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AMENDED AND RESTATED
DECLARATION OF CONDOMINIUM
BY-LAWS AND INDENTURES FOR
THE MOORINGS AT GRAFTON, A CONDOMINIUM
FORMERLY KNOWN AS VILLAS AT GRAFTON HARBOR

THIS DECLARATION, made this 20th day of August, 2008 by VILLAS at GRAFTON HARBOR, LLC, a limited liability company organized and existing under and by virtue of the laws of the State of Illinois, hereinafter referred to as "Declarant or "Developer".

WITNESSETH:

WHEREAS, Grafton Properties, LLC was the owner and original developer of real property in Jersey County, Illinois, which is more particularly described on Exhibit "A" and is the same property described in the original Declaration of Condominium By-Laws and Indenture for Villas at Grafton Harbor Condominium recorded in Book 1376 Page 68 in the Office of the Jersey County Recorder of Deeds, State of Illinois ("Property"); and

WHEREAS, Grafton Properties, LLC conveyed all of its interest in the Property to VILLAS AT GRAFTON HARBOR, LLC per the document recorded on or about December 22, 2006 and recorded in Book 1396 Page 1 in the Office of the Jersey County Recorder of Deeds, State of Illinois; and

WHEREAS, Developer has not sold or transferred ownership in any of the units in the Villas at Grafton Harbor Condominiums and still retains one hundred percent ownership; and

WHEREAS, Developer now desires to change the name of the development to THE MOORINGS AT GRAFTON, A CONDOMINIUM and to amend the Declaration of Condominium By-Laws and Indentures for Villas at Grafton Harbor Condominium as

set forth in this Amended and Restated Declaration of Condominium By-Laws and Indentures for The Moorings at Grafton Harbor, a Condominium; and

NOW THEREFORE, the Developer herby declares that the properties described in the original Declaration of Condominium recorded in Book 1376 Page 68 shall be held, sold, and conveyed subject to the following Indentures, which are for the purpose of protecting and enhancing the value and desirability of, and which shall run with and encumber the real property above described and any additions thereto, and be binding on all parties having any right, title, or interest in the above described properties or part thereof, and being binding on additional land added subject to these Indentures and such parties, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE ONE: DEFINITIONS:

The following terms, as used herein or elsewhere in any condominium documents relating to The Moorings at Grafton, a Condominium, unless otherwise proved, are defined as:

Section 1.1: "ACT": shall mean the Condominium Property Act of the State of Illinois being Chapter 765 ILCS 605, as amended or replaced.

Section 1.2: "ASSESSMENT": shall mean that portion of the cost of maintaining, repairing and managing Common Elements, which is to be paid by each Unit Owner.

Section 1.3: "ASSOCIATION": shall mean The Moorings at Grafton, a Condominium Association, to be formed as hereinafter provided as either an unincorporated Illinois association or an Illinois not-for-profit corporation.

Section 1.4: "BOARD": shall mean the Board of Directors of the Association.

Section 1.5: "COMMON ELEMENTS": shall mean all portions of the Property other than the Units.

Section 1.6: "COMMON EXPENSES": shall include the actual and estimated costs of:

(a) Maintenance, management, operation, repair and replacement of the Common Elements as to which, pursuant to other provisions hereof, it is the responsibility of the Board of Managers to maintain, repair and replace.

(b) Management and administration of the Condominium's Association, including, without limiting the same, to compensation paid by the Association's to a manager, accountants, attorneys and other employees.

(c) Any other items held by or in accordance with other provisions of this Declaration or by the condominium documents to be common expense.

Section 1.7: "DECLARATION": shall mean this instrument by which the Property is submitted to the provisions of Chapter 765 ILCS 605, and such Declaration as from time to time amended.

Section 1.8: "DEVELOPER": shall mean Villas at Grafton Harbor, LLC and, in the event of the transfer of any part of the Property prior to completion of the construction program, any transfers acquiring the Property for purposes of completing the construction as shown on the plat or amended plats.

Section 1.9: "MAJORITY OF THE UNIT OWNERS": shall mean the owners of more than fifty percent in the aggregate in interest of the undivided ownership of the Common Elements. Any specified percentage of the Unit Owners means such percentage in the aggregate in interest of such undivided ownership.

Section 1.10: "PARCEL": shall mean the lot or lots, tract or tracts of land including additional tracts added by subsequent amendment, described in the Declaration or amendments thereto submitted to the provisions of Chapter 765 ILCS 605

Section 1.11: "PERSON": shall mean a natural individual, corporation, partnership, trustee or other legal entity capable of holding title to real property.

