent of the Developer until all the Townhouse Units have been conveyed by the Developer to the first Owner thereof. Any instrument executed pursuant to the provisions contained in this Section shall be filed for record in the Office of the Recorder of Deeds of DeKalb County, Illinois, and a true, complete copy of such instrument shall be transmitted to each Owner promptly.

Section 13.04. If and to the extent that any of the covenants would otherwise be unlawful or void for violation of (a) the rule against perpetuities; (b) the rule restricting restraints on alienation; or (c) any other applicable statute or common law rule analogous thereto or otherwise imposing limitations upon the time for which such covenants may be valid, then the provision concerned shall continue and endure only after the expiration of a period of twenty-one (21) years after the death of the last to survive of the class persons consisting of all of the lawful descendants of George W. Bush, President of the United States, living at the date of this Declaration.

Section 13.05. Any notices required under the provisions of this Declaration to be sent to any Member or Owner shall be deemed to have been properly sent when mailed, postage prepaid, to the last known address of such Member or Owner as it appears on the records of the Association at the time of such mailing.

Section 13.06. If at any time or times the Board shall deem it necessary or advisable to re-record this Declaration or any part hereof in the Office of the Recorder of Deeds of DeKalb County, Illinois, in order to avoid the expiration hereof or of any of the provisions of the Illinois Revised Statutes presently in force commonly known as the Marketable Title Act, or any other law or statute of similar purport, they shall submit the matter to a meeting of the Members called upon not less than ten (10) days notice, and unless at such meeting at least two-thirds (2/3) of the Members shall vote against such re-recording, the Association shall have, and is hereby granted, power to so re-record this Declaration or such part thereof, and such re-recording shall be binding upon all Owners in every way and with all the full force and effect as though such action were taken by each of said Owners and re-recorded document executed and acknowledged by each of them.

Section 13.07. All the easements, rights, covenants, agreements, reservations, restrictions and conditions herein contained shall run with the land and shall inure to the benefit of and be binding upon the Declarant and each subsequent holder of any interest in any portion of the Development and their grantees, heirs, successors, personal representatives and assigns with the same full force and effect for all purposes as though set forth at length in each and every conveyance of the Development or any part thereof. Reference in the respective deeds of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the easements and covenants herein described shall be sufficient to create and reserve such easements and covenants to the respective grantees, mortgagees or trustees of such parcels as fully and completely as though said easements and covenants were fully recited and set forth in their entirety in such documents.

Section 13.08. In amplification of and in addition to the provisions contained in ARTICLE VI, Section 6.07, in the event of any default of any Owner, the Association, all other Owners and the City may and shall have all rights and remedies as shall otherwise be provided or permitted by law or in equity.

Section 13.09. In the event that any part of any Townhouse Unit encroaches or shall hereafter encroach upon any part of any other Townhouse Unit or the Common Areas, valid easements for the maintenance of such encroachments are hereby established and shall exist so long as all or any part of the same shall remain standing; provided, however, that in no event shall a valid easement for any encroachment be created in favor of any Owner if such encroachment or use is detrimental to or interferes with the reasonable use and enjoyment of the Townhouse Unit of another Owner or if it occurred due to the willful conduct of any Owner.

Section 13.10. The Declarant reserves the right to re-record the Plat of Subdivision referred to in Section 4.13 (b) hereof, to correct any inaccuracies, errors or mistakes contained therein, subject to the prior review and approval of the City.

Section 13.11. Any aggrieved Owner may enforce the provisions of this Declaration, the By-Laws, or any rules and regulations promulgated by the Board, by an action at law or in equity against the defaulting Owner or occupant of his Townhouse Unit.

Section 13.12. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of a first class cooperative housing development.

