

ARSB, INC.
An Illinois Corporation

Richard Coleman
President

Brian Grainger
Vice President

Arvada Coleman
Secretary

Susan Grainger
Treasurer

Dear Homeowner:

As you know you are buying a townhome that is a member of Charles Street Townhomes Association. The association is made up of lot owners and its purpose is to manage the exterior grounds of the townhomes in Charles Street Townhomes Association.

There is an initial \$200.00 capital contribution from each purchaser of a townhome to be applied to the Association Fund for yard maintenance, snow plowing, etc. Each month thereafter there is a \$55.00 fee to be paid on or before the 15th of each month. This fee needs to be mailed to 302 East Lincoln Highway, Suite 122, DeKalb, Illinois 60115 until further notice. These costs are contained in the Association Declaration and By-Laws which have been recorded with the DeKalb County Recorder's Office.

The President of the Association at this time is Richard Coleman, ARSB, Inc. If you have any questions in regard to this matter you may contact him at 756-6698.

Sincerely,

Richard Coleman, President
ARSB, Inc., an Illinois Corporation

Brian Grainger, Vice President
ARSB, Inc., an Illinois Corporation

SCHOOL DISTRICT CERTIFICATE

THIS IS TO CERTIFY THAT TO THE BEST OF MY KNOWLEDGE, I RICHARD COLEMAN, AND BRIAN GRAINGER, AS OWNERS OF THE PROPERTY HEREIN DESCRIBED IN THE SURVEYOR'S CERTIFICATE, WHICH WILL BE KNOWN AS CHARLES STREET TOWNHOMES, P.U.D., IS LOCATED WITHIN THE BOUNDARIES OF COMMUNITY UNIT SCHOOL DISTRICT #428 IN DEKALB COUNTY, ILLINOIS.

DATED THIS 11TH DAY OF JULY, 2001

Richard Coleman
RICHARD COLEMAN, PRESIDENT
302 E. LINCOLN HWY., STE. 122
DEKALB, IL 60115

Brian Grainger
BRIAN GRAINGER, VICE PRESIDENT
302 E. LINCOLN HWY., STE. 122
DEKALB, IL 60115

STATE OF ILLINOIS

COUNTY OF DEKALB

I *Valerie J. Palmer*, a Notary Public in and for the County and State aforesaid, do hereby certify that Richard Coleman, President of A.R.S.B., Inc. and Brian Grainger, Vice President of A.R.S.B., Inc., personally known to me to be the same person whose name is subscribed to the foregoing owner's statement, appeared before me, this day, in person and acknowledged the execution of this statement as his/her free and voluntary act.

Given under my hand and notarial seal this 11 day of July 2001

Valerie J. Palmer
Notary Public



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Sharon L. Holmes
DEKALB COUNTY RECORDER

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① **DECLARATION OF EASEMENTS,
COVENANTS, CONDITIONS
AND RESTRICTIONS FOR CHARLES
STREET TOWNHOMES COMMUNITY
ASSOCIATION**

Return to:
James Davidson
Attorney at Law
111 East Elm Street
P.O. Box 323
Sycamore, IL 60178

Prepared by:
James Davidson
Attorney at Law
111 East Elm Street
P.O. Box 323
Sycamore, IL 60178

**CHARLES STREET TOWNHOMES COMMUNITY ASSOCIATION
CITY OF CORTLAND
DEKALB COUNTY, ILLINOIS**

THIS DECLARATION made this 25th day of July 2001 by ARSB, Inc., an Illinois Corporation, owner of the Property (hereinafter referred to as "Declarant");

WITNESSETH:

WHEREAS, Declarant is the owner in fee simple of a certain parcel of real estate commonly known as Charles Street Townhomes, in the City of Cortland, County of DeKalb, State of Illinois, and legally described in "Exhibit A" attached hereto and made a part hereof; and

WHEREAS, Declarant is desirous of submitting the real estate described on "Exhibit A" (hereinafter referred to as the "Property") to the provisions of this Declaration and to Charles Street Townhomes Community Association; and

WHEREAS, Declarant is desirous of subjecting the Property to the conditions, covenants, restrictions, reservations and easements hereinafter set forth, each and every one of which is and are for the benefit of the Property and each owner thereon and shall inure to the benefit of and run with the Property and each and every parcel thereof; and

NOW, THEREFORE, Declarant hereby declares that the Property is, and shall be, held, transferred, sold, conveyed and occupied subject to the conditions, covenants, restrictions, reservations and easements (sometimes hereinafter collectively referred to as "Covenants") hereinafter set forth.

**ARTICLE I
GENERAL PURPOSES OF THIS DECLARATION**

The Property is subjected to the Covenants hereby declared to insure proper use, administration and maintenance of certain areas, entry monuments, landscaped easements, and such other areas described in this Declaration or otherwise designated by the Board of Directors for the benefit of the Property and each owner thereof; and to promulgate such rules and regulations and use restrictions as the Members and Board deem appropriate so as to assure the harmonious inter-relationship of the Owners and to protect the respective values of the Property and each such Lot and Subdivision.

**ARTICLE II
DEFINITIONS**

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

2.1 ASSOCIATION: Charles Street Townhomes Community Association, an Illinois not-for-profit corporation, its successors and assigns.

2.2 PROPERTY: Shall mean and refer to the real estate described on "Exhibits A" etc., attached hereto and by this reference made a part hereof, which is subject to the provisions of this Declaration and such additions thereto as may hereinafter be brought within the jurisdiction of the Association and/or Declarant as provided herein.

