200200032261
Filed for Record in
KENDALL COUNTY, ILLINOIS
PAUL ANDERSON
12-20-2002 At 08:43 AM.
COVENANTS 51.00

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DECLARATION OF COVENANTS,

CONDITIONS, RESTRICTIONS AND EASEMENTS

FOR THE VILLAS OF DEERPATH CREEK UNIT 8

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DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR THE VILLAS OF DEERPATH CREEK UNIT 8

NOTE: THIS DECLARATION APPLIES ONLY TO DUPLEX UNITS IN UNIT 8 OF DEERPATH CREEK SUBDIVISION

This Declaration of Covenants, Conditions, Restrictions and Easements for the Villas of Deerpath Creek Unit 8 (these "Covenants") is made this 19th day of December, 2002 by Deerpath Development Corp., an Illinois corporation (hereinafter referred to as "Declarant"). "Unit 8 of Deerpath Creek Subdivision" (sometimes referred to herein as "Unit 8") is legally described in Exhibit A hereto.

RECITALS:

WHEREAS, Declarant has previously caused to be incorporated under the laws of the State of Illinois, a not-for-profit corporation, Deerpath Creek Homeowners Association, Inc. (the "Master Association"), for the efficient preservation of the values and amenities of the entire Deerpath Creek Subdivision (Units 1-8) in Oswego, Illinois;

WHEREAS, Declarant has delegated and assigned to the Master Association certain rights, duties and powers related to Deerpath Creek Subdivision contained in the "Declaration of Covenants and Restrictions for Deerpath Creek Homeowners Association" executed by Declarant on November 28, 1997 and recorded in Kendall County as Document Number 9712439 on December 5, 1997, rerecorded as Document Number 9800193 on January 8, 1998, and amended by a First Amendment thereto executed by Declarant on December 19, 2002 and recorded as Document Number 200200032260 on December 20, 2002 (collectively, the "Master Covenants");

WHEREAS, the Master Association is generally responsible for maintenance of landscaping, monuments and other improvements located in berms, landscape easements, monument easements, and common areas in all of Deerpath Creek Subdivision, including Unit 8, as more fully described in the Master Covenants;

WHEREAS, Units 1-7 of Deerpath Creek Subdivision contain detached single family homes. Duplex Buildings will be constructed on some or all of the Final Platted Lots in Unit 8 of Deerpath Creek Subdivision. Each Duplex Building will consist of two attached Duplex Units that share a common wall;

WHEREAS, Declarant desires to establish uniform covenants and restrictions to ensure consistent and harmonious design and appearance and continuing care and maintenance of certain components of the Duplex Units in Unit 8 for the efficient preservation of values and amenities for the benefit of itself and all future owners and occupants of Unit 8 and other units of Deerpath Creek Subdivision;

WHEREAS, Declarant is the record owner and legal title holder of all of Unit 8 except for certain lots listed in Exhibit B hereto that have previously been sold and deeded to T.J. Baumgartner Custom Homes Corporation, an Illinois corporation ("TJB");

WHEREAS, TJB and the Board of Directors of the Master Association (the "Master Board") each consent and agree to these Covenants and acknowledge that these Covenants are in the best interests of the current and future owners of Unit 8 and other units of Deerpath Creek Subdivision; and

NOW, THEREFORE, Declarant hereby declares and the Master Board and TJB consent to and agree that in addition to the Master Covenants, Unit 8 is and shall be held, transferred, sold, conveyed and accepted subject to these Covenants. Further, the easements, covenants, restrictions, conditions, burdens, uses, privileges, charges and liens herein contained shall: (a) be binding upon and inure to the benefit of each owner of a lot and each lot in Unit 8; (b) exist at all times hereafter amongst all parties having or acquired right, title or interest in any portions of Unit 8; and (c) run with the land and shall be held, sold and conveyed subject to these Covenants.

ARTICLE I
RECITALS AND EXHIBITS

The Recitals set forth above and all exhibits attached hereto are incorporated herein by this reference as if they were fully set forth herein.

ARTICLE II
DEFINITIONS

Section 2.01. Capitalized or defined terms herein shall have the meanings ascribed to them in the Master Covenants unless otherwise defined herein.

Section 2.02. "Assessment" as used herein shall mean and refer to assessments levied against all Units in the Property to fund Association Maintenance Expenses.

Section 2.03. "Association" as used herein shall mean and refer to the VILLAS OF DEERPATH CREEK HOMEOWNERS ASSOCIATION, INC., an Illinois not-for-profit corporation; provided Declarant may select another similar corporate name for the Association if the foregoing name is not available from the Illinois Secretary of State. Said corporation is the governing body for all the Owners with respect to the administration of these Covenants, Association Maintenance and other responsibilities all as provided by these Covenants and the Bylaws of the Association.

Section 2.04. "Association Maintenance" shall mean all management, improvement, maintenance, repair and rehabilitation of the Duplex Units or Lots undertaken by the Board or Association for the general benefit of all Owners together with any other recurring or usual annual costs and expenses of the Association, all as determined by the Board (in its sole discretion) to be

necessary or appropriate pursuant to these Covenants, the Bylaws, and the Articles of Incorporation of the Association.

Section 2.05. "Association Maintenance Expenses" shall mean and include the actual and estimated expenses incurred by the Association, including any reasonable reserve, with respect to Association Maintenance as determined by the Board in its sole discretion.

Section 2.06. "Board" as used herein shall mean the Board of Directors of the Association as constituted at any time, or from time to time, in accordance with the Bylaws of the Association.

Section 2.07. "Bylaws" as used herein shall mean the Bylaws of the Association.

Section 2.08. "Covenants" as used herein shall mean this Declaration of Covenants, Conditions, Restrictions and Easements for the Villas of Deerpath Creek Unit 8.

Section 2.09. "Declarant" shall mean and refer to Deerpath Development Corp., an Illinois corporation, and its successors and assigns, if such successors and assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 2.10. "Duplex Building" shall mean a building which consists of two separate Dwelling Units that share a common wall (such common wall is sometimes referred to herein as a "Party Wall").

Section 2.11. "Duplex Building Exterior" shall include that portion of a Duplex Building consisting of the surfaces of the exterior walls, roofs, gutters, facia, soffit, siding, exterior brickwork and shutters. "Duplex Building Exterior" shall specifically not include windows, window trim, screens, doors, door trim and jambs, garage doors, garage door trim, lights, decks, railings, posts, balconies, fences, patios, enclosed or open porches (except siding or roofing thereon which matches the rest of the building exterior), and any other items not specifically and unambiguously listed in the previous sentence as being part of the "Duplex Building Exterior".

Section 2.12. "Duplex Unit" shall mean one Dwelling Unit in a Duplex Building which is intended to constitute living quarters for one Family. Each side of a Duplex Building shall be considered a separate Duplex Unit. The term "Duplex Unit" includes that portion of the Duplex Building Exterior applicable to that Duplex Unit.

Section 2.13. "Final Plat for Unit 8" shall mean the Final Plat for Unit 8 of Deerpath Creek Subdivision recorded in Kendall County on January 29, 2002 as Document Number 200200002753, as the same may be amended or corrected from time to time.

Section 2.14. "Final Platted Lot" shall mean a buildable lot shown on the Final Plat for Unit 8.

Section 2.15. "Lot" as used herein shall mean that portion of a Final Platted Lot on which a Duplex Unit under common fee ownership that possesses a certificate of occupancy from the Village has been constructed. There are 48 Final Platted Lots for Duplex Buildings. A Duplex

Building may be constructed on each of these 48 Final Platted Lots. At the time a certificate of occupancy is issued and title is transferred for either Duplex Unit contained in that Duplex Building, the Final Platted Lot will be divided into two separate parcels along the common wall extended of the Duplex Units. **The parcel of land upon which a Duplex Unit is constructed is not a "Lot" for purposes of these Covenants and is not subject to assessment until a certificate of occupancy has been issued for such Duplex Unit.**

Section 2.16. "Master Assessments" shall mean and refer to assessments levied by the Master Association as provided for in the Master Covenants.

Section 2.17. "Master Association" shall mean and refer to Deerpath Creek Homeowners Association, an Illinois corporation.

Section 2.18. "Master Covenants" shall mean and refer to the "Declaration of Covenants and Restrictions for Deerpath Creek Homeowners Association" executed by Declarant on November 28, 1997 and recorded in Kendall County as Document Number 9712439 on December 5, 1997, rerecorded as Document Number 9800193 on January 8, 1998, and amended by a First Amendment thereto executed by Declarant on December 19, 2002 and recorded as Document Number 200200032260 on December 20, 2002.

Section 2.19. "Member" as used herein shall mean and refer to any person or entity who holds membership in the Association.