Section 13.13. If all or any part of the Common Areas shall be taken through condemnation proceedings by any governmental authority having power to do so, the net proceeds of such taking shall be paid to and retained by the then owner of the Common Areas. If any part of one (1) or more Townhouse Units shall be taken by one (1) or more concurrent condemnation proceedings, the entire net proceeds of such taking or takings shall be divided equitably among, and retained by, the Owners of the Townhouse Units wholly or partially taken in such condemnation proceedings, subject to the rights of the holders of first mortgage liens on the Townhouse Units.

Section 13.14. The Developer reserves the right and power to record a special amendment (the "Special Amendment") to this Declaration at any time and from time to time which amends this

Declaration (a) to comply with requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, the Federal Housing Association, the Veteran's Administration, or any other governmental agency or any other public, quasi-public, or private entity which performs (or may in the future perform) functions similar to those currently performed by such entities; (b) to induce any of such agencies or entities to make, purchase, sell, insure or guarantee first mortgages covering Townhouse Units; or (c) to correct clerical or typographical errors in this Declaration or any Exhibit hereto or any supplement or amendment thereto. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to the Developer to vote in favor of, make, or consent to a Special Amendment on behalf of each Owner as proxy or attorney-in-fact, as the case may be. Each deed, mortgage, trust deed or other evidence of obligation, or other instrument affecting a Townhouse Unit, and the acceptance thereof shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of, the power of the Developer to vote in favor of, make, execute and record Special Amendments. The right of the Developer to act pursuant to rights reserved or granted under this Section 13.14 shall terminate at such time as the Developer no longer holds or controls title to any Townhouse Unit.

BY-LAWS OF
PRAIRIE RIDGE TOWNHOMES ASSOCIATION

ARTICLE I

PURPOSES AND POWERS

The Association shall be responsible for the general management and supervision of the Real Estate and shall have all of the powers to perform, and shall be responsible to perform all of the obligations provided in the Declaration. Further, the Association shall have all powers now or hereafter granted by the General Not-For-Profit Corporation Act of the State of Illinois which shall be consistent with the purposes specified herein and in the Declaration.

ARTICLE II

OFFICES

2.01 Registered Office. The Association shall have and continuously maintain in this State a registered office and a registered agent whose office shall be identical with such registered office. The Association may have other offices within or without the State of Illinois as the Board of Directors may from time to time determine.

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

ARTICLE III

MEMBERSHIP

3.01 Voting Membership. Every person or entity who is a record Owner of a fee or undivided fee interest in any Townhouse Unit shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Townhouse Unit. Ownership of such Townhouse Unit shall be the sole qualification of membership. Nothing herein contained shall be interpreted to exclude the Developer from membership while it, or its successors in interest, if any, owns one (1) or more Townhouse Units. Voting rights with regard to each Member are set forth in Section 3.02 hereof.

3.02 Classes of Membership. The Association shall have two (2) classes of voting membership.

Class A. Class A Members shall be all those Owners as defined in Section 3.01, with the exception of the Developer. Class A Members shall be entitled to one (1) vote for each Townhouse Unit in which they hold the interest required for membership by Section 3.01. When more than one (1) person holds such interest in any Townhouse Unit, all such persons shall be Members and the vote for such Townhouse Unit shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Townhouse Unit.

Class B. The Class B Member shall be the Developer. The Class B Member shall be entitled to thirty-six (36) votes provided that the number of votes of the Declarant shall be reduced by one (1) vote for each Townhouse Unit conveyed by the Declarant to an Owner other than the Declarant.

3.03 Meetings.

(a) **Quorum and Procedure.** Meetings of the Members shall be held at the principal office of the Association or at such other place in DeKalb County, Illinois as may be designated in any notice of a meeting. The presence at any meeting, in person or by proxy, of a majority of the total votes determined pursuant to Section 3.02 above shall constitute a quorum. Unless otherwise expressly provided herein, any action may be taken at any meeting of the Members at which a quorum is present upon the affirmative vote of the Members having a majority of the total votes present at such meeting. Any Member in writing may waive notice of a meeting or consent to any action of the Association without a meeting.