2.3 SUBJECT AREA: Property described in "Exhibit B" (as amended from time to time) consisting of subject areas and any improvements thereon, paved driveways, landscaped easements and any other area designated by Declarant as Subject Area for the use and enjoyment of the owners. Subject area does not include the dwelling.

2.4 COMMON EXPENSES: The expenses of administration (including management and professional services), maintenance, operation, repair, replacement, and landscaping of the Subject Area; the costs of additions, alterations, or improvements to the Subject Area, the cost of insurance required or permitted to be obtained by the Board under Article V; utility expenses for the Subject Area, if any; any expenses designated as common expenses by this Declaration or the By-Laws, and any expenses that the Board of Directors of the Association shall determine to be necessary or desirable to meet the primary purpose of the Association.

2.5 DECLARANT: ARSB, INC., an Illinois corporation, and its successors and assigns, whether such succession or assignment applies to all or any part of the Property.

2.6 LOT: That portion of the Property shown on recorded subdivision plat or plats of the Property, improved or intended to be improved with one or more dwellings as herein described.

2.7 DWELLING: Single family attached home as defined in the City of Cortland Zoning Regulations and Ordinances for the Charles Street Townhomes Subdivision. Homes that share the same roof shall have a Common Wall Agreement.

2.8 MEMBER OR MEMBERSHIP: Shall mean and refer to any person or entity who is the owner of the property described in Exhibit A pursuant to the terms of Article 4.3 of this Declaration.

2.9 OWNER: The record holder of fee simple title to any Lot or Dwelling 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 a partner of a partnership, but excluding those persons or entities having any interest merely as security for the performance of an obligation.

2.10 BOARD OF DIRECTORS: The Board of Directors or any Individual member of said Board of the Charles Street Townhomes Community Association.

2.11 TURNOVER DATE: The date on which any one of the following shall first occur:

- (a) Thirty days after Declarant has conveyed all the lots in Charles Street Townhomes to purchasers for value;
- (b) The expiration of five (5) years from the date of the recording of this Declaration or any Amendment thereto;
- (c) The date designated in written notice from the Declarant to all of the owners as being the Turnover Date which may be earlier than the date specified in a or b above.

2.12 CITY OF CORTLAND: The City of Cortland, an Illinois Municipal Corporation, or any other political entity which may from time to time be empowered to perform the functions or exercise the powers vested in the City of Cortland as of the date of the recording of this Declaration.

2.13 VOTING MEMBER: The individual who shall be entitled to vote in person or by proxy at meetings of the Owners, as more fully set forth in Article IV.

ARTICLE III **PROPERTY SUBJECT TO THIS DECLARATION**

3.1 EXISTING PROPERTY: The Property which is and shall be held, occupied, sold and conveyed subject to this Declaration is located in the City of Cortland, DeKalb County, Illinois, and is more particularly described in Exhibit A attached hereto. Declarant intends to develop the Property into Residential subdivisions known as Charles Street Townhomes, (sometimes hereinafter collectively referred to as " Charles Street Townhomes ")

3.2 ANNEXATION BY OWNERS: Additional property may be annexed to this Declaration but such annexation shall require the assent of two-thirds (2/3rds) of the Members of the Association. Any Property so annexed must be subject to the Declaration of Covenants, Conditions and Restrictions compatible with those established for the Property. Notwithstanding the foregoing, any such Declaration need not conform exactly to the terms of this Declaration but may contain such additions, deletions or modifications as are compatible with the terms of this Declaration as determined by the Board.

3.3 ANNEXATION BY DECLARANT: The Declarant hereby reserves to itself and its successors and assigns the right to annex additional property to this Declaration, without the assent of the other Members of the Association. Any Property so annexed must be subject to the Declaration of Covenants, Conditions and Restrictions compatible with those established for the Property. Notwithstanding the foregoing, any such Declaration need not conform exactly to the terms of this Declaration but may contain such additions, deletions or modifications as are compatible with the terms of this Declaration as determined by the Declarant.

ARTICLE IV
THE ASSOCIATION

4.1 THE ASSOCIATION: Declarant shall cause the Association to be incorporated as a not-for-profit corporation. The Association shall be the governing body for all of the Owners and for the administration and operation of the Property as provided in this Declaration and the By-Laws. All agreements and determinations lawfully made by the Association shall be deemed to be binding on all owners and their respective successors and assigns.

4.2 POWERS, DUTIES AND RESPONSIBILITIES: The Association is created to carry out the purpose of this Declaration of Easements, Covenants, Conditions and Restrictions. In order to carry out that purpose, the Association shall be the governing body for all of the owners and beneficiaries of title-holding land trusts of Lots in Charles Street Townhomes. Its powers, duties and responsibilities shall include but are not limited to the following:

(a) To provide for the highest standards of maintenance and upkeep of the property, subject area and screen planting easements and to establish and promote the desired quality and character of Charles Street Townhomes;

(b) To receive property of every kind, whether real or personal, and to administer and apply such property and the income therefrom exclusively for the benefit and purposes of the Association.

(c) To receive any gift, bequest, or devise of any property for any purpose specified by the donor or testator or for any of the purposes of the Association;

(d) To provide for the maintenance, repair or replacement of any of the following in Charles Street Townhomes:

i. All shared driveways;

ii. All vegetation planted by the Declarant or Association, within the landscape easements and Subject Areas.

iii. Any fences located within landscape easements and Subject Areas which were installed by the Declarant or the Association;

iv. Any property owned or leased by the Association;

(e) To provide for a general fund to enable the Association to exercise its powers, duties, and responsibilities as delineated in the Articles of incorporation, this Declaration and its By-Laws by levying an annual assessment and or special assessment;

(f) To enforce any lien for non-payment of any assessment;

(g) To take any action necessary to effectuate the purposes of this Declaration.