Section 2.20. "Party Wall" shall mean the common wall shared by each of the two Duplex Units in a Duplex Building.

Section 2.21. "Property" or "Unit 8" shall mean and refer to Unit 8 of Deerpath Creek Subdivision that is legally described in Exhibit A hereto (and such additional parcels of land as may be subjected to the terms of these Covenants in accordance herewith).

Section 2.22. "Turnover Date" shall mean the earlier of: (i) the date on which one hundred percent (100%) of the Lots have been conveyed to purchasers of Duplex Units; or (ii) the date the Declarant gives written notice to the Association that Declarant has elected to turnover to the Members the authority to elect the Board (notice shall be given at least ten (10) days prior to the Turnover Date).

Section 2.23. "Village" shall mean the Village of Oswego, a municipal corporation, its elected and appointed officials, officers, agents and employees.

ARTICLE III
ASSOCIATION MEMBERSHIP, VOTING RIGHTS AND ADMINISTRATION

Section 3.01. Membership.

Every Person or entity who is an Owner of a Lot shall automatically 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. No Owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association, and ceases upon termination of such ownership. Ownership of such Lot shall be the sole qualification of membership. Nothing herein contained shall be interpreted to exclude Declarant from membership while it or its successors in interest, if any, owns one or more Lots. Voting rights with regard to each Member are set forth in Article III hereof.

Section 3.02. Voting Classes.
The Association shall have two classes of voting membership:

a. Class A. Class A Members shall be all those Owners as defined in Section 3.01, provided that the Declarant shall not be a Class A Member until the Turnover Date. Class A Members shall be entitled to one vote for each Lot in which they hold the interest required for membership by Article III. When more than one Person holds such interest in any Lot, all such Persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. All Members holding any interest in a single Lot shall together be entitled to cast only one vote for the Lot.

b. Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to five (5) votes for each Lot in which it holds the interest required for membership by Section 3.01, provided that the Class B membership shall cease and be converted to Class A membership on the Turnover Date.

Section 3.03. Voting as Right of Membership.
The provisions of Section 3.02 hereof shall be mandatory. No Owner of any Lot shall have any right or power to disclaim, terminate or withdraw from his membership in the Association or any of his obligations as such Member, and no purported disclaimer, termination or withdrawal thereof or therefrom on the part of any such owner shall be of any force or effect for any purpose.

Section 3.04. Board of Directors.
The affairs of the Association shall be managed by a Board of Directors. The initial Board shall be appointed by the Declarant and shall consist of three (3) directors who need not be Members. This initial Board shall hold office until the Turnover Date. Directors shall not receive any compensation for their service on the Board.

After the Turnover Date, the Association shall have a Board of five (5) directors, each of whom must be a Member. Each director shall be voted upon and elected solely by Members of the Association. Elections shall be held at such intervals as the corporate charter and Bylaws of the Association shall provide, except that vacancies in the Board occurring between regularly scheduled meetings of the Members may be filled by the Board by majority vote if so provided by the Articles of Incorporation or Bylaws.

The Association shall have such officers as shall be appropriate from time to time, who shall be elected by the Board and who shall manage and conduct the affairs of the Association under the

direction of the Board. Except as expressly otherwise provided by the Association's Articles of Incorporation, these Covenants or the Bylaws, all power and authority to act on behalf of the Association both pursuant to these Covenants and otherwise shall be vested in its Board and, from time to time, its officers under the direction of the Board, and shall not be subject to any requirement of approval on the part of its Members. The Articles of Incorporation and Bylaws of the Association may include provisions for the protection and indemnification of its officers and Directors to the maximum extent permissible by law. The Board shall not be liable to the Owner(s) for any act or omission of the Board, except in the case of willful misconduct or actual fraud by the Board.

Section 3.05. Board Interpretation, Determination Final.

The determination of the Board shall be final and binding on each and all Members and Owners with respect to: (a) maintenance, repair or replacement of Duplex Units or Lots undertaken or directed by the Association or the Board; (b) work or items that will be included as part of Association Maintenance; and (c) application or interpretation of any provision of these Covenants, the Bylaws or any rules or regulations of the Association, the Board or committees thereof.

Section 3.06. Not for Profit Corporation.

The Association, being a not-for-profit corporation, shall not distribute to its Members any sums in the nature of dividends upon its shares. To the extent that funds shall not be required for current expenditures or for such reserves, the next assessment(s) may, in the discretion of the Board, be eliminated or the amount thereof appropriately reduced. Such reduction shall not prevent reinstatement of, or increase in, such assessments when required.

Section 3.07. Performance of Association Functions.

Whenever possible, the Association shall perform its functions and carry out its duties by entering into agreements for the performance thereof with such persons and business entities regularly engaged in the performance of generally similar functions and duties as the Board shall determine, which agreements shall be for such length of time, at such rates of compensation and upon such other terms and provisions as the Board shall determine from time to time. Such persons or business entities may, but need not, be persons or business entities owning or otherwise directly or indirectly interested in the Property or any part thereof. The Association itself shall also have power to perform its functions and carry out its duties.

Section 3.08. Rules and Regulations.

The Association, through the resolutions of the Board, shall have the right to adopt rules and regulations governing the Duplex Units and Lots and the use thereof and amend the same from time to time, provided, however, that no rule or regulation shall conflict with these Covenants or any applicable laws, ordinances or codes.

Section 3.09. Books and Records.

A copy of these Covenants, the Bylaws and the Association's books, records and financial statements to be kept by the Board shall be available for inspection by any Owner or any representative of an Owner duly authorized in writing, the Village, or any holder, insurer or

guarantor of a first mortgage lien on a Lot at such reasonable time or times during normal business hours as may be requested by the Owner or by the holder of said first mortgage lien.

Section 3.10. Declarant Relinquishment of Control.

Notwithstanding any provision contained herein to the contrary, the Declarant shall have the exclusive option, at any time, in the Declarant's sole discretion to relinquish control of the Association to the Owners, by the execution of an instrument by the Declarant evidencing the exercising of its option to relinquish said control, notice of which shall be given to all Owners and which shall become effective upon the recording of said election with the Kendall County Recorder. Within thirty (30) days after said recording, the First Meeting of the Board shall be held as provided in the Bylaws.

Section 3.11. Conflict between Board and Master Association Board.

In the event of a conflict or disagreement between the Board of the Association and the Master Association Board, the decision of the Master Association Board shall govern.

Section 3.12. Director and Officer Liability.

None of the directors, officers or Architectural Review or other committee members of the Association 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, officers and committee members except for any acts or omissions found by a court to constitute criminal conduct, gross negligence or actual (rather than constructive) active fraud. The Association and Owners shall indemnify and hold harmless each of the directors, officers and committee members and his or her heirs, executors or administrators, against all contractual and other liabilities to others arising out of contracts made by or other acts of the directors, officers and committee members on behalf of the Owners or the Association or arising out of their status as directors, officers or committee members unless any such contract or act shall have been made criminally, or with actual active fraud or gross negligence. It is intended and agreed 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, criminal, administrative, or other in which any such director, officer or committee member may be involved by virtue of such person being or having been such director, officer or committee member.

ARTICLE IV
MAINTENANCE OF DUPLEX UNITS, LOTS

Section 4.01. Association Maintenance of Duplex Units.

The Association or the Board on behalf of the Association shall have the authority to arrange for the management, improvement, maintenance, repair and rehabilitation of the Duplex Building Exteriors as it shall deem necessary or advisable as Association Maintenance. Components of the Duplex Building Exterior that are damaged by wind, hail, snow/ice, fire or other casualty, vandalism, or fault or neglect of a Duplex Unit Owner or other person shall be replaced or repaired by the Duplex Unit Owner (at such Owner's sole cost and expense) and not by the Association as part of Association Maintenance.

The Board shall have the right, but not the obligation, to perform any other Association Maintenance on the Duplex Buildings or Lots in addition to Association Maintenance of the Duplex Building Exteriors as set forth above as it shall deem necessary or advisable in its discretion to further the purposes of these Covenants and maintain a first-class subdivision. Such Additional Maintenance could include, by way of example and not limitation, items such as sealcoating driveways, replacing mailboxes and mowing and maintenance of lawns.

The Board, in its sole and absolute discretion, shall have complete and exclusive authority to determine what items will and will not be undertaken as part of Association Maintenance and such determination shall be final and binding on all Owners.

All Association Maintenance shall be performed on a substantially uniform basis to all Duplex Buildings and Lots in Unit 8 and must as nearly equally as reasonably practicable benefit each Duplex Building and Lot, provided that Association Maintenance need not be performed on all Duplex Buildings at the same time. Such work may be done on one Lot or Duplex Building prior to another as part of scheduled maintenance of all Lots or Duplex Buildings in Unit 8. No Association Maintenance can be performed on the interior of any Duplex Unit or Duplex Building.