Section 1.12: "PLAT": shall mean the plat or plats or survey or surveys together with amendments thereto, of the parcel and of all Units in the Property submitted to the provisions of Chapter 765 ILCS 605, which may consist of a three-dimensional horizontal and vertical delineation of all such Units and Common Elements, including but limited to that certain plat recorded in Book of Plats "PC-2" on Page 92 A, as Doc. No. 200600103990 in the Recorder's Office of Jersey County, Illinois.

Section 1.13: "PROPERTY": shall mean all the land, easements appurtenant, property and space comprising the parcel, all improvements and structure(s) erected, constructed or contained therein or thereon, including the building(s) and all easements, rights and appurtenances belonging thereto, and all fixtures and equipment intended for the mutual use, benefit or enjoyment of the Unit Owners, including, but not limited to the Units, Common Elements and Limited Common Elements submitted to the provisions of Chapter 765 ILCS 605, and which is more particularly described on Exhibit "A" and is the same property described in the original Declaration of Condominium By-Laws and Indenture for Villas at Grafton Harbor Condominium recorded in Book 1376 Page 68 in the Office of the Jersey County Recorder of Deeds, State of Illinois.

Section 1.14: "RECORD": shall mean to record in the office of the Recorder of Deeds of Jersey County, Illinois.

Section 1.15: "SHARE": shall mean the interest of each Unit Owner in the aggregate in interest of the undivided ownership of the Common Elements. : With fifty total Units in the Property, each Unit Owner would own an undivided 1/50 ownership in the Common Elements.

Section 1.16: "UNIT": shall mean a part of the Property including one or more rooms occupying one or more floors or a part or parts thereof, designed and intended for any type of independent use, and having lawful access to a public way, including garages and carports. Each Unit shall consist of the space enclosed and bounded by the interior surfaces of the floors and ceilings and perimeter walls of such Unit shown on the Plat and a proprietary interest in the Limited Common Elements located adjacent to the Unit.

Section 1.17: "UNIT OWNER": shall mean the person or persons whose estates or interests, individually or collectively, aggregate fee simple absolute ownership of a Unit.

Section 1.18: "THE MOORINGS AT GRAFTON, A CONDOMINIUM": shall mean a condominium that bears the name The Moorings at Grafton, a Condominium in its title, and is located on a parcel made subject to Declaration of Condominium, By-laws and Indenture, as amended.

ARTICLE TWO: UNITS.

Section 2.1: IDENTIFICATION OF UNITS: All Units in the buildings located in the parcel shall be legally described as shown on the Plat. Every deed, lease, mortgage or other instrument may legally describe a Unit by its identifying number or symbol as shown on the Plat and as set forth in the Declaration and every such description shall be deemed good and sufficient for all purposes, and shall be deemed to convey, transfer, encumber or otherwise affect the owner's corresponding percentage of ownership in the Common Elements even though the same is not expressly mentioned or described therein. Each Unit Owner shall be entitled to the percentage of ownership in the Common Elements appertaining to such Unit as computed and set forth in this Declaration pursuant to Chapter 765 ILCS 605 and ownership of such Unit and of the owner's corresponding percentage of ownership in the Common Elements shall not be separated nor shall any Unit, by deed, plat, court decree or otherwise be subdivided or in any other manner separated into tracts or parcels smaller than the whole Unit as shown on the plat. No Unit Owner shall, by deed, plat or otherwise, subdivide or in any other manner cause his Unit to be separated into any tracts or parcels smaller than the whole Unit as shown on the Plat.

Section 2.2: No owner shall own any pipes, wire, conduits, utility lines, sanitary or storm sewer lines or structural components running through his Unit and serving more than his Unit except to the extent of his interest in the Common Elements.

ARTICLE THREE: COMMON ELEMENTS:

Section 3.1: Included in the Common Elements of the project are:

- (a) The Property, excepting the Units, and including without limitation all easements appurtenant, open parking areas, streets, driveways, access ways, walkways, sidewalks, play areas, gardens, lawns, landscaped and planting areas, patio, patio fences, boundary fences, sheds, porch decks and yards;
- (b) All electrical wiring throughout the Property, except that within a Unit and servicing only that specific Unit; all pipes, wires, cables, and conduits throughout the Property, except that within a Unit and servicing only that specific Unit.;
- (c) All sanitary and storm sewer facilities, and all utility installations, lines and connections for gas, electricity, light, telephone, water and plumbing, except those within a Unit and servicing only that specific Unit;
- (d) The foundations, exterior walls, roofs, gutters, downspouts, structural and bearing parts, perimeter and load bearing interior walls, supports, floor slabs, load bearing partitions, common hallways to basements, basements with access from common hallways and all other portions of the buildings not included within a Unit ;
- (e) All apparatus and installations now or hereafter erected and intended for common use;
- (f) Any auxiliary buildings, parks, swimming pools, recreation buildings and any other structures which may, at any time, be erected on the Property and all other appurtenances not herein specifically designated which are not enclosed within the boundaries of an Unit.
- (g) All other appurtenances not herein specifically designated which are not enclosed within the boundaries of a Unit, including but not limited to, Limited Common Elements as defined below.
- (h) Notwithstanding anything heretofore set forth in Section 3.1, Common Elements shall not include any item that is located within a Unit and solely serves that particular Unit including, but not limited to hot water heaters, furnaces, air conditioning equipment and exhaust fans, and the responsibility of maintaining, repairing and replacing any such item shall be the sole responsibility of the particular Unit Owner receiving the sole service of such item.