(h) Association will enforce that owners shall police their own dogs.

4.3 MEMBERSHIP: (a) From and after the Turnover Date, there shall be only one class of membership in the Association. The owner of each Lot shall be a member of the Association. There shall be one membership per Lot. Membership shall be appurtenant to and may not be separated from ownership of a Lot. Ownership of a Lot shall be the sole qualification for membership. The Association shall be given written notice of the change of ownership of a Lot within ten (10) days after such change.

(b) One individual shall be designated as the "Voting Member" for each Lot. The Voting Member or his proxy shall be the individual who shall be entitled to vote at meetings of the Owners. If the record Ownership of a Lot shall be in more than one person, or if an Owner is a trustee, corporation, partnership or other legal entity, then the Voting Member for the Lot shall be designated by such owner or owners in writing to the Board and if in the case of multiple individual Owners no designation is given, then the Board at its election may recognize an individual owner of the Lot as the Voting Member for such Lot.

4.4 THE BOARD: From and after the Turnover Date, the Board shall consist of three (3) individuals, each of whom shall be an Owner or a Voting Member, or both. Members of the Board of Directors shall be elected at each annual meeting of the Owners as provided in the By-Laws.

4.5 CLASSES OF VOTING: The Association shall have two classes of voting Membership

Class A. Class A Members shall be those Owners as defined in Article 4.3, other than the Declarant, except as Declarant may qualify for Class A Membership as provided herein. Class A Members shall be entitled to one vote for each Lot in which they hold the interest required for Membership under Article 2.9. 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.

Class B. Class B Membership shall be held by the Declarant. The Class B Member or Members shall be entitled to four votes for each Lot in which it holds the interest required for Membership under Article 2.9, provided that Class B Membership shall cease and be converted to Class A Membership upon the happening of the first of the following events:

1. When the total votes outstanding in Class A Memberships are double the number of votes outstanding in Class B Membership; or
2. Five (5) years from the date hereof.

4.6 MANAGING AGENT: The term of any management agreement shall not exceed three years and shall be terminable for cause by the Association on thirty (30) days' written notice and without cause or payment of a termination fee by either party on sixty (60) days' written notice.

4.7 DIRECTOR AND OFFICER LIABILITY: Neither the directors nor the officers of the Association whether elected or designated by the Declarant shall be personally liable to the owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such directors and officers except for any acts or omissions found by a court to constitute criminal conduct, gross negligence or fraud. The Association shall indemnify and hold harmless each of the directors and each of the officers, his heirs, executors or administrators, against all contractual and other liabilities to others arising out of contracts made by or other acts of the directors and officers on behalf of the Owners or the Association or arising out of their status as directors or officers unless any such contract or act shall have been made criminally, fraudulently or with gross negligence. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses (including, but not limited to, counsel fees,

amounts of judgments paid and amounts paid in settlement) actually and reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, administrative, or other, in which any such director or officer may be involved by virtue of such person being or having been such director or officer; provided, however, that such indemnity shall not be operative with respect to (i) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for criminal conduct, gross negligence or fraud in the performance of his duties as such director or officer, or (ii) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Board, there is not reasonable ground for such person being adjudged liable for criminal conduct, gross negligence or fraud in the performance of his duties as such director or officer.

ARTICLE V **INSURANCE**

5.1 LIABILITY INSURANCE: The Board shall also have the authority to and shall obtain comprehensive public liability insurance including liability for injuries to and death of persons and property damage in such limits as it shall deem desirable and Workmen's Compensation insurance and other liability insurance as it may deem desirable, insuring each owner, the Association, its offices, members of the Board, the Declarant, and their respective employees and agents, from liability in connection with the Subject Areas and ingress and egress on thereof; and insuring the officers of the Association and members of the Board from liability for good faith actions beyond the scope of their claims of one or more insured parties against other insured parties. The premiums for such insurance shall be Common Expenses.

ARTICLE VI **ASSESSMENTS**

6.1 CREATION OF LIEN AND PERSONAL OBLIGATION: Each Owner of a Lot, except the Declarant, by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, shall be and is deemed to covenant and hereby agrees to pay to the Association such assessments or other charges or payments as are levied pursuant to the provisions of this Declaration. Such assessments, or other charges or payments, together with interest thereon and costs of collection, if any, as herein provided shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, or other charge or payment, together with such interests and costs, shall also be the personal obligation of the Owner of such Lot at the time when the assessment or other charge or payment becomes due.

6.2 PURPOSE OF ASSESSMENTS: The assessments levied by the Association shall be exclusively for the purposes of maintaining the Subject Area providing buffering, entryway and subdivision identification, on a continuous basis, in accordance with the final engineering plans for the Property and the ordinances of the City of Cortland relating thereto as amended from time to time, to administer the affairs of the Association, and to pay the **Common Expenses**.

6.3 ANNUAL ASSESSMENT: Each year the Board shall furnish each owner with a proposed budget for the ensuing calendar year which shall show the following, with reasonable explanations and itemizations:

- (a) The estimated Expenses;
- (b) The estimated amount, reserves for Expenses; if any, to maintain adequate reserves for expenses;

(c) The estimated net available cash receipts from sources other than assessments, including, without limitation, receipts from any leases, licenses or concessions;

(d) The amount of the "Annual Assessment", which is hereby defined as the amount determined in (a) above, plus the amount determined in (b) above, minus the amount determined in (c) above, minus excess funds, if any, from the current year's operation.