All other maintenance, repair and rehabilitation of the Duplex Buildings, Duplex Units and Lots not specifically undertaken by the Board as part of the Association Maintenance shall be the responsibility of the Owner thereof at such Owner's sole cost and expense. If the Association proposes or offers to furnish maintenance with respect to a Duplex Unit at the request of its Owner, other than as part of Association Maintenance, the Association shall require such Owner to pay the full cost thereof.

Section 4.02. Owner Duty to Maintain Duplex Unit and Lot.

Except for Association Maintenance actually performed by the Association as set forth in Section 4.01, above, each Owner shall have the sole obligation to maintain in good condition and repair the exterior of his Duplex Unit, his Lot and any improvements located on such Lot (at such Owner's sole cost and expense) to ensure overall first-rate appearance of his Lot and Duplex Unit and uniformity of Duplex Buildings. For purposes of the foregoing sentence, "exterior of his Duplex Unit" shall include all surfaces of the exterior walls, roofs and components, siding, chimneys, brickwork, gutters and downspouts, fascia, soffit, vents, fipons, doors, shutters, windows, entrance and garage doors, window and door trim, screens, exterior lighting, railings, fences, balconies, decks, patios, enclosed or open porches, and any other thing comprising or attached to the exterior of the structure, and "Lot and any improvements on such Lot" shall include all swale lines, drainage courses, grass, ground cover, shrubs, trees or other vegetation, mulch around trees and shrubs, fences, patios, decks, driveways, sidewalks, mailboxes and any other improvement, structure or landscaping located on the Lot.

Without limiting the generality or breadth of the foregoing paragraph, each Owner of a Duplex Unit shall, for example:

a. replace or repair any damaged or missing siding, shutters, shingles, windows and screens, exterior lighting, mailboxes, gutters and downspouts. Replacements shall be of the same kind, color and style as the original;

b. repair and maintain (including painting) railings, fences, balconies, decks, entrance doors, garage doors, trim around windows and doors. Paint shall match original paint color and type;

c. regularly mow and trim grass, prune, trim and mulch shrubs, trees and other vegetation, and kill or remove weeds from all planting areas and lawns so that the landscaping on the Lots is uniform and well-maintained. Any diseased or dead trees, plants or other vegetation shall be promptly removed and replaced with healthy specimens of the same type;

With respect to all of the foregoing maintenance, repair and replacement activities, Adjoining Duplex Owners shall be responsible for coordinating repair and maintenance activities on their respective Duplex Units and/or Lots with each other to ensure a uniform appearance of the Duplex Building; and

The Board in its reasonable discretion shall have the authority to direct Owner(s) that maintenance or repair shall be done on one or more Duplex Units or Lots. For example, without limitation, the Board may determine that a Duplex Unit's garage door needs to be painted or a damaged section of siding replaced and direct the Owner of the Duplex Unit to undertake such repair or replacement. **Any such determination by the Board shall be final and binding on each and all Owners.**

In the event an Owner fails to carry out the repair and maintenance obligations set forth in this Section 4.02, the Board on behalf of the Association shall, in addition to any other remedies available in these Covenants, the Master Covenants or otherwise, have the authority to enter upon such Lot and cause such maintenance to be performed in a reasonable manner; provided that the Association shall provide the Owner with seven (7) calendar days prior written notice before proceeding. The Association shall send an invoice to the Owner for all costs and expenses incurred by the Association in connection with such self-help by the Association. Invoices not paid within thirty (30) days shall be deemed delinquent, and the Association shall have the same rights with respect thereto as provided for delinquent assessments. All costs and expenses incurred by the Association in connection with any action, proceeding or self-help in connection with the exercise of its rights and remedies under this section (including attorney's fees and costs), together with interest thereon at the lower of eighteen percent (18%) per annum or the maximum rate allowed by law, shall be charged to and assessed against the defaulting Owner. The Association shall have a continuing lien for the same upon such Owner's Lot as provided in Articles IX and XIII, hereof.

Section 4.03. Insurance.

As set forth in Article X, below, each Owner of a Duplex Unit shall be solely responsible for and shall procure fire, casualty and all risk coverage insurance upon such Owner's entire Duplex Unit (including without limitation that portion of the Duplex Building Exterior applicable to his Duplex Unit) for not less than the full insurable replacement value thereof under a policy or policies of insurance with such company or companies, in such form and for such premiums and periods, as said Owner may determine to be appropriate. The Association will not and shall not be obligated to maintain fire, casualty, all risk or any other insurance coverage on any Duplex Building Exterior, Duplex Building, Duplex Unit or Lot or any portion thereof.

ARTICLE V
APPROVAL OF PLANS FOR AND RESTRICTIONS ON ALTERATIONS TO DUPLEX UNITS AND LOTS

Section 5.01. Approval of Plans for Duplex Units and Lots.

No Duplex Unit or other building shall be constructed on a Lot in Unit 8 unless the plans therefor have been approved in writing by the Board prior to construction. Such plans shall include a grading plan and a landscaping plan showing location and type of all landscaping to be placed on the Lot. Exhibit C hereto describes the process that must be followed to seek such approval.

Section 5.02. Alterations to Duplex Units or Lots.

Once constructed in accordance with plans approved by the Board as set forth in Section 5.01, above, an Owner may not make or allow to be made any alteration, addition or improvement of any kind to the exterior of his Duplex Unit or Lot and any improvements located on such Lot except for ordinary maintenance consistent with the approved plans without the prior written consent of the adjoining Owner and the Board. The phrases "exterior of his Duplex Unit" and "Lot and any improvements located on such Lot" shall have the same broad meaning in this Section 5.02 as set forth in Section 4.02. No approval of any kind is required for an Owner to repaint, redecorate or otherwise alter the interior of his Duplex Unit.

Without limiting the generality or breadth of the foregoing paragraph, an Owner shall not, for example, do any of the following without the prior written consent of the Board and the adjoining Owner:

a. change the color, finish or façade of the exterior of his Duplex Unit;

b. add to, remove or change the type or placement of any trees or shrubs or change any other landscaping in the front or side yard of the Lot. This Section 5.02 does not require an Owner to obtain any approval to change landscaping in the rear yard of his Lot, however, any such change is subject to the other restrictions set forth in these Covenants and the Master Covenants; and

c. add to, remove or change the location or type of driveway, sidewalk or other improvement in the front or side yard of the Lot. This Section 5.02 does not require an Owner to obtain any approval to change improvement(s) in the rear yard of his Lot,

however, any such change is subject to the other restrictions set forth in these Covenants and the Master Covenants.

The Board shall have exclusive jurisdiction over alterations to the exterior of Duplex Units, Lots or improvements on Lots as set forth in this Section 5.02. Exhibit C hereto describes the process that must be followed to seek such approval.

ARTICLE VI
RESTRICTIONS ON USE OF DUPLEX UNITS AND LOTS

Section 6.01. Board's Jurisdiction.

The Board shall have exclusive jurisdiction over use restrictions on Duplex Units and Lots as set forth in this Article VI. Exhibit C hereto describes the process that must be followed to seek the Board's approval of certain uses or improvements to a Duplex Unit or Lot (such as fences and decks) as set forth in this Article VI.

Section 6.02. Offensive or Adverse Activities.

No nuisance, noxious or offensive activity shall be carried on in the Property nor shall anything be done therein which may reasonably be considered an annoyance or nuisance to the adjoining Owners or other neighboring Duplex Units. Neither adjoining Owner shall allow or create any noise or odor in his Duplex Unit that could travel to the adjoining Owner's Duplex Unit or other neighboring Duplex Units and reasonably be deemed offensive or annoying to an Owner. This specifically includes without limitation noise from pets, children, stereos and television sets that a reasonable person would consider bothersome or disrupting.

An Owner of a Lot shall do no act nor allow any condition to exist which will materially adversely affect other Duplex Units, Lots or their Owners. An Owner shall not do or allow anything to be done in his Duplex Unit which may increase the cost or cause the cancellation of insurance on the adjoining Owner.

Section 6.03. Swimming Pools.

No permanent swimming pools shall be allowed on any Lot. Small, temporary children's pools may be used on a Lot, provided the pool is emptied and moved inside at the end of each day.

Section 6.04. Fences.

No fences except privacy fences as described in Exhibit D hereto shall be installed or maintained on any Lot. The location, dimensions, construction materials and finish of all fences must be submitted to and approved by the Board pursuant to Section 6.01 above. This Section shall not apply to the Declarant or to fences that were installed or approved by the Declarant in connection with the initial construction of the Duplex Buildings and other improvements on the Lot.