(b) **Initial and Annual Meeting.** Special meetings of the Members may be called at any time for the purpose of considering matters which, by the terms of the Declaration or these By-Laws, require the approval of all or some of the Members, or for any other reasonable purpose. Said meetings shall be called by written notice, authorized by a majority of the Board or by the Members having one-fourth (1/4) of the total votes, and delivered not less than five (5) days prior to the date fixed for said meeting. The notices shall specify the date, time and place of the meeting and the matters to be considered.

3.04 **Notice of Meetings.** Notices of meetings required to be given herein may be delivered either personally or by mail to the persons entitled to vote thereat, addressed to each such person at the address given by him to the Board for the purpose of service of such notice, or to the Townhouse Unit of that Owner with respect which such voting right appertains, if no address has been given to the Board. The notices required herein shall state the specific purpose of the nature of the business for which the meeting is called. No business may be transacted at any meeting other than that specified in the notice.

3.05. **Proxies.** At any meeting of Members, a Member entitled to vote may either vote in person or by proxy executed in writing by the Member or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy.

ARTICLE IV

BOARD OF DIRECTORS

4.01 **Board of Directors.** The direction and administration of the Real Estate in accordance with the provisions of the Declaration shall be vested in the Board of Directors, consisting of five (5) persons who shall be elected in the manner hereinafter provided, except for the first Board of Directors appointed by the Developer which shall be three (3) in number. The Members having at least two-thirds (2/3) of the total votes may, from time to time, increase or decrease the number and term of the office of the Board members at any annual meeting, provided that such number shall not be less than five (5), and that the terms of at least two-fifths (2/5) of the persons on the Board shall expire annually. Each member of the Board, with the exception of the Board members initially appointed by the Developer shall be one of the Owners (including the Developer); provided, however, that in the event an Owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, then any director or officer of such corporation, partner of such partnership, individual trustee or beneficiary of such trust, or manager of such legal entity, shall be eligible to serve as a member of the Board and provided further that in the event a member of the Board has entered into a contract to sell his or her Townhouse Unit and vacates the Townhouse Unit prior to the consummation of that transaction, such member shall no longer be eligible to serve on the Board and his term of office shall be deemed terminated.

4.02. **Determination of Board to be Binding.** All matters of dispute or disagreement between Owners or with respect to interpretation or application of the provisions of the Declaration or these By-Laws shall be determined by the Board as hereinafter provided, which determination shall be final and binding on the Association and on all Owners.

4.03. **Election of Board Members.** At the initial meeting of the Members and at all subsequent annual meetings of the Members, there shall be elected a Board of Directors. In all elections for members of the Board of Directors, each Member shall be entitled to vote on a cumulative voting basis and the candidates receiving the highest number of votes with respect to the number of offices to be filled shall be deemed to be elected. The initial Board of Directors designated by the Developer pursuant to Section 4.01 hereof shall serve for a period commencing on the date the Declaration is recorded and ending upon the qualification of the directors elected at the initial meeting of Members. Members of the Board elected at the initial meeting shall serve until the first annual meeting. Five (5) Board members shall be elected at the initial meeting. The three (3) persons receiving the highest number of votes at the first annual meeting shall be elected to the Board for a term of two (2) years and the two (2) persons receiving the next highest number of votes shall be elected to the Board for a term of one (1) year. In the event of a tie vote, the members of the Board shall determine which members shall have the two (2) year terms and which members shall have the one (1) year terms. Upon the expiration of the terms of office of the Board members so elected at the initial meeting and thereafter, successors shall be elected for a term of two (2) years each. Notwithstanding the aforesaid election procedure, the Developer or its designee or beneficiaries may appoint a Board which shall have the same powers and authority as given to the Board generally, as provided hereinafter, and such appointed Board shall function until such time as the initial meeting of the Members is held.