6.4 CONTRIBUTION: PAYMENT OF ANNUAL ASSESSMENT AND CAPITAL:

(a) On or before the 1st day of February of the calendar year for which the annual assessment is assessed, each Owner of a Lot, except the Declarant, shall pay to the Association that portion of the annual assessment which is payable by such owner.

(b) The Board of Directors may alter the payment schedule to a 2/3 vote and upon written notice to the owner.

(c) The initial assessment for all the Lots shall begin the first day of the month following the issuance of a certificate of occupancy on any Lot or Dwelling by the City of Cortland. All annual assessments shall be due in one installment for the year in which they are assessed unless otherwise designated by the Board.

(d) After the initial payment, the yearly assessment shall be prorated in 12 equal payments to be made on the 15th day of each month. Original yearly assessment shall be \$660.00 per year until changed by the Association.

(e) Declarant, its successors or assigns shall collect at the closing for each Lot the Capital Contribution as herein described together with the prorate annual assessment as described in (b) above.

6.5 CAPITAL CONTRIBUTION: Upon the closing of the sale of each Assessable Lot to a purchaser for value, the purchasing Owner shall make a non-refundable working Capital Contribution to the Association in the amount of \$200.00 until June 30, 2001. From and after July 31, 2001 the amount of the Capital Contribution shall be determined by the affirmative vote of two-thirds (2/3) of the Board of Directors of the Association provided in this Declaration and the By-Laws of the Association which amount shall be held and used by the Association for its working capital needs.

6.6 SPECIAL ASSESSMENTS:

(a) 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, reconstruction or unexpected repair or replacement of any capital improvements on the Subject Area; or other improvements required pursuant to this Declaration.

(b) Whenever the Board of Directors shall determine there exists a need for levying a special assessment as herein provided, the Board of Directors shall adopt a resolution setting forth the needed amount, period of payment and due date or dates for the proposed special assessment. All special assessments must be approved by a majority vote of the Voting Members of the Association. Such vote shall be taken at a meeting called by the Board of Directors for that purpose.

(c) Allocation of Assessments: Regular annual Capital Contributions and special assessments must be fixed at a uniform rate for all Lots except as may otherwise provided in this Declaration. Any assessment and any installment thereof provided for herein shall commence on the Lot on the due date for such assessment following the conveyance, or transfer for lease of such Lot by the Declarant.

6.7 CAPITAL RESERVE: The Association shall segregate and maintain special reserve accounts to be used solely for making capital expenditures in connection with the Subject Areas (the "Capital Reserve"). The Board shall determine the appropriate level of the Capital Reserve based on a periodic review of the useful life of improvements to the Subject Areas and property owned or maintained by the Association as well as periodic projections of the cost of anticipated major repairs or improvements to the Subject Areas or the purchase of property to be used by the Association in connection with its duties hereunder. The Capital Reserve may be built up by special assessment or out of the Annual Assessment as provided in the budget. Each budget shall disclose that portion of the Annual Assessment which shall be added to the Capital Reserve and shall also disclose (i) which portion thereof is for capital expenditures with respect to the Subject Areas and (ii) which portion thereof is for capital expenditures with respect to property owned or to be owned by the Association. Special accounts set up for portions of the capital Reserve to be used to make capital expenditures with respect to the Subject Areas shall be held by the Association as agent and trustee for the Owners. Special accounts set up for portions of the Capital Reserve to be used to make capital expenditures with respect to property owned or to be owned by the Association shall be deemed to have been funded by Capital Contributions to the Association by the Owners.

6.8 NONPAYMENT OF ASSESSMENT:

(a) Any assessments, Regular, Annual, Special or Capital Contribution 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 so assessed, held by the then Owner or owners, his heirs, devisees, personal representatives, assigns, successors and grantees.

(b) 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 a mortgage held by a mortgagee when delivered in connection with a first mortgage loan to purchase any Lot.

(c) Should any assessment remain unpaid thirty (30) days after it has become delinquent, such assessment shall bear interest at eighteen (18%) percent per annum.

(d) The Association may recover any delinquent assessments by bringing an action at law or in equity (including forcible entry and detainer) against the then Owner personally obligated to pay the same or foreclose the lien against the Lot. Such recovery shall include interest, costs and reasonable attorneys' fees incurred in connection with any such action.

(e) The enforcement of liens or charges shall be limited to a period of twenty-five (25) years.

(f) The venue for all actions at law provided for in this Article VI shall be in DeKalb County, Illinois. The persons in possession of any Lot shall be authorized to accept summons on behalf of the owner or Owners of such Lot.

(g) No owner may waive or otherwise escape liability for the assessments provided for herein by the non-use of the Lot.

(c) Association shall establish rules governing size and placement of satellite dishes.

7.6 FENCES: The erection or maintenance of fencing of any type shall be expressly prohibited except fences erected at the time of construction of the homes.

7.7 RULES AND REGULATIONS: The Board shall adopt such other rules and regulations from time to time governing the use and enjoyment of the Property, Subject Area and Common Facilities as the Board of Directors of the Association in its sole discretion deems appropriate or necessary.