Section 6.05. Accessory Structures.

a. No storage buildings, sheds, greenhouses, enclosed playhouses or other outbuildings may be installed on any Lot.

b. Patios, decks and gazebos may be installed only after having first been approved by the Board as set forth in Section 6.01, above.

c. Permanent landscaping structures, including without limitation fountains, ponds, trellises and planter boxes, may be installed only after first having been approved by the Board, and may only be placed in the rear yard of a Lot.

d. Permanent swing sets and other Permanent play structures or equipment may be installed only after first having been approved by the Board, and may only be placed in the rear yard of a Lot.

"Permanent" as used in this Section 6.05 shall mean any structure or other improvement that either: (1) is not periodically moved by the Owner inside the garage or Duplex Unit or (2) weighs more than one hundred fifty pounds (150 lbs.) (collective weight of 150 lbs. if there are several pieces that are attached together or together comprise one structure or improvement). This Section 6.05 shall not apply to the Declarant or improvements made by the Declarant.

Section 6.06. Basketball Hoops.
Basketball hoops may be not be installed on the exterior of any Duplex Unit.

Section 6.07. Flags.
No permanent flag poles shall be erected or displayed on or upon any Duplex Unit. This Section shall not apply to the Declarant or to flags that were installed or approved by the Declarant in connection with the initial construction of the Duplex Buildings and other improvements on the Lot.

Section 6.08. Windchimes.
No windchimes may be attached to any Duplex Unit or maintained on any Lot outside the walls of the Duplex Unit without the consent of the adjoining Owner.

Section 6.09. Enforcement of Master Covenants' Use Restrictions.
The Board shall have authority to enforce any provisions in Article VII ("Architectural Standards and Use Restrictions for Dwelling Units") of the Master Covenants against Owners in Unit 8. This shall be in addition to the authority of the Master Association Board of Directors and Architectural Review Committee to enforce such provisions.

ARTICLE VII
EASEMENTS

Section 7.01. Association Easement.

The Association, its successors, assigns, agents and employees, is hereby granted the perpetual right and easement to enter in and upon any Lot, including the right to access the Party Wall of the Duplex Unit thereon, to correct or eliminate nuisances or violations of these Covenants, to perform maintenance, repair or replacement, or for any other reason contemplated by or to further the purposes of these Covenants.

Section 7.02. Party Wall Easement.

A non-exclusive, perpetual reciprocal easement is granted to each adjoining Owner of a Duplex Unit in a Duplex Building sharing a party wall for the mutual use, enjoyment, maintenance, repair and replacement of such party wall, provided however, that such easement shall not be construed to grant authority to an Owner to enter into the Duplex Unit of the adjoining Owner for purposes of maintaining or repairing such party wall without the consent of such adjoining Owner, except to the extent otherwise necessary to carry out the duties and responsibilities of such adjoining Owner as established in Article VIII.

Section 7.03. Easements to Run with the Land.

All easements on or over or with respect to any Lot or Duplex Unit within the Property are easements appurtenant to and running with the land perpetually in full force and effect, and at all times shall inure to the benefit of and be binding on the parties identified in such easement and an Owner, Occupant, purchaser, mortgagee and other persons having an interest in any Lot upon which such easement is located, and its or his heirs, grantees, successors and assigns.

ARTICLE VIII
PARTY WALLS

Section 8.01. Rights to Party Wall.

Each Owner of a Duplex Unit shall have the right to use the Party Wall which it shares with an adjoining Duplex Unit for support of the structure originally constructed thereon and all replacements thereof and shall have the right to keep, maintain, repair and replace therein all pipes, conduit, and ducts originally located therein, if any, and all replacements thereof.

Section 8.02. Damage to Party Wall.

If a Party Wall is damaged or destroyed through the act or acts of any Owner of a Duplex Unit which is adjoining such Party Wall, or through the act or acts of his agents, servants, tenants, guests, invitees, licensees, or members of his family, whether such act is willful, negligent or accidental, such Owner shall forthwith proceed to rebuild or repair the same to as good a condition as that in which such Party Wall was prior to such damage or destruction without any cost therefor to the adjoining Owner. Any Party Wall damaged or destroyed by some act or event other than one caused by the Owner of a Duplex Unit which is adjoining such Party Wall, or his agents, servants, tenants, guests, invitees, licensees, or members of his family, shall be rebuilt or repaired by both

adjoining Owners at the joint and equal expense of both adjoining Owners, and as promptly as is reasonably possible.

Section 8.03. Change in Party Wall.

Any Owner of a Duplex Unit who proposes to modify, rebuild. repair or make additions to any structure upon his Lot in any manner which requires the extension, alteration or modification of any Party Wall, shall obtain the prior written consent of the adjoining Owner.

ARTICLE IX
ASSESSMENTS

Section 9.01. Creation of Assessments.

There are hereby created assessments for Association expenses as may from time to time specifically be authorized by the Board to be commenced at the time and in the manner set forth in this Article. There shall be two (2) types of assessments under these Covenants: (a) Annual Assessments to fund Association Maintenance Expenses and other typical annual costs and expenses for the benefit of all Members; and (b) Special Assessments for non-recurring or atypical expenses or capital improvements as described in Section 9.05 below. Each Owner, by acceptance of a deed or recorded contract of sale to any Lot, is deemed to covenant and agree to pay these assessments.

Section 9.02. Lien and Personal Obligation of Assessments.

All assessments, and all other amounts due to the Association by an Owner, together with interest, reasonable attorney's fees, costs, reasonable late charges in amounts established in advance, shall be a lien on the land and shall be a continuing lien upon the Lot until paid. All such amounts (including late charges, interest, costs, and attorney's fees) shall also be the personal obligation of the Person who was the Owner of such Lot at the time the obligation arose, and if title to such Lot is held in trust, then each beneficiary thereof shall also be jointly and severally liable therefor. Upon transfer of title to a Lot, the grantee, by acceptance of the deed to such Lot, is deemed to assume such personal obligation for past due assessments (including late charges, costs, interest, and attorney's fees), and shall be jointly and severally liable with the grantor for such portion thereof as may be due and payable at the time of conveyance, except no first mortgagee who obtains title to a Lot pursuant to the remedies provided in the mortgage shall be liable for unpaid assessments which accrued prior to such acquisition of title.

No Owner may waive or otherwise exempt himself from liability for the assessments provided for herein, including, by way of illustration and not limitation, by nonuse, abandonment or transfer of the Lot or completion of maintenance or repair of items to be performed as Association Maintenance himself. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessment or set-off shall be claimed or allowed by reason of any alleged failure of the Association or Board to take some action or perform some function required to be taken or performed by the Association or Board under these Covenants or the Bylaws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken to comply

with any law, ordinance, or with any order of directive of any municipal or other governmental authority.

Section 9.03. Computation of Annual Assessment.

It shall be the duty of the Board before the beginning of each fiscal year, to prepare a budget covering the estimated Association Maintenance Expenses of the Association during the coming year. The budget shall include a capital contribution (if any) establishing a reserve fund in an amount sufficient to meet the projected capital needs of the Association based on the number and nature of covered replaceable assets, the expected life of these assets and expected repair or replacement cost. The Annual Assessment to be levied for the coming year against each Lot subject to assessment shall be computed by dividing the budgeted Association Maintenance Expenses by the total number of Lots submitted to these Covenants. The Board shall cause a copy of the Association Maintenance Expense budget and notice of the amount of the Assessment to be levied against each Lot for the following year to be mailed to each Owner at least thirty (30) days prior to the beginning of the fiscal year, and no less than ten (10) and no more than thirty (30) days prior to any Board meeting concerning the adoption of the proposed annual budget or any increase or establishment of an assessment.

In the event the proposed budget is disapproved or the Board fails for any reason to so determine the budget for any year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the immediately preceding year shall continue for the current year. The failure or delay of the Board to prepare or serve notice of the annual budget or assessment on the Owners shall not constitute a waiver or release in any manner of such Owner's obligation to pay assessments whenever the same shall be determined, and in the absence of notice of an assessment, each owner shall continue to pay the assessment in effect for the immediately preceding year for the current year.

Section 9.04. Payment of Annual Assessments.

Annual Assessments shall be paid quarterly on the first day of each calendar quarter, or in such manner and on such dates as may otherwise be fixed by the Board. Each Owner, by acceptance of a deed to his or her Lot, acknowledges that all Assessments levied hereunder are annual assessments due and payable in advance on the first day of the fiscal year; provided, the Board may permit any assessment to be paid in installments.

The Association is specifically authorized to enter into subsidy contracts or contracts for "in kind" contribution of services or materials or a combination of services and materials with Declarant or entities affiliated with Declarant for the payment of some portion of the Association Maintenance Expenses.

Section 9.05. Special Assessments.