4.04. **Compensation.** Members of the Board shall receive no compensation for their services, unless expressly allowed by the Board at the direction of the Members having two-thirds (2/3) of the total votes. However, any director may be reimbursed for reasonable expenses incurred in the performance of his duties.

4.05. **Vacancies in the Board.** Vacancies in the Board, other than as a result of removal pursuant to Paragraph 4.07 hereof, including vacancies due to any increase in the number of persons on the Board, shall be filled by the remaining members of the Board or by the Members present at the next annual meeting or at a special meeting of the Members called for such purpose.

4.06 **Election of Officers.** The Board shall elect from among its Members a President who shall preside over both its meetings and those of the Members, and who shall be the chief executive officer of the Board and Association, a Secretary who will keep the minutes of all meetings of the Members and of the Board and who shall, in general, perform all the duties incident to the office of Secretary and a Treasurer to keep the financial records and books of account, and such additional officers as the Board shall see fit to elect. All officers shall be elected at each annual meeting of the Board and shall hold office at the pleasure of the Board.

4.07. **Removal of Board Members.** Any Board Member may be removed from office by affirmative vote of the Members having at least two-thirds (2/3) of the total votes, at any special meeting called for the purpose in the manner aforesaid. A successor to fill the unexpired term of a Board member removed may be elected by the Members at the same meeting or any subsequent meeting called for that purpose.

4.08 **Meeting of Board.** The initial meeting of the Board shall be held immediately following the initial meeting of the Members at the same place. At such meeting the Board shall elect its officers to serve until the first annual meeting of the Board which shall be held immediately following the first annual meeting of the Members and at the same place. All subsequent annual meetings of the Board shall be held without other notice and shall be immediately after, and at the same place as, the annual meeting of Members. Special meetings of the Board shall be held upon call by the President or by a majority of the Board on no less than forty-eight (48) hours notice in writing to each member, delivered personally or by mail or telegram. Any member may in writing waive notice of a meeting, or consent to the holding of a meeting without notice, or consent to any action of the Board without a meeting. A majority of the number of the Board members shall constitute a quorum for the transaction of business. Unless otherwise expressly provided herein, any action may be taken by the Board upon the affirmative vote of those present at its meetings when a quorum is present.

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

ARTICLE V

POWERS OF THE BOARD

5.01 **General Powers of the Board.** Without limiting the general powers which may be provided by law, the Declaration or these By-Laws, the Board shall have the following general powers and duties:

- (a) To elect the officers of the Association as hereinabove provided;
- (b) To administer the affairs of the Association and the Real Estate and the Common Areas;
- (c) Subject to Section 5.02 (b) below, to engage the services of a manager or managing agent who shall manage and operate the Real Estate and the Common Areas;
- (d) To formulate policies for the Administration, management and operation of the Real Estate and the Common Areas;
- (e) To adopt administrative rules and regulations governing the administration, management, operation and use of the Real Estate and the Common Areas, and to amend such rules and regulations from time to time;
- (f) To provide for the maintenance, repair and replacement of lawns, landscaped areas, Common Areas and the exterior portions of the Townhouse Units, to the extent not maintained by the Owners thereof, and payments therefor, and to approve payment vouchers or to delegate such approval to the officers or the manager or managing agent;
- (g) To provide for the designation, hiring and removal of employees and other personnel, including accountants and legal counsel, and to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management and operation of the lawns and landscaped areas and the exterior portions of the Townhouse Units to the extent not maintained by the manager or managing agent (and any such employees or other personnel as may be the employees of the managing agent);
- (h) To estimate the amount of the annual budget, and to provide the manner of assessing and collecting from the Owners of such Townhouse Units their respective shares of such estimated expenses, as hereinafter provided; and
- (i) To exercise all other powers and duties vested in or delegated to the Association, and not specifically reserved to the Members by the Articles of Incorporation, the Declaration or these By-Laws.