ARTICLE VIII MODIFICATIONS OR TERMINATION

8.1 MODIFICATION: From and after the Turnover Date this Declaration may be modified by an instrument in writing setting forth such modification, signed by the owners having at least two-thirds (2/3rds) of the total vote, and certified by the Secretary of the Board; provided, however, that all lienholders of record have first been given ten (10) days written notification by certified mail of such modification, and an affidavit by said Secretary certifying to such mailing is a part of such instrument. This Declaration may not be modified, however, to delete the obligation of the Association to maintain the Subject Area without the express written approval of the City of Cortland.

8.2 RECORDATION: Any modification shall not be effective until such instrument is duly recorded in the Office of the Recorder of DeKalb County; provided, however, that no provision in this Declaration may be modified in such manner or so as to conflict with any State statute.

8.3 MODIFICATION BY DECLARANT: Declarant shall have the right to amend, modify or delete any Section or portion thereof of this Declaration at any time prior to the conveyance of the last Lot or Unit within the Property. At the time of such amendment, modification or deletion Declarant shall file such document in the Office of the Recorder of DeKalb County and send notice of said Amendment to the Department of Development for the City of Cortland and to all Owners of the Lots within the Property. Thereafter, said amendment, modification or deletion shall be in full force and effect and binding on the Property.

8.4 TERMINATION: This Declaration shall terminate and be of no further force or effect if the Subject Area is conveyed to a municipal corporation including, but not limited to, City of Cortland, any other owners' Association located on the Property, the acceptance of maintenance by the Owners of the balance of the Property or other special district exercising jurisdiction. No transfer of the Subject Area shall occur without the approval of the City of Cortland. Said transfer shall become effective upon recordation of a Deed and/or a Bill of Sale in the Office of the Recorder of DeKalb County, Illinois.

ARTICLE IX CITY OF CORTLAND

9.1 CITY OF CORTLAND: Until termination as called for in Article VIII of this Declaration, the following covenants and provisions are intended to inure to the benefit of the City of Cortland, an Illinois Municipal Corporation (hereinafter "City"), its successors and assigns, and it is specified and provided as follows:

(a) The City is granted a perpetual easement right and privilege to enter upon the Subject Area for the purpose of performing any of the maintenance duties or other obligations of

the Association relating to the Subject Area including anything resulting in either the continuation or creation of a nuisance or in the enforcement to comply with any ordinance, statute, law or this Declaration.

(b) Upon the failure of the Association to perform any of its maintenance duties or other obligations relating to the Subject Area resulting in either the continuation of or creation of a nuisance, or in the event of any violation of any ordinance, statute, law or this Declaration, upon written notice to the duly authorized agent of the Association or to any officer or director thereof, and the continued failure of the Association to perform such duties or obligations, or to comply with such ordinance, statute or law, within ten (10) days after the mailing of such notice, the City shall have the right, but not the obligation, to enter upon the Subject Area to correct or eliminate such nuisance or nuisances or the violation of such ordinance, statute or other law, provided, however, that no notice shall be required in case of the existence of an emergency determined in good faith by any City official. The cost of such work, and all expenses incurred by the city in connection with any proceedings to enforce its rights hereunder, including court costs and attorneys' fees, together with interest thereon at 10% per annum, shall be a lien upon the Subject Area as well as a lien against the Lot of each Owner upon perfection of such lien by recording with the Recorder of DeKalb County, and shall be assessed against each owner and each Member of the Association, and the City shall also have the right to file suit against such Owners and Members, or any of them, in any court of competent jurisdiction to enforce its rights hereunder. Any such lien shall be subordinate to the lien of any first mortgage on any Lot, but the enforcement of such lien shall not be cause for acceleration of the debt secured by, or foreclosure of, any such first mortgage.

ARTICLE X

GENERAL PROVISIONS

10.1 SEVERABILITY: If any provision of the Declaration or By- Laws or any section, sentence, clause, phrase or word, or the application thereof in any circumstances, is held invalid, the validity of the remainder of the Declaration and By-Laws and of the application of any such provision, section, sentence, clause, phrase or word in any other circumstances shall not be affected thereby.

10.2 EXISTENCE OF DECLARATIONS: Each of the options, privileges, covenants or rights created by this Declaration, or otherwise, shall continue for the initial period of thirty (30) years from the date of the first recordation in the office of the Recorder of DeKalb County and thereafter for successive periods of twenty-five (25) years each.

10.3 RIGHTS AND OBLIGATIONS: Each grantee of Declarant by the acceptance of a deed of conveyance, and each purchaser under any contract for such deed of conveyance, accepts the same subject to all restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations hereby imposed shall be deemed and taken to be covenants running with the land, and shall bind any person having at any time any interest or estate in said land, and shall inure to the benefit of such person in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance. Reference in the respective deeds of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the rights described in this paragraph or described in any other part of this Declaration or the By-Laws shall be sufficient to create and reserve such easements and rights to the respective grantees, mortgagees and trustees of such Lot Ownership as fully and completely as though such rights were recited fully and set forth in their entirety in such documents.

10.4 LIBERAL CONSTRUCTION: The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for development.

10.5 LOT OWNERSHIP IN TRUST: In the event title to any Lot ownership is conveyed to a titleholding trust, under the terms of which all powers of management, operation and control of the Lot remain vested in the trust beneficiary or beneficiaries, then the beneficiaries thereunder from time to time shall be responsible for payment of all obligations, liens or indebtedness and for the performance of all agreements, covenants and undertakings chargeable or created under this Declaration against such Lot. No claim shall be made against any such titleholding trustee personally for payment of any lien or obligation hereunder created and the trustee shall not be obligated to sequester funds or trust property to apply, in whole or in part, against such lien or obligation. The amount of such lien or obligation shall continue to be a charge or lien upon the Lot ownership and the beneficiaries of such trust notwithstanding any transfers of the beneficial interest of any such trust or any transfers of title to such Lot ownership.