The Association may levy a Special Assessment or Special Assessments from time to time for nonrecurring or atypical expenses or capital improvements. The Board shall cause a notice of the amount of such special assessment to be levied against each Lot to be mailed to each Owner no less than ten (10) and no more than thirty (30) days prior to any Board meeting concerning the adoption of the proposed Special Assessment. The Board upon written petition by Owners with twenty percent (20%) of the votes of the Association delivered to the Board within fourteen (14)

days of the Board action, shall call a meeting of the Owners within thirty (30) days of the date of delivery of the petition to consider the Special Assessment. Unless a majority of the total votes of the Owners are cast at the meeting to reject the Special Assessment, the Special Assessment is ratified. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved if the Board so determines.

Section 9.06. Certificate of Owner's Payment Status.

The Association shall, upon reasonable demand with reasonable notice, furnish to any Owner liable for any type of assessment a certificate in writing signed by an officer or the managing agent of the Association setting forth whether such assessment and other amounts have been paid as to any particular Lot. Such certificate shall be conclusive evidence of payment to the Association of such assessment and other amounts therein stated to have been paid. The Association may require the advance payment of a processing fee, the amount of which shall be approved by the Board. The Association may delegate this obligation and assign the right to receive said fee to its managing agent. No charge shall be made for issuing from time to time such certificates to Declarant.

Section 9.07. Recording of Lien for Assessments.

Upon recording of a notice of lien on any Lot, there shall exist a perfected lien for unpaid assessments prior and superior to all other liens except (1) all taxes, bonds, assessments, and other levies which by law would be superior thereto, and (2) the lien or charge of any first mortgage of record (meaning any recorded mortgage with the first priority over other mortgages) made in good faith and for value. Such lien may be enforced by suit, judgment, and foreclosure.

The Association, acting on behalf of the Owners, shall have the power to bid for the Lot at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. During the period in which a Lot is owned by the Association following foreclosure: (a) No right to vote shall be exercised on its behalf, and (b) no assessment shall be assessed or levied on it. Suit to recover a money judgment for unpaid Association Maintenance Expenses and attorney's fees shall be maintainable without foreclosing or waiving the lien securing the same.

The lien of assessments, including interest, late charges (subject to the limitations of Illinois law), and costs (including attorney's fees) provided for herein, shall be subordinate to the lien of any first mortgage upon any Lot. The sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to judicial or nonjudicial foreclosure of a first mortgage shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from lien rights for any assessments thereafter becoming due. Where the mortgagee holding first mortgage of record or other purchaser of a Lot obtains title pursuant to remedies under the mortgage, its successors and assigns shall not be liable for the share of the assessments by the Association chargeable to such Lot which became due prior to the acquisition of title to such Lot by such acquirer.

Section 9.08. Date of Commencement of Assessments.

The assessments provided for herein shall commence as to each Lot on the first day of the month following issuance of a certificate of occupancy for the Duplex Unit on such Lot. The first

Annual Assessment shall be adjusted according to the number of days remaining in the fiscal year at the time assessments commence on the Lot.

Section 9.09. Initial Capitalization of Association.

The first purchaser of a Lot with a Duplex Unit possessing a certificate of occupancy thereon shall make a contribution to the working capital of the Association in an amount equal to one-fourth (1/4) of the amount of the annual Assessment for a Lot for that year as determined by the Board. Such contribution shall not be considered an advance payment of assessments and shall be in addition to, not in lieu of, assessments then or thereafter coming due. This amount shall be deposited into the purchase and sales escrow and disbursed therefrom to the Association for use in covering operating expenses and other expenses incurred by the Association pursuant to the terms of these Covenants. The funds so contributed shall not be transferable or refundable to any subsequent Owner or otherwise, and the Association shall have no obligation to pay interest to any Owner or other person in relation thereto.

Section 9.10. Master Assessments.

In addition to assessments collected under these Covenants, all Lots are subject to Master Assessments which are collected and administered by the Master Association under the Master Covenants.

Section 9.11 Assessments on Lots Under Construction.

With regard to any portions of the Development Tract upon which Lots are being constructed or have been completed and title has not been conveyed by Declarant, the assessment respecting any such portion of the Development Tract (if there is any assessment due for such portion of the Development Tract) shall be limited to the aggregate amount of actual operating expenses from time to time required to be paid with respect to such portion of the Development Tract, provided, however, that in the event Declarant enters into a lease or installment contract for any Lot, then Declarant shall be responsible for the payment of assessments on such Lot on the same basis as any other Owner. Actual operating expenses shall mean those ordinary expenses attributable only to the period in question covering maintenance and operation and shall not include capital expenditures, amounts to be set aside as a reserve for contingencies or replacements, repair items or inventory items to the extent attributable in whole or in part to subsequent periods.

The Association shall indemnify and hold harmless the Declarant and its officers and directors and each of the directors and officers of the Association for any mistake of judgment or for any other acts or omissions of any nature whatsoever, including without limitation the funding of reserve accounts, that were carried out during or relating to the time period prior to the Turnover Date, except for any acts or omissions found by a court to constitute criminal conduct, gross negligence or actual (rather than constructive) active fraud. It is intended and agreed 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, criminal, 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.

ARTICLE X
INSURANCE

Section 10.01. Insurance Obtained by Association.

The Association shall 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 the Association, its directors and officers, the Declarant, the managing agent, if any, and their respective employees and agents, as their interests may appear, from liability resulting from an occurrence on or in connection with the Property. Fidelity bonds indemnifying the Association and the Board for loss of funds resulting from fraudulent or dishonest acts of any employee of the Association or of any other person handling funds of the Association may be obtained by the Association in such amounts as the Board shall deem desirable. The Board may, in its discretion, obtain any other insurance which it deems advisable including, without limitation, insurance covering the directors and officers from liability for actions within the scope of their respective authorities. The premiums for any and all insurance obtained hereunder by the Association shall be considered an Association Maintenance Expense.

Section 10.02. Insurance Obtained by Duplex Unit Owners.

The Association will not and shall not be obligated to maintain fire, casualty, all risk or any other coverage on any Duplex Building Exterior, Duplex Building, Duplex Unit or Lot or any portion thereof. Each Owner of a Duplex Unit shall be solely responsible for and shall procure (at such Owner's sole cost and expense) fire, casualty and all risk coverage insurance upon such Owner's entire Duplex Unit (including without limitation that portion of the Duplex Building Exterior applicable to his Duplex Unit) for not less than the full insurable replacement value thereof under a policy or policies of insurance with such company or companies, in such form and for such premiums and periods, as said Owner may determine to be appropriate.

Each Owner of a Duplex Unit shall deliver to the Board a certificate of insurance certifying that a policy of insurance covering such Owner's Duplex Unit, as required under this Section, is in effect, and that said policy shall not be cancelled or materially changed except upon 30 days prior written notice thereof to the Board. In the event an Owner fails to procure or keep in effect a policy of insurance as required under this Section (and provide proof thereof to the Board), then the Board shall have the right but not the obligation to, on behalf of and as agent for such Owner, procure such insurance on the Owner's Duplex Unit with a company, in a form, for a premium and period as determined by the Board to be appropriate and the cost thereof shall be a charge hereunder to the Owner. In any such event, the Association shall have and is hereby given a continuing lien on the Lot containing the Duplex Unit for which any such insurance is obtained and maintained by the Association in the aggregate amount of (i) the cost thereof, (ii) interest at the lower of eighteen percent (18%) per annum and the maximum rate permitted by law from the date of the Association's payment of such costs, and (iii) reasonable attorneys' fees and any court or other costs incurred by the Association in connection therewith, which lien shall bind such Lot in the hands of such Lot Owner, his heirs, devisees, personal representatives, grantees and assigns. In the event said Owner does not forthwith fully repay the Association as provided above, such lien may be foreclosed against the Lot by the Association, in the same manner as hereinafter provided in

connection with unpaid assessments. The Association's lien described in this paragraph shall be subordinate to the lien of any mortgage now or hereafter placed upon the Lot.

No Owner shall cause or permit anything to be done or kept on the Property which will result in the cancellation of insurance on such Owner's Duplex Unit, any other Duplex Unit or any other portion of the Property.

Section 10.03. Damage or Destruction of Duplex Unit.