5.02 **Rules and Regulations: Management.**

(a) **Rules.** The Board may adopt such reasonable rules and regulations as it may deem advisable for the maintenance, conservation and beautification of the Real Estate, and for the health, comfort, safety and general welfare of the Owners and Occupants. Written notice of such rules and regulations shall be given to all Owners and Occupants, and the entire Real Estate shall at all times be maintained subject to such rules and regulations.

(b) **Management.** The Developer, members of the Developer or the Board shall engage the initial management organization under contracts expiring not later than ninety (90) days after the date the initial meeting of Members is held. Thereafter, the Board may engage the services of an agent to manage the Real Estate to the extent deemed advisable by the Board. Any management fees incurred pursuant to this Section 5.02 (b) shall be paid from the assessments collected pursuant to ARTICLE VI hereof.

(c) **Not-For-Profit.** Nothing hereinabove contained shall be construed to give the Board authority to conduct an active business for profit on behalf of all the Owners or any of them.

5.03 **Liability of the Board of Directors.** The members of the Board and the officers of the Association shall not be personally liable to the Owners or others for any mistakes of judgment or for any acts or omissions made in good faith by such officers or Board members. The Owners shall indemnify and hold harmless each of the members of the Board, and each of the officers against all contractual liability to others arising out of contracts made by the Board or officers on behalf of the Owners unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration. The liability of any Owner arising out of any such contract made by the Board or officers or out of the aforesaid indemnity in favor of the members of the Board or officers, to the extent not covered by insurance, shall be limited to his proportionate share of the total liability thereunder.

ARTICLE VI

ASSESSMENTS - MAINTENANCE FUND

6.01 **Preparation of Estimated Budget.** Each year on or before December 1, the Board will estimate the total amount necessary to pay the cost of wages, materials, taxes, insurance, services and supplies which will be required during the ensuing calendar year for the rendering of all services authorized by the Board, together with a reasonable amount considered by the Board to be necessary for a reserve for contingencies and replacements, and shall, on or before February 1, notify each Owner in writing as to the amount of such estimate ("Estimated Cash Requirement"), with reasonable itemization thereof. The Estimated Cash Requirement shall be assessed equally among all of the Owners other than the Developer as provided in Section 6.09 of the Declaration. On or before March 1 following and the first of each and every month of said year, each Owner, other than the Developer, shall be obligated to pay to the Board, or as it may direct, one-twelfth (1/12) of the assessment made pursuant to this Section 6.01. On or before the date of the Annual Meeting of each calendar year, the Board shall supply to all Owners an itemized accounting of the maintenance expenses for the preceding fiscal year actually incurred and

paid, together with a tabulation of the amounts collected from the Owners pursuant to assessments made during such year (including amounts collected from the Developer) and showing the net amount over or short of the actual expenditures, plus reserves. The Board shall upon demand at any time furnish a certificate in writing signed by an officer or agent of the Association, setting forth whether the assessments on a specific Townhouse Unit have been paid. Such certificates shall be conclusive evidence of payment of any assessment therein.

6.02 **Extraordinary Expenditures.** The Board shall build up and maintain a reasonable reserve for authorized capital expenditures, contingencies and replacements (“Extraordinary Expenditures”) not originally included in the annual estimate. Extraordinary Expenditures which may become necessary during the year shall be charged first against such reserve. If such reserve proves inadequate for any reason, including non-payment of any Owner’s assessment, the Board may, at any time, levy a further assessment which shall be divided pro rata among the remaining installments for such fiscal year and assessed equally among the Owners, other than the Developer. The Board shall serve notice of further assessment on all such Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall become effective with the monthly maintenance payment which is due more than ten (10) days after the delivery or mailing of such notice of further assessment. All such Owners shall be obligated to pay the adjusted monthly amount. At the time of closing of the sale of each Townhouse Unit by the Developer, the Owner shall pay (in addition to the first monthly assessment to the manager or managing agent, or as otherwise directed by the Board, an amount equal to three (3) times the first full monthly assessment for such Owner, which amount shall be added to the reserve for Extraordinary Expenditures. The Board shall have the authority to transfer such funds into the operating account to fund any deficit in said account.