10.6 POWER AND AUTHORITY OF DECLARANT: Until such time as the last Lot in the Association is conveyed by Declarant or upon transfer to the Association of the rights set forth in Article IV of this Declaration, the Declarant shall exercise any and all of the powers, rights, duties and functions of the Board. Declaration.

10.7 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 obligations for the maintenance of the Subject Area shall remain in full force and effect until terminated pursuant to Article VIII and shall devolve upon and be the joint and several obligation of the Owners.

10.8 SIGNIFICANT LITIGATION: No judicial or administrative proceedings shall be commenced or prosecuted by or in the name of the Association without first holding a special meeting of the Members and obtaining the affirmative vote of Voting Members representing at least seventy-five percent (75%) of the Voting Members to the commencement and prosecution of the proposed action. This Section shall not apply to (a) actions brought by the Association to enforce the provisions of this Declaration, the By-Laws or rules and regulations adopted by the Board (including, without limitation, an action to recover Assessments or to foreclose a lien for unpaid Assessments) or (b) counterclaims brought by the Association in proceedings instituted against it.

10.9 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 Declaration.

10.10 REMEDIES REGULATIONS: AND BREACH OF COVENANTS, RESTRICTIONS AND REGULATIONS

(a) **Default:** In the event of any default of any owner under the provisions of this Declaration, By-Laws or rules and regulations of the Board or any amendment thereof, the Board shall have each and all of the rights which may be provided for in this Declaration, By-Laws or rules and regulations, or which may be available at law or in equity and may prosecute any action or other proceeding for enforcement of any lien or for damages or injunction or specific performance, or for judgment for payment of money and collection thereof, or for any combination of remedies or for any other relief. All expenses of the Board in connection with such actions or proceedings, including court costs and attorneys' fees and other fees expenses, shall be charged to and assessed against such defaulting owner.

(b) **No Waiver of Rights:** The failure to enforce any right, provision, covenant or condition which may be granted by this Declaration, By-Laws or the rules and regulations of the Board shall not constitute a waiver of the right or of continuing right to enforce such a right, provision, covenant or condition in the future, irrespective of the number of violations, defaults or breaches which may occur.

(c) **Remedies Cumulative:** All rights, remedies and privileges granted to the Association pursuant to any terms, provisions, covenants or conditions of this Declaration, By-Laws or rules and regulations of the Board of the Association, shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies nor shall it preclude the Association thus exercising the same from exercising such other and additional rights, remedies or privileges as may be granted to the Association at law or in equity.

10.11 LIST OF ADDRESSES OF OWNERS: Each Owner of a Lot in the Charles Street Townhomes Subdivision shall file the correct mailing address of such Owner with Declarant, or its agents, successors or assigns, and shall notify Declarant, or its agents, successors or assigns, promptly in writing of any subsequent change of address. Declarant, or its agent, successors or assigns, shall maintain a file of such addresses. A written or printed notice, deposited in the United States Post Office, postage prepaid, and addressed to any Owner of any last address filed by such Owner with Declarant, or its successors or assigns, shall be sufficient and proper notice to such Owner whenever notices are required in this Declaration.

10.12 ASSIGNMENT BY DECLARANT: At any time or times, Declarant may assign any or all of its rights conferred on it as set forth in this Declaration and upon its execution of any assignment by Declarant, it shall be relieved from any liability arising from the performance or non-performance of such rights or obligations.

10.13 DECLARANT'S RESERVED RIGHTS: Notwithstanding anything herein to the contrary, the Property described in "Exhibit A" shall be subject to:

(a) The right of the Declarant to execute all documents and do all other acts and things affecting the Property which, in the Declarant's opinion, are desirable in connection with Declarant's rights hereunder, provided any such document or act or thing is not inconsistent with the property rights of any Owner or of the Association.

(b) Easements of record on the date hereof, the easement hereby granted to the City of Cortland in Article IX, and any easements which may hereafter be granted by Declarant to any public utility or governmental bodies for the installation and maintenance of electrical and telephone conduit and lines, gas pipes, sewer and water pipes, cable TV or any other utility services serving any Lots or Subject Area.

10.14 VARIATIONS: Declarant, or its successors or assigns, shall have the right to enter into agreements with the Owners of any Lot or Lots, (without the consent of Owners of other Lots or adjoining or adjacent property) to vary any and all of the above covenants set forth in this Agreement, provided that, in the sole discretion of Declarant, there are practical difficulties or particular hardships evidenced by the petitioning owner, and any such deviations (which shall be manifested by an agreement in writing) shall not constitute a waiver of the particular covenant involved or any other covenant as to the remaining Property.

IN WITNESS WHEREOF, ARSB INC., an Illinois corporation, as owner of record of all of the Lots in "Exhibit A" and as Declarant, has caused this instrument to be executed by its President, attested by its Secretary, and its corporate seal to be hereto affixed, on the day and year first above written.