In the event of damage to or destruction of, by fire or other casualty, a Duplex Unit (or any portion thereof, including without limitation the Duplex Building Exterior applicable to such Duplex Unit), the Duplex Unit Owner covenants and agrees that such Owner shall commence repairing or rebuilding, within a reasonable time after such damage or destruction (not to exceed three months), the Duplex Unit (including without limitation the Duplex Building Exterior applicable to such Duplex Unit) in a substantial and workmanlike manner, using materials equal to or better than those used in the original structure, and that all construction performed by or caused to be performed by such Owner shall conform in all respects to the laws and ordinances regulating the construction of buildings in force at the time of such repair or rebuilding. All available insurance proceeds shall be applied to such repairing and rebuilding; the excess, if any, to be paid to the Owner. The exterior of such Duplex Unit, when rebuilt, shall be substantially similar to and of architectural design in conformity with the exterior of such Duplex Unit, prior to the damage or destruction. All rebuilding performed in accordance with the provisions of this paragraph shall be subject to the approval of the Board pursuant to Article V hereof. In the event that any Owner shall fail to perform the necessary repair or rebuilding in accordance with the provisions hereof, then the Association may, but shall not be required to, cause such repair or rebuilding to be furnished, provided and installed in accordance with the provisions hereof and the total cost thereof shall be the personal obligation of the Owner. In any such event, the Association shall have and is hereby given a continuing lien on the Lot, to which any such repair or rebuilding is furnished by the Association in the aggregate amount of (i) the cost thereof, (ii) interest at the maximum rate permitted by the laws of Illinois from the date of the Association's payment of such costs, and (iii) reasonable attorneys' fees and any court or other costs incurred by the Association in connection therewith, which lien shall bind such Duplex Unit in the hands of such Owner, his heirs, devisees, personal representatives, grantees and assigns. In the event such Owner does not forthwith fully repay the Association therefor as aforesaid, such lien may be foreclosed against the Lot by the Association, in the same manner as hereinabove provided in connection with unpaid assessments. The Association's lien described in this paragraph shall be subordinate to the lien of any mortgage now or hereafter placed upon the Lot.

Section 10.04. Waiver of Subrogation.

The Association and each Owner hereby waives and releases any and all claims which it or he may have against any Owner, including relatives of an Owner, the Association, its directors and officers, Declarant, the managing agent, if any, and their respective employees and agents, for damage to the Duplex Units, Lots and to any personal property located in the Duplex Units or Lots caused by fire or other casualty, to the extent that such damage is covered by fire or other forms of casualty insurance, and to the extent this release is allowed by policies for such insurance.

ARTICLE XI
RESERVED RIGHTS OF DECLARANT AND PROVISIONS COVERING DEVELOPMENT PERIOD

Section 11.01. Duration of Rights.

In addition to any rights or powers reserved to the Declarant under the provisions of these Covenants or the Bylaws, the Declarant shall have the rights and powers set forth in this Article. Anything in these Covenants or the Bylaws to the contrary notwithstanding, the provisions set forth in this Article shall govern. If not sooner terminated as provided in this Article, the provisions of this Article shall terminate and be of no further force and effect from and after such time as the Declarant no longer is vested with nor in control of title to any part of the Property. This Article XI may not be amended or Declarant's rights hereunder adversely affected without the prior, written consent of the Declarant.

Section 11.02. Rights Related to Promotions and Sales.

In connection with the promotion, sale or rental of any improvements upon the Property, Declarant shall have the right and power, within its sole discretion, to construct such temporary or permanent improvements, or to do such acts or other things in, on or to the Property as the Declarant may, from time to time, determine to be necessary or advisable, including, without limitation, the right to construct and maintain model Duplex Units, sales or leasing offices, parking areas, advertising signs, lighting and banners, or other promotional facilities at such locations and in such forms as the Declarant may deem advisable in its sole and absolute discretion. The Declarant shall have the right and power to sell or lease any Duplex Unit owned or beneficially owned by it to any person or entity which it deems appropriate in its sole and absolute discretion.

Section 11.03. Alterations, Additions to Property.

The Declarant is hereby granted the right and power to make such alterations, additions or improvements to the Property and improvements thereto (including landscaping) as the Declarant deems to be necessary or appropriate, in its sole and absolute discretion. In connection with the rights provided in this section, the Declarant, its agents and contractors, shall have the right of ingress, egress and parking on the Property and the right to store construction equipment, vehicles and materials on the Property without the payment of any fee or charge whatsoever.

Section 11.04. Necessary Acts.

The Declarant shall have the right and power to execute all documents and do all other acts and things affecting the Property which Declarant determines, in Declarant's sole and absolute discretion, are necessary or desirable to fulfill or implement, either directly or indirectly, any of the rights granted or reserved to Declarant or the Association in these Covenants.

Section 11.05. Assignability of Declarant Rights.

All rights which are specified in these Covenants to be rights of the Declarant are mortgageable, pledgeable, assignable or transferable. Any successor to, or assignee of, the rights of the Declarant hereunder (whether as the result of voluntary assignment, foreclosure, assignment in lieu of foreclosure, or otherwise) shall hold or be entitled to exercise the rights of Declarant hereunder as fully as if named as such party herein. No such successor assignee of the rights of

Declarant hereunder shall have or incur any liability for the acts of any other party which previously exercised or subsequently shall exercise such rights.

Section 11.06. Special Amendments to Covenants Prior to Turnover Date.

Anything herein to the contrary notwithstanding, Declarant reserves the right and power to record with the Kendall County Recorder's office against all or any portion of the Property, regardless of whether Declarant is the fee owner of such portions of the Property, special amendments ("Special Amendments") to these Covenants at any time and from time to time prior to the Turnover Date which amend these Covenants:

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 Authority, the Veterans 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 agencies or entities set forth in paragraph 11.06.a., above, to make, purchase, sell, insure, guarantee or otherwise deal with first mortgages covering Lots;

c. to correct errors in these Covenants;

d. to bring these Covenants into compliance with applicable laws, ordinances or governmental regulations or

e. to make any other revisions to these Covenants which Declarant determines (in its sole and absolute discretion) are desirable or necessary to effectuate the purposes of these Covenants, including without limitation to preserve the values and amenities and provide for consistent and harmonious design and appearance of the Duplex Buildings and Deerpath Creek Subdivision.

In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to the Declarant to make or consent to such Special Amendments on behalf of each Owner. Each deed, mortgage, trust deed, other evidence of obligation, or other instrument affecting a Lot, and the acceptance thereof shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of the power to the Declarant to make, execute and record Special Amendments. The right and power to make Special Amendments hereunder shall terminate on the Turnover Date.

Section 11.07. Future Easements.

The Declarant reserves the right to grant easements at any time hereafter over, under, along and in any portion of the Lots for the purposes of providing utility and drainage services, provided, however, that such grant does not unreasonably interfere with the reasonable use and occupancy of a Duplex Unit.

Section 11.08. No Adverse Effect on Property.

Subsequent to the time Declarant no longer has the right to appoint all members of the Board, but until such time as the Declarant no longer holds title to any Lot, the Board, and any committees, shall not enter into any contract, amend these Covenants in any manner, implement any decision which may adversely affect the sales, marketing, development or financial projections of the Property or modify any of the existing standards within the Property, without the prior written consent of the Declarant.

ARTICLE XII
ANNEXATION OF ADDITIONAL PROPERTIES

Section 12.01. Declarant's Rights.

The Declarant and its successors and assign hereby reserve the right and option, at any time and from time to time, without notice to or consent of any Owner or any mortgagee of any Lot or Duplex Unit, to annex to the Property other additional parcel(s) of land (the "Additional Parcel) in its sole and absolute discretion, although no provision hereof shall be construed as requiring the Declarant to do so.

Section 12.02. Supplementary Covenants.

In the event the Declarant or its successors or assigns elects from time to time to annex to the Property the Additional Parcel, the Additional Parcel shall be made expressly subject to all provisions of these Covenants and the Declarant shall record "Supplementary Covenants" which shall contain the legal description of the Additional Parcel which is to become subject to these Covenants.

Section 12.03. Terms and Conditions of Supplementary Covenants.

Upon compliance with this Article XII, all Supplementary Covenants and the real estate covered therein shall be subject to the following terms and conditions:

a. The rights, easements, covenants, restrictions, burdens, uses and privileges set forth and described in these Covenants shall run with and bind the land of the Additional Parcel covered by said Supplementary Covenants and inure to the benefit of and be the personal obligation of the owners of Lots thereon in the same manner, to the same extent and with the same force and effect that these Covenants apply to the Property previously subjected hereto;

b. Every Person or entity who is or becomes an owner of any Lot in the Additional Parcel covered by a Supplementary Covenants shall be a Member of the Association on the same terms and subject to the same qualifications and limitations as those Members who are then Owners;

c. Any Supplementary Covenants may contain such complimentary additions and modifications to the provisions of these Covenants affecting the Additional Parcel as may be necessary to effectuate the development of the Additional Parcel in the Declarant's sole and absolute discretion.

d. In all other respects, all of the provisions of these Covenants shall apply to the additional portions of the Property included in any such Supplementary Covenants and the Owners, mortgagees and lessees thereof with equal meaning and of like force and effect.