Section 3.2: NO PARTITION OF COMMON ELEMENTS: As long as the Property is subject to the provisions of Chapter 765 ILCS 605, the Common Elements shall, except as provided in 765 ILCS 605 Section 14, remain undivided, and no Unit Owner shall bring any action for partition or division of the Common Elements. Any covenant or agreement to the contrary shall be null and void. Nothing contained herein,

however, shall prevent partition of a Unit as between co-owners thereof, if such right of partition shall otherwise be available, but such partition shall not be in kind.

Section 3.3: NO SEVERANCE OF OWNERSHIP: No owner shall execute any deed, mortgage, lease, or other instrument affecting title to his Unit Ownership without including therein both his interest in the Unit and his corresponding percentage of ownership in the Common Elements, it being the intention of hereof to prevent any severance of such combined ownership. Any such deed, mortgage, lease or other instrument purporting to affect the one without including also the other shall be deemed and taken to include the interest so omitted even though the latter is not expressly mentioned or described therein.

ARTICLE IV: LIMITED COMMON ELEMENTS

Section 4.1: LIMITED COMMON ELEMENTS: The following portions of the Common Elements are hereby designated as Limited Common Elements:

- (a) window and door sills, frames and hardware which are not part of the Unit but which are adjacent to and serve only such Unit;
- (b) balconies and decks which shall be allocated solely to the Unit served thereby;
- (c) doors leading from Units to interior corridors that are Limited Common Elements;
- (d) Driveways and sidewalks which are not part of the Unit but which are adjacent to and serve only that Unit;
- (e) attic or other storage areas which are not part of the Unit but which are adjacent to and serve only that Unit.
- (f) all portions of the Property designated as Limited Common Elements on the Plat;

Section 4.2: ALTERATION OF LIMITED COMMON ELEMENTS. No alteration, decoration or other surface finish or covering of any portion of any Limited Common Elements may be performed without the prior written consent of the Board.

Section 4.3: UNIT OWNERS RESPONSIBILITY. Except as specifically set forth herein, all maintenance of Limited Common Elements shall be performed by the Association and the cost thereof shall be deemed a Common Expense. NOTWITHSTANDING THE FOREGOING, EACH UNIT OWNER SHALL BE

RESPONSIBLE FOR KEEPING THEIR LIMITED COMMON ELEMENTS FREE FROM TRASH, DEBRIS, AND/OR UNSIGHTLY PERSONAL BELONGINGS. No statues, flags or other personal property may be displayed outside of any Unit, except as proved for in 765 ILCS 605/18.6. Further, any damage caused to the Limited Common Elements by the Unit Owner, their family, guests, invitees, agents, and subcontractors, the for repair for such damage shall be the sole responsibility of such Unit Owner.

Section 4.4: NO PARTITION OF LIMITED COMMON ELEMENTS: As long as the Property is subject to the provisions of Chapter 765 ILCS 605, the Common Elements shall, except as provided in 765 ILCS 605 Section 14, remain undivided, and no Unit Owner shall bring any action for partition or division of the Common Elements. Any covenant or agreement to the contrary shall be null and void. Nothing contained herein, however, shall prevent partition of a Unit as between co-owners thereof, if such right of partition shall otherwise be available, but such partition shall not be in kind.

Section 4.5: NO SEVERANCE OF OWNERSHIP: No owner shall execute any deed, mortgage, lease, or other instrument affecting title to his Unit Ownership without including therein both his interest in the Unit and his corresponding percentage of ownership in the Common Elements or in the Limited Common Elements, it being the intention of hereof to prevent any severance of such combined ownership. Any such deed, mortgage, lease or other instrument purporting to affect the one without including also the other shall be deemed and taken to include the interest so omitted even though the latter is not expressly mentioned or described therein.