6.03 **Budget for First Year.** When the Board elected hereunder (or appointed by the Developer or its members) takes office, it shall determine the Estimated Cash Requirements, as hereinabove defined, for the period commencing on the first day of the month following the conveyance of the first Townhouse Unit and ending on December 31 of the calendar year following said conveyance. The initial Estimated Cash Requirements shall be divided among the remaining monthly installments of such calendar year and assessed equally to all Owners, other than the Developer.

6.04 **Failure to Prepare Annual Budget.** The failure or delay of the Board to prepare or serve the annual or adjusted estimate on an Owner shall not constitute a waiver or release in any manner of such Owner’s obligation to pay the maintenance costs and necessary reserves, as herein provided, whenever the same shall be determined, and, in the absence of any annual estimate or adjusted estimate, the Owner shall continue to pay the monthly maintenance charge at the then existing monthly rate established for the previous period until the monthly maintenance payment which is due more than ten (10) days after such new annual or adjusted estimate shall have been mailed or delivered.

6.05 **Books and Records.** The Board shall keep full and correct books of account in chronological order of the receipts and expenditures affecting the Common Areas, specifying and itemizing the maintenance and repair expenses of the Common Areas and any other expenses incurred. Such records and the vouchers authorizing the payment shall be available for inspection by any Owner or any representative of an Owner duly authorized in writing at such reasonable time or times during normal

business hours as may be requested by the Owner or his representative. Upon ten (10) days notice to the Board, any Owner shall be furnished a statement of his account, setting forth the amount of any unpaid assessments or other charges due and owing from such Owner.

6.06 **Status of Collected Funds.** All funds collected hereunder shall be held and expended for the purposes designated herein, and (except for such special assessments as may be levied hereunder against less than all the Owners and for such adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held in trust for the benefit, use and account of all the Owners. All funds not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board may select.

6.07 **Remedies for Failure to Pay Assessments.** Any assessments which are not paid within thirty (30) days after the due date shall bear interest from the due date at the Base Index Rate announced from time to time by the American National Bank of DeKalb County, or its successor, plus four per cent (4%), and the Association may bring an action of law against the Owner personally obligated to pay the same, or foreclose the lien against the Townhouse Unit, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. To the extent permitted by any decision or any statute or law now or hereafter effective, the amount of any delinquent and unpaid charges or assessments, and interest, costs and fees as above provided, shall be and become a lien or charge against the Townhouse Unit of the Owner involved when payable and may be foreclosed by an action brought in the name of the Board as in the case of foreclosure of liens against real estate. Unless otherwise provided in the Declaration, the members of the Board and their successors in office, acting on behalf of the other Owners, shall have the power to bid for the Townhouse Unit so foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same. Any court shall be authorized to restrain the defaulting Owner from reacquiring his Townhouse Unit at such foreclosure sale. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage now or hereafter placed on the Townhouse Units, provided, however, that such prior recorded mortgage shall be subject to the lien of all unpaid assessments with respect to such Townhouse Unit which became due and payable subsequent to the date the holder of said mortgage takes possession of the Townhouse Unit, accepts a conveyance of any interest in the Townhouse Unit or as a receiver appointed in a suit to foreclose his lien.

6.08 **Forcible Entry and Detainer.** In addition to the rights and remedies set forth in Section 6.07, if any Owner shall default in the payment, when the same shall be due, of the aforesaid charges or assessments and said default shall continue for thirty (30) days after notice to said Owner by the Board, setting forth the amount of unpaid charges or assessments together with a demand for payment thereof, the Board shall have the right to declare said default a forcible detainer of the Townhouse Unit and shall have the right, on behalf of the other Owners, to enter and take possession of the Townhouse Unit from said defaulting Owner, to put out the Owner, or any Occupant claiming by, through or under the Owner, using such reasonable force as the Board shall deem necessary under the circumstances and to exercise any of the rights and remedies set forth in the Forcible Entry and Detainer Act, 735 ILCS 5/9-101 et seq.