Section 12.04. Owner Consent.

Each Owner and his successors and assigns, by acceptance of a deed to his Lot, and each mortgagee of a Lot by acceptance of a mortgage, acknowledge, consent and agree for themselves and their successors and assigns as follows, with respect to the Supplementary Covenants and each other amendment to these Covenants recorded pursuant to this Article XII:

a. An amendment to these Covenants pursuant to this Article XII may contain such modification of, and additions to, the provisions of these Covenants as the Declarant deems reasonably necessary to comport with the character of the construction upon the Additional Parcel described in such Supplementary Covenants; provided, however, that any such modifications or additions shall be applicable only to the Additional Parcel described in such Supplementary Covenants. Such Supplementary Covenants shall not refer to and revise the maintenance responsibilities of the Declarant and/or Association. Any such Supplementary Covenants shall contain such reasonable terms and provisions as the Declarant deems necessary to annex and add the Additional Parcel to the Property under terms equitable to all Owners.

b. The Additional Parcel described in each such Supplementary Covenants shall be governed in all respects by the provisions of these Covenants as modified by such Supplementary Covenants.

c. The recording of any such Supplementary Covenants shall not alter the amount of the lien for expenses assessed against a Lot prior to such recording.

d. The Declarant and its successors and assigns have the right to amend these Covenants in the manner provided in this Article XII, and each Owner agrees to execute and deliver any documents necessary or desirable to effect any such Supplementary Covenants.

ARTICLE XIII
REMEDIES FOR BREACH OR VIOLATION

Section 13.01. Agreement to Pay Charges.

The Owner of a Lot by acceptance of a deed therefor (whether or not it shall be so expressed in any such deed or other conveyance) shall be deemed to covenant and hereby agrees to pay to the Association all assessments and charges, including but not limited to Annual Assessments and Special Assessments, made under these Covenants with respect to the Owner or the Owner's Lot, except where exempt as provided in these Covenants (for purposes of this Section, "Charge" or "Charges"). Each Charge, late fees thereon and reasonable costs of collection, if any, as hereinafter provided, shall be a continuing lien upon the Lot against which such Charge is made and also shall be the personal obligation of the Owner of the Lot at the time when the Charge

becomes due. The lien or personal obligation created under this Section shall be in favor of and shall be enforceable by the Association.

Section 13.02. Delinquency; Liens.

Any assessment and all other amounts and charges not paid to the Association when due shall be deemed delinquent. Any assessment and all other amounts and charges which are delinquent for fifteen (15) days or more shall give rise to a late charge, in an amount to be determined by the Board in the manner as provided for in these Covenants. 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. Any assessment, charge, late charge, or other amount which remains unpaid for more than thirty (30) days after due, shall bear interest at the lower of eighteen percent (18%) per annum or the maximum amount permitted by law.

Should title to any Lot be held by more than one Owner, all Owners shall be jointly and severally liable. The lien shall attach to all rents due from parties in possession on any Lot on which a delinquent assessment exists, provided that it shall be subordinate to an assignment of rents held by a mortgagee when delivered in connection with a first mortgage loan to purchase the property. The Association may (i) bring an action against the Owner personally obligated to pay the assessment to recover the assessment (together with interest, costs and reasonable attorneys' fees for any such action, which shall be added to the amount of the assessment and included in any judgment rendered in such action) and (ii) enforce and foreclose any lien which may exist for its benefit and (iii) maintain for the benefit of all Owners an action for possession in the manner prescribed by "An Act in Regard to Forcible Entry and Detainer." In addition, the Board may add a reasonable late fee to any installment of an assessment which is not paid within 30 days of its due date. No Owner may waive or otherwise escape liability for the assessment or other Charges or payment provided for herein by nonuse, abandonment or transfer of his Lot, or completion of maintenance or repair of items to be performed as Association Maintenance himself.

Section 13.03. Board Right to Cure.

In the event of a violation or breach by an Owner of the provisions, covenants or restrictions of these Covenants, the Bylaws, or rules or regulations of the Board, the Board on behalf of the Association shall, in addition to any other remedies available in these Covenants, the Master Covenants or otherwise, have the authority to enter upon that part of the Property where the violation or breach exists to remove or rectify the violation or breach; provided that the Association shall provide the Owner with seven (7) calendar days prior written notice before proceeding. All costs incurred by the Association pursuant to this Section 13.03, including reasonable attorneys' fees, shall be charged to the Owner who committed the subject breach or violation.

Section 13.04. Equitable Proceedings.

In addition to or in conjunction with the remedies set forth above, enforcement of any of the provisions contained in these Covenants or any rules and regulations adopted hereunder may be had by proceeding at law or in equity by the Association against any Person or Persons violating or attempting to violate any such provision, either to restrain such violation, require performance thereof, to recover sums due or payable or to recover damages, and against the land to enforce any

lien created hereunder. Failure by the Association or any Owner to enforce any provision of these Covenants shall in no event be deemed a waiver of the right to do so thereafter.

Section 13.05. Owner Enforcement Rights.

Enforcement of provisions contained in these Covenants and the rules and regulations adopted hereunder may be by any proceeding at law or in equity by any aggrieved Owner against any Person or Persons violating or attempting to violate any such provisions, either to restrain such violation or to recover damages, and against a Lot to enforce any lien created hereunder.

Section 13.06. Recovery of Costs; Venue.

All costs and expenses incurred by the Board in connection with any action, proceedings of self-help in connection with the exercise of its rights and remedies under this Article, including, without limitation, court costs, attorneys' fees and all other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon at the lower of eighteen percent (18%) per annum and the maximum amount permitted by law until paid, shall be charged to and assessed against the defaulting Owner, and the Association shall have a lien for all the same upon said Owner's Lot as provided in this Article XIII.

Venue for all actions at law provided for in this Article XIII shall be in Kendall County, Illinois. The persons in possession of a Duplex Unit shall be authorized to accept summons on behalf of the Owner or Owners of such Duplex Unit.

ARTICLE XIV
AMENDMENT, MODIFICATION OF COVENANTS

Section 14.01. Amendment, Modification of Covenants by Owners.

Except as otherwise provided herein, these Covenants may not be changed, modified, or rescinded, except by a written instrument setting forth such change, modification or rescission, signed and acknowledged by the President or a Vice-President of the Association, and approved by the Owners having 2/3 or more of the total votes for each class of voting membership then in existence, after notice and a meeting of the Members has been held for such vote, provided that neither these Covenants nor the Bylaws may be changed, modified or rescinded so as to eliminate, impair, limit or abridge any rights of the Declarant under these Covenants or the Bylaws without the prior written consent of the Declarant.

Section 14.02. Amendment by Declarant Prior to Turnover Date.

The Declarant may amend these Covenants as provided in Section 11.06 at any time prior to the Turnover Date.

Section 14.03. Recording.

Any change, modification or rescission of these Covenants, whether accomplished under the provisions of this Article XIV or another provision of these Covenants, shall be effective only upon recording of the instrument which accomplished such change, modification or rescission with the Kendall County Recorder's Office against the Property.

ARTICLE XV
MISCELLANEOUS

Section 15.01. Rights to Enforce.

The Association 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 these Covenants. 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 Lot, enforceable as other liens established pursuant to these Covenants. 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 thereafter.

Section 15.02. Severability.

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 15.03. Duration.

The covenants and restrictions of these Covenants shall run with and bind the land and shall inure to the benefit of and be enforceable by the Association, the Village, the Owner of any Lot subject to these Covenants, their respective legal representatives, heirs, successors, and assigns, for a term of fifty (50) years from the date these Covenants 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.

Section 15.04. Perpetuities.

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 until the expiration of a period of twenty-one (21) years after the death of the last to survive of the class of persons consisting of all of the lawful descendants of George W. Bush, President of the United States, living at the date of these Covenants.

Section 15.05. Notices.

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

Section 15.06. Corrections.

Declarant reserves to itself the right to rerecord any plats of subdivision of the Property, or these Covenants or certificates of correction to correct any inaccuracies, errors or mistakes contained therein.

Section 15.07. Board Interpretation, Determination Final.

The determination of the Board shall be final and binding on each and all Members and Owners with respect to: (a) maintenance, repair or replacement of Duplex Units or Lots undertaken or directed by the Association or the Board; (b) work or items that will be included as part of Association Maintenance; and (c) application or interpretation of any provision of these Covenants, the Bylaws or any rules or regulations of the Association, the Board or committees thereof.

Section 15.08. Liberal Construction.

The provisions of these Covenants shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of a first class housing development.

Section 15.09. Land Trustee as Owner.