ARTICLE FIVE: EASEMENTS:

Section 5.1: ENCROACHMENT: Through construction, settlement of shifting of any building, should any part of the Common Elements encroach upon any part of a Unit, or should any part of a Unit encroach upon any part of the Common Elements or upon any other Unit, perpetual easements for the maintenance of any such encroachment and for the use of the space required thereby are hereby established and shall exist for the benefit of the Unit Owner or the Common Elements, as the case may be, provided, however, that no easement shall be created in the event the encroachment is due to the willful conduct of the Unit Owner.

Section 5.2: EASEMENTS TO UNIT OWNERS: Perpetual easements are hereby established appurtenant to all Units, for use by the owners thereof, their families, tenants, guests, invitees and servants, in and to all Common Elements. In addition thereto, each Unit Owner is hereby granted an exclusive perpetual easement to use and occupy any portion of any Limited Common Elements or balcony, porch, deck, stairwell, storage shed, patio, terrace, driveway, sidewalk, attic or crawl space which adjoins an owner's Unit and to which the owner has sole access, provided however, that no Unit Owner shall enclose, change, add, decorate or landscape any such Limited Common Elements or

balcony, porch, deck, stairwell, shed, patio terrace, driveway, sidewalk, attic or crawl space unless done in accordance with rules and regulations established by the Board of Managers or, if none, then without the consent of the Board of Managers. Notwithstanding the above, no Unit Owner shall be granted an easement to any Limited Common Elements not directly connected to their Unit.

Section 5.3: EASEMENTS IN GROSS: The Property shall be subject to a perpetual easement in gross to the Association and the Board of Managers, its successors and assigns, for the ingress and egress, to perform its obligations and duties as required by this instrument. Should it be necessary to enter a Unit or Limited Common Elements in order to repair a Common Element or Limited Common Element, employees, agents and workmen of the Association shall be entitled to enter (with as little inconvenience as possible) by exhibiting to the Unit Owner an order from the Board of Managers.

Section 5.4: UTILITY EASEMENTS: This Declaration is subject to all easements heretofore constructed on the Property, or designated on the Plat to be established and dedicated or which may hereafter be established and dedicated, for sanitary and storm sewers, electricity, gas, water and telephones and for all other public utility purposes, including the right to install, lay, maintain, repair, and replace water mains and pipes, sewer lines, drainage, gas mains, telephone wires and equipment and electrical conduits and wires over, under, along and on the portions of the Common Elements.

Section 5.5: CROSS EASEMENTS: Cross easements are hereby established between each Unit within The Moorings at Grafton, a Condominium and the Property and Commons Elements whereby the Developer, Board of Managers and their employees agents, and contractors, the Unit Owners, their families, tenants, guests, invitees and servants shall be permitted to use the streets, driveways, unassigned parking spaces, lawn areas, recreational areas and facilities and sidewalks of The Moorings at Grafton Harbor, a Condominium.

Section 5.6: INGRESS/EGRESS AND ENCROACHMENT EASEMENTS FOR LOT 1: (a) Through construction, settlement of shifting of any building or structure, should any part of either Lot 1 or Lot 2 of the Villas at Grafton Harbor as set forth in Book of Plats P.C 2 Page 92A of the Recorder's Office of Jersey County, Illinois encroach upon any part of the other's Lot, including, but not limited to, driveways, road, curbing, and gate mechanism and swing area, perpetual easements for the maintenance of any such encroachment and for the use of the space required thereby is hereby established and shall exist for the benefit of the respective Unit Owner or the Association or its Board of Managers, or the property owner of Lot 1 as the case may be, provided, however, that no easement shall be created in the event the encroachment is due to the willful conduct of a party.

(b) Non-exclusive and perpetual Easements for Ingress and Egress are hereby established for the owners, and their tenants, guests, invitees and servants, employees, agents, and contractors, over that portion of the Common Elements of Lot 2 representing the streets, driveways, sidewalks and lawn areas necessary for the ingress and egress to

Lot 1 of Villas at Grafton Harbor as set forth on P.C. 2 Page 02, subject to Lot 1's right of contribution to the Board of Managers of the Association for a portion of the reasonable cost of maintenance and repair to that portion of the real property necessary for the ingress and egress to Lot 1.

Section 5.7: EFFECT ON EASEMENTS: All easements and rights herein described shall run with the land and inure to the benefit of and be binding on the Developer, its successor or assigns, the Association and its Board of Managers, and any Unit Owner, purchaser, mortgage or other person having an interest in any portion of the Property herein described, whether or not such easements are mentioned or described in any deed of conveyance.

ARTICLE SIX: MANAGEMENT OF CONDOMINIUM:

Section 6.1: GENERAL: The Property shall be administered by Association and its Board of Managers, herein called "Board" or "Board of Mangers", elected by