ARSB, INC., an Illinois Corporation

BY: Richard J. Coleman
Richard J. Coleman President

Arvada Coleman
Arvada Coleman, Secretary

STATE OF ILLINOIS)
) SS.
COUNTY OF DEKALB)

I the undersigned, Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Richard J. Coleman, personally known to me to be the President of ARSB, INC., an Illinois Corporation, and Arvada Coleman personally known to me to be the Secretary of said Corporation, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such President and Secretary, they signed and delivered the said instrument as President and Secretary of said Corporation, and caused the corporate seal of said corporation to be affixed thereto, pursuant to authority given by the Board of Directors of said Corporation as their free and voluntary act, and as the free and voluntary act and deed of said Corporation for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal, this 25th day of July 2001.
James Davidson
NOTARY PUBLIC

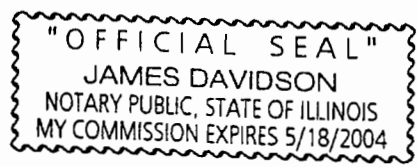


EXHIBIT A
PROPERTY SUBJECT TO THIS DECLARATION

Lots 121, 122, 123, 124, 131, 132, 133 and 134 of Charles Street Townhomes, P.U.D., a resubdivision of Lots 12 and 13 of Cortland Estates – Unit One, in part of the North Half of the Norwest Quarter of Section 20, Township 40 North, Range 5 East of the Third Principal Meridian, according to the plat thereof recorded July 13, 2001 in Book “Z” of Plats, page 649 as Document 2001011821, all situated in the Town of Cortland, DeKalb County, Illinois.

EXHIBIT C

BY-LAWS OF THE CHARLES STREET TOWNHOME COMMUNITY ASSOCIATION

ARTICLE I NAME OF CORPORATION

The name of this Corporation is the CHARLES STREET TOWNHOME COMMUNITY ASSOCIATION.

ARTICLE II PURPOSE AND POWERS

2.1 PURPOSES: The purposes of this Association is to insure proper use, administration and maintenance of the driveways, landscaped easements, and such other areas described in Exhibit B, or otherwise designated by the Board of Directors, for the benefit of the Property and each owner thereon. These By-Laws are attached as Exhibit C to the Declaration of Easements, Covenants, Conditions and Restrictions for the CHARLES STREET TOWNHOMES ASSOCIATION ("Declaration") All terms used herein shall have the meanings set forth in the Declaration.

2.2 POWERS: The Association shall have and exercise all powers as are now or may hereafter be granted by the General Not-for-Profit Corporation Act of the State of Illinois, the Act, the Declaration and these By-Laws.

ARTICLE III DEFINITIONS

3.1 All terms used herein shall have the meanings set forth in the Declaration.

3.2 Unless the provisions of these 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

4.1 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**

5.1 MEMBERSHIP: Membership in the Association shall be determined pursuant to the provisions of ARTICLE IV of the Declaration.

5.2 VOTING RIGHTS: The Association shall have two classes of voting Membership.

Class A. Class A Members shall be those Owners as defined in Article 4.5 of the Declaration, other than the Declarant, except as Declarant may qualify for Class A Membership as provided herein. Class A Members shall be entitled to one vote for each Lot in which they hold the interest required for membership under Article 4.5 of the 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. However, the Board reserves unto itself the right, in its sole discretion, to reallocate the number of votes per Lot or Unit in conformity with and proportional to the allocation of the Annual Assessment described in Article VI of the Declaration.

Class B. Class B Membership shall be held by the Declarant. The Class B Member or Members shall be entitled to four (4) votes for each Lot in which it holds the interest required for Membership under Article 4.5 of the Declaration, provided that Class B Membership shall cease and be converted to Class A Membership upon the happening of the first of the following events:

1. When the total votes outstanding in Class A Memberships equal the total number of votes outstanding in Class B Membership; or
2. Five (5) years from the recording date of the Declaration.

**ARTICLE VI
MEETINGS OF MEMBERS**

6.1 ANNUAL MEETING: The annual meeting of the Membership of Association shall be held on the first Tuesday in February in each year or at such other reasonable time or date not more than thirty days before or after said date as may be designated by written notice of the Board of Directors delivered to the membership no less than ten days prior to the date fixed for said new meeting beginning with the first year after the Turnover Date 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.

6.2 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 one-fourth (1/4) of all votes entitled to be cast at any Membership meeting.

6.3 NOTICE: Written or printed notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called shall be delivered either personally or by mail not less than five (5) nor more than forty (40) 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. 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.

6.4 PLACE: The Board of Directors of the Association may designate any place within DeKalb County, 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.

6.5 QUORUM: Except as provided in the Articles of Incorporation, these By-Laws or the Declaration, the presence at any meeting in person or by proxy of Members holding one-fourth (1/4th) of the votes entitled to be cast shall constitute a quorum. If a quorum is not present at any meeting of Members, a 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 Articles of Incorporation or these 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.

In the event the Membership shall consider the designation or transfer of any part of the Subject Area to any municipality, public agency, authority or utility, or the levying of a special assessment (all as provided for in the Declaration), or the amending of said Declaration, such matter or matters shall be adopted at a Membership meeting at which a quorum is present, upon the affirmative vote of two-thirds (2/3) of the entire Membership.

6.6 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 after 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 IV of the Declaration shall automatically terminate upon such transfer.

ARTICLE VII BOARD OF DIRECTORS

7.1 NUMBER: From and after the Turnover Date, the Board shall consist of three (3) individuals, each of whom shall be an Owner or a Voting Member, or both. Members of the Board of Directors shall be elected at each annual meeting of the Owners as provided herein.

7.2 DECLARANT DESIGNATED BOARDS: Anything herein to the contrary notwithstanding, until the first meeting of the Owners after the Turnover Date, the Board shall consist of three (3) individuals from time to time designated by the Declarant. Such individuals may, but need not, be Owners and shall serve at the discretion of the Declarant.