6.09 **Exempt Townhouse Units.** With regard to Townhouse Units which are being occupied, or have been completed and title has not been conveyed by the Developer, the assessment respecting any such Townhouse Unit shall be limited to the aggregate amount of operating expenses from time to time

required to be paid with respect to such Townhouse Unit, provided, however, that in the event the Developer enters into a lease or installment contract for any Townhouse Unit, then the Developer shall be responsible for the percent of assessments on those Townhouse Units on the same basis as any other Owner as provided in Section 6.01 hereof. Actual operating expenses shall mean those ordinary expenses attributable only to the period in question covering the maintenance and operation of the Property and shall not include capital expenditures, amounts set aside as a reserve for contingencies or replacements, prepaid items or inventory items to the extent attributable to the subsequent periods. Until such time as title to seventy-five per cent (75%) of the Townhouse Units have been conveyed, the assessments covering the Townhouse Units which have not been sold by the Developer may be paid on a monthly basis or, at its option, paid to the Association at the close of each calendar year without interest.

ARTICLE VII

COVENANTS AND RESTRICTIONS AS TO USE AND OCCUPANCY

All Owners shall maintain, occupy and use their Townhouse Units and the Common Areas only in accordance with the terms of the Declaration and any additional rules and regulations adopted by the Board or by the Members.

ARTICLE VIII

COMMITTEES

8.01 **Board Committees.** The Board, by resolution adopted by a majority of the directors in office, may designate one (1) or more committees, each of which shall consist of one (1) or more directors. The committees, to the extent consistent with law and as provided in said resolution, shall have and exercise the authority of the Board in the management of the Association, but the designation of such committees and the delegation thereof of authority shall not operate to relieve the Board, or any individual director, of any responsibility imposed upon it or him or her by law.

8.02 **Special Committees.** Other committees not having and exercising the authority of the Board in the management of the Association may be designated by a resolution by a majority of the directors present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, members of each such committee shall be Members, and the President of the Association shall appoint the members thereof. Any member thereof may be removed whenever in their judgment the best interests of the Association shall be served by such removal.

8.03 **Term.** Each member of the committee shall continue as such until the next annual meeting of the Board and until his or her successor is appointed and shall have qualified, unless the committee shall be sooner terminated, or unless such member shall cease to qualify as a member thereof.

8.04 **Chairman.** One (1) member of each committee shall be appointed chairman.

8.05 **Quorum.** Unless otherwise provided in the resolution of the Board designating a

committee, 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.

8.06 **Rules.** Each committee may adopt rules for its own government not inconsistent with these By-Laws or with rules adopted by the Board.

ARTICLE IX

INTERIM PROCEDURE

Until the initial meeting of the Members, the Developer shall appoint the Board which shall have the same powers and authority as given to the Board generally.

ARTICLE X

AMENDMENTS

These By-Laws may be amended or modified from time to time by action or approval of the Members entitled to cast three-fourth (3/4) of the total votes, provided, that any amendment shall require the consent of the Developer if it owns two (2) or more Townhouse Units. Until the initial meeting of the Members, the Developer may amend or modify these By-Laws and give written notice of such amendment to all Owners within thirty (30) days of adoption of such amendment.

ARTICLE XI

INTERPRETATIONS

In the case of any conflict between the Articles of Incorporation of the Association and these By-Laws, the Articles of Incorporation shall control; and in the case of conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XII

DEFINITION OF TERMS

The terms used in these By-Laws shall have the same definition as set forth in the Declaration to which these By-Laws are attached to the extent such terms are defined therein.