In the event title to any Lot is conveyed to a land title holding trust, under the terms of which all powers of management, operation and control of the Lot remains vested in the trust beneficiaries, then the beneficiaries thereunder shall be considered Owners for all purposes hereunder and they 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 these Covenants against such Lots. No claim shall be made against any such title holding 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 any such lien or obligation shall continue to be a charge or lien upon the Lot and the beneficiaries of such trust, notwithstanding any transfers of the beneficial interest of any such trust or any transfer of title to such Lot. By directing said trustee to take title to said Lot, said beneficiaries agree to be bound by the provisions of this Section.

Section 15.10. Leasing of Duplex Unit.

If any Owner shall lease his Duplex Unit, such lease shall be in writing and shall provide that the lease and all lessees shall be subject to these Covenants and the applicable Bylaws and rules of the Association and any breach thereof shall constitute a default under such lease. The Owner shall remain primarily bound by all obligations set forth in these Covenants. A copy of such lease will be given to the Association at the time the lease is executed.

Section 15.11. Liability of Declarant.

The liability of the Declarant shall be limited to and enforceable solely against the interest of the Declarant in the Property and not against any other assets of Declarant.

Section 15.12. Headings.

The headings, subheadings and captions in these Covenants are for convenience only and shall not be construed to affect the meaning or interpretation of these Covenants.

Section 15.13. Village Ordinance Controls.

In the event any provision of these Covenants shall be in conflict with any applicable ordinance of the Village, the applicable provisions of such ordinance shall control.

Section 15.14. Conflict.

In the event of conflict between the terms of these Covenants and the Master Covenants, these Covenants shall control unless otherwise specifically stated herein.

IN WITNESS WHEREOF, Declarant has executed and TJB and the Board have consented to and acknowledged this Declaration of Covenants, Conditions, Restrictions and Easements for the Villas of Deerpath Creek Unit 8 as of the date first above written.

DECLARANT:

DEERPATH DEVELOPMENT CORP.,
an Illinois corporation

By: _____
Herbert A. Stade
President

Attest: _____
Walter L. Baumgartner
Secretary

T.J. BAUMGARTNER CUSTOM HOMES CORPORATION:

T.J. Baumgartner Custom Homes Corporation does hereby acknowledge, consent to and agree that the foregoing Covenants shall be binding upon it and any lots owned by it as well as all current and future owners in Deerpath Creek Unit 8.

T.J. BAUMGARTNER CUSTOM HOMES CORPORATION,
an Illinois corporation

By: _____
Jeff Baumgartner
President

Attest: _____
William Baumgartner
Secretary

DEERPATH CREEK HOMEOWNERS ASSOCIATION:

Deerpath Creek Homeowners Association does hereby acknowledge, consent to and agree that the foregoing Covenants are in the best interests of current and future owners of Deerpath Creek Subdivision and that said Covenants shall be binding upon all lots and current and future owners in Deerpath Creek Unit 8.

DEERPATH CREEK HOMEOWNERS ASSOCIATION, INC.
an Illinois corporation

By: _____
Herbert A. Stade, President

I, Karen E. Krill, Secretary of Deerpath Creek Homeowners Association, Inc. certify and confirm that the Board of Directors of Deerpath Creek Homeowners Association did by duly adopted resolution consent to and agree that the foregoing Covenants are in the best interests of current and future owners of Deerpath Creek Subdivision and that said Covenants shall be binding upon all lots and current and future owners in Deerpath Creek Unit 8, and directed the President of Deerpath Creek Homeowners Association, Inc. to execute these Covenants on its behalf and its Board of Directors.

_____
Karen E. Krill
Secretary, Deerpath Creek Homeowners Association

STATE OF ILLINOIS)
)ss.
COUNTY OF KANE)

I, Scott Krill, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Herbert A. Stade personally known to me to be the President of the Deerpath Development Corp. and Walter Baumgartner personally known to me to be the Secretary of Deerpath Development Corp., 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 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 official seal, this 19th day of December, 2002.

"OFFICIAL SEAL"
Scott D. Krill
Notary Public, State of Illinois
My Commission Expires Jan. 11, 2006

_____
NOTARY PUBLIC

My commission expires: January 11, 2006

STATE OF ILLINOIS)
)ss.
COUNTY OF KANE)

I, Scott Krill, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Jeff Baumgartner personally known to me to be the President of T.J. Baumgartner Custom Homes Corporation and William Baumgartner personally known to me to be the Secretary of T.J. Baumgartner Custom Homes 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 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 official seal, this 19th day of December, 2002.

"OFFICIAL SEAL"
Scott D. Krill
Notary Public, State of Illinois
My Commission Expires Jan. 11, 2006

NOTARY PUBLIC

My commission expires: January 11, 2006

STATE OF ILLINOIS)
)ss.
COUNTY OF KANE)

I, Scott Krill, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Herbert A. Stade and Karen E. Krill personally known to me to be the President and Secretary of Deerpath Creek Homeowners Association, Inc., respectively, 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, 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 official seal, this 19th day of December, 2002.

"OFFICIAL SEAL"
Scott D. Krill
Notary Public, State of Illinois
My Commission Expires Jan. 11, 2006

NOTARY PUBLIC

My commission expires: January 11, 2006

EXHIBIT A
[Legal Description of Unit 8]

LOTS 408 THROUGH 433, INCLUSIVE, AND 435 THROUGH 457, INCLUSIVE OF DEERPATH CREEK UNIT 8, ACCORDING TO PLAT THEREOF RECORDED JANUARY 29, 2002 AS DOCUMENT 200200002753, IN KENDALL COUNTY, ILLINOIS

EXHIBIT B

[Lots Owned by T.J. Baumgartner Custom Homes Corporation]

LOTS 408, 418, 435 AND 456 OF DEERPATH CREEK UNIT 8, KENDALL COUNTY, ILLINOIS.

EXHIBIT C
[Board Review Procedures]

In the event an Owner wishes to obtain the approval of the Board, the Owner must follow the following procedures:

1. The Owner shall submit a written application to the Board. Such application shall include all plans and documents reasonably required by the Board. Typically, the Board will require at a minimum: (1) architectural design plans and specifications showing the proposed improvement which shall include construction materials, finish material and color scheme, (2) a site plan showing the location of the proposed improvement as well as all existing and proposed grades, property lines, setbacks and locations of existing improvements on the Lot, (3) a landscape plan showing existing landscaping and proposed landscaping on the site, and (4) a construction schedule. All documents must be submitted in duplicate.

2. The Board shall use reasonable efforts to review the application and approve or disapprove the application within thirty (30) days after all requested documents and fees have been submitted. The decision of the Board shall be conclusive and binding on the Owner/applicant.

The Board shall inform the applicant of its decision in writing in a letter addressed to the Owner/applicant. If the Board disapproves all or any part of the application or requires changes to the application, it shall provide the reasons therefor in its letter. Any revisions submitted by the Owner/applicant shall be reviewed in the same manner as the original application.

No improvement shall be considered approved by the Board unless such approval is in writing contained in a letter from the Board and the Board has stamped or signed each page of the application "Approved".

3. The Owner/applicant shall be responsible for providing erosion control and other protections to ensure neighboring lots and rights of way are protected.

4. The Board may from time to time adopt rules and regulations governing the review and approval process, including standardized approvals of certain frequently requested and non-controversial items.

5. The Owner/applicant is solely responsible for ensuring that the proposed improvements(s) are properly designed and constructed so that said improvement(s) are safe and meet all applicable building codes and other relevant requirements or standards. The Owner/applicant understands and agrees the Board shall have no responsibility whatsoever regarding the design, construction, propriety or safety of the proposed improvements(s) or their compliance with applicable laws, codes, rules, regulations or standards.

EXHIBIT D
[Fences]

All fences shall be rough sawn cedar in a board-on-board pattern of the same type shown and permitted in the Master Covenants (Exhibit C to First Amendment), except that:

1. The fence shall not be placed around the perimeter of the rear yard. All fences shall be limited privacy fences extending twelve feet (12') from the rear of the Duplex Unit toward the rear lot line and placed along the lot line between the Duplex Units in a Duplex Building in the rear yard of the Duplex Unit;

2. Spans between the posts of the fence shall be six feet (6') to accommodate the twelve-foot (12') total length of the fence.

3. The fence shall be six feet (6') in height.

4. The top of the fence itself shall be horizontal (straight line parallel to the ground) rather than in a scallop pattern (arc) between the posts as shown in Exhibit C to First Amendment.

5. The location, dimensions, constructional materials and finish of all fences must be submitted to and approved by the Board prior to construction.

The Declarant may add to or change the type of fence(s) that may be approved hereunder or approve any fence in its sole discretion prior to the Turnover Date. Owner shall be solely responsible for ensuring that any fence permitted by this Section is well-designed and constructed, and is safe, and complies with the ordinances of the Village of Oswego and/or any other appropriate governmental authority.