EXHIBIT C – BY-LAWS OF THE CHARLES STREET TOWNHOME COMMUNICATION ASSOCIATION

7.3 TERM OF OFFICE: At their first annual meeting, the Members shall elect two (2) Directors for a term of two (2) years, and one (1) Director for a term of one (1) year. Upon the expiration of the terms of office of the Board Members so elected at the first annual meeting and thereafter, successors shall be elected for a term of two (2) years each.

7.4 VACANCIES: Should the death, resignation or removal of a Director create a vacancy on the Board, the unexpired term of such Director shall be served by a successor selected by a majority of the remaining members of the Board. Any Director may be removed from the Board, with or without cause, by the majority vote of the Membership.

7.5 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.

7.6 REGULAR MEETINGS: An annual meeting of the Board of Directors shall be held without other notice than this By-Law, immediately after and at the same place as the annual meeting of the Members. The Board of Directors may provide by resolution the time and place, either within or without the State of Illinois, for holding of additional regular meetings of the Board without other notice than such resolution.

7.7 SPECIAL MEETINGS: Special meetings of the Board of Directors may be called by or at the request of the President or any two Directors. 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.

7.8 NOTICE: Notice of any special meeting of the Board of Directors shall be given at least five (5) days previously thereto by written notice delivered personally or sent by mail or telegram to each Director at his address as shown by the records of the Association. 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. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. 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 By- Laws.

7.9 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.

7.10 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 Declaration:

- (a) The fixing of the amount of all regular assessments
- (b) The allocation of any reserve funds.

In these cases, the affirmative vote of two-thirds (2/3) of the Board of Directors present at a meeting at which a quorum is present shall be necessary to adopt any measure with respect thereto.

ARTICLE VIII NOMINATION AND ELECTION OF DIRECTORS

8.1 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 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 annual meeting until the close of the next annual meeting and such appointment 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 in accordance with the provisions of Article VII of the By-Laws.

8.2 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 Declaration and By-Laws. 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

9.1 POWERS: The Board of Directors shall have power to:

(a) Adopt and publish rules and regulations governing the use of the Property, Subject Area and Subject Facilities and the personal conduct of the Members as well as the number and personal conduct of their guests thereon, and to establish penalties for the infraction thereof;

(b) Suspend the voting rights and the rights to use Subject Area in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(c) Borrow money for the purpose of improving or developing the Subject Area and any Subject Facilities and in aid thereof to mortgage said Subject Area and Subject Facilities;

(d) Establish procedures regulating the delegation of a Member's rights of enjoyment to the Subject Area;

(e) 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 By-Laws, the Articles of Incorporation or the Declaration;

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

EXHIBIT C – BY-LAWS OF THE CHARLES STREET TOWNHOME COMMUNICATION ASSOCIATION

9.2 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 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 one-fourth (1/4) of the Members who are 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 Declaration, to:
 - i. Conduct a regular meeting of the Board of Directors on or before December 1st of each year for the purpose of determining the regular assessment against each lot prior to such regular assessment period;
 - ii. Prepare an itemized list of all estimated expenditures and give written notice of each assessment to every Owner; and
 - iii. Foreclose the lien against any Property for which assessments are not paid within thirty (30) days after the due date thereof or to bring an action at law against the owner personally obligated to pay the same.
- (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 evidence of payment of any assessment therein stated to have been paid.
- (e) Procure and maintain adequate liability and hazard insurance on all Property owned by the Association.
- (f) Cause all officers and employees having a fiscal responsibility to be bonded as the Board may deem appropriate. maintained in Declaration.
- (g) Cause the Subject Area and Subject Facilities to be accordance with the provisions set forth in the Declaration.

**ARTICLE X
OFFICERS**

10.1 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.

10.2 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.

**EXHIBIT C – BY-LAWS OF THE CHARLES STREET TOWNHOME
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10.3 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 interest 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.

10.4 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.

10.5 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.

10.6 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 of 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.

10.7 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 report 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.

10.8 SECRETARY: The Secretary shall be ex-officio 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

11.1 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.

The standing committees of the Association shall be:

Nominations Committee

**EXHIBIT C – BY-LAWS OF THE CHARLES STREET TOWNHOME
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Standing committees shall be appointed by the Board of Directors at each annual Directors' meeting, to serve from 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.

11.2 NOMINATIONS COMMITTEE: The Nominations Committee shall have the duties and functions described in Article VIII of these By-Laws.

11.3 CHAIRMAN: One member of each committee shall be appointed Chairman by the Board of Directors.

11.4 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.

11.5 QUORUM: Unless otherwise provided in the resolution of the Board of Directors 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.

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

ARTICLE XII BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to the inspection of any Members.

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: CHARLES STREET TOWNHOME COMMUNITY ASSOCIATION.

ARTICLE XV WAIVER OF NOTICE

Whenever any notice whatever is required to be given under the provisions of the General Not-for-Profit Corporation Act of Illinois or under the provisions of the Articles of Incorporation or the By-Laws of the Association, a waiver thereof in writing signed by the person or persons

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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**

16.1 These By-Laws may be amended or modified at any time, or from time to time, in the same manner as provided in Article VIII of the Declaration; provided that (i) 8.3, 10.12 or any other provisions relating to the rights of the Declarant shall not be amended without the written consent of the Declarant; and (ii) no provision which specifically grants rights to First Mortgagees shall be amended without the written consent of sixty percent (60%) of the First Mortgagees. These By-Laws may also be amended by the Declarant for purposes and by the procedure set forth in the Declaration. No amendment to these By-Laws shall become effective until recorded.

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