SCHEDULE OF REAL ESTATE

Units 301	1,424 square feet
Units 302	1,856 square feet
Units 303	1,684 square feet
Units 304	1,424 square feet

in Prairie Ridge Townhomes, a Planned Unit Development located in the Northeast $\frac{1}{4}$ of Section 1, Township 40 North, Range 4 East of the Third Principal Meridian, according to the Plat thereof recorded April 1, 2005, in Plat Cabinet #9 at Slide No. 145-C as Document No. 2005005707 in DeKalb County, Illinois.

ADDITIONAL REAL ESTATE

Lot 100	7,305 square feet
Lot 200	7,305 square feet
Lot 400	7,305 square feet
Lot 500	7,305 square feet
Lot 600	7,305 square feet
Lot 700	7,305 square feet
Lot 800	7,305 square feet
Lot 900	4,824 square feet

in Prairie Ridge Townhomes, a Planned Unit Development located in the Northeast $\frac{1}{4}$ of Section 1, Township 40 North, Range 4 East of the Third Principal Meridian, according to the Plat thereof recorded April 1, 2005, in Plat Cabinet #9 at Slide No. 145-C as Document No. 2005005707 in DeKalb County, Illinois.

TABLE OF CONTENTS

ARTICLE I	-	Definitions	Page 2
ARTICLE II	-	Membership	Page 5
ARTICLE III	-	Voting Rights and Board of Directors	Page 5
ARTICLE IV	-	Provisions Relating to the Common Areas	Page 7
ARTICLE V	-	Maintenance of Townhouse Units and Common Areas	Page 10
ARTICLE VI	-	Covenants for Maintenance Assessments	Page 11
ARTICLE VII	-	Insurance	Page 14
ARTICLE VIII	-	Interim Procedures	Page 16
ARTICLE IX	-	Restrictions Relating to Property	Page 16
ARTICLE X	-	Party Walls	Page 19
ARTICLE XI	-	Additional Real Estate	Page 20
ARTICLE XII	-	Leasing of Townhouse Units	Page 21
ARTICLE XIII	-	Miscellaneous	Page 22

**BY-LAWS OF
PRAIRIE RIDGE TOWN HOMES**

ARTICLE I	-	Purposes and Powers	Page 26
ARTICLE II	-	Offices	Page 26
ARTICLE III	-	Membership	Page 26
ARTICLE IV	-	Board of Directors	Page 28

ARTICLE V	-	Powers of the Board	Page 30
ARTICLE VI	-	Assessments - Maintenance Fund	Page 31
ARTICLE VII	-	Covenants and Restrictions as to Use and Occupancy	Page 34
ARTICLE VIII	-	Committees	Page 34
ARTICLE IX	-	Interim Procedure	Page 35
ARTICLE X	-	Amendments	Page 35
ARTICLE XI	-	Interpretations	Page 35
ARTICLE XII	-	Definition of Terms	Page 35

“RIDER”

Exculpatory Clause - General

It is expressly understood and agreed by the parties hereto, anything herein to the contrary notwithstanding, that each and all of the warranties, indemnities, representations, covenants, undertakings, agreements herein made on part of the Trustee while in form purporting to be warranties, indemnities, representation and intended not as personal covenants, undertakings, representations and covenants, undertakings and agreements of said Trustee are nevertheless each and every one of them, made and intended not as personal warranties, indemnities, representations, covenants, undertakings and agreements by the Trustee or for the purpose or with the intention of binding said Trustee personally but are made and intended for the purpose of binding only that portion of the Trust property specifically described herein, and this instrument is executed and delivered by said Trustee not in its own right, but solely in the exercise of the powers conferred upon it as such Trustee; and that no personal liability or personal responsibility is assumed by nor shall at any time be asserted or enforceable against THE AMERICAN NATIONAL BANK OF DEKALB COUNTY or any of the beneficiaries under said Trust Agreement, on account of this instrument or on account of any warranty, indemnity, representation, covenant, undertaking or agreement of the said Trustee in this instrument contained either expressed or implied all such personal liability, if any, being expressly waived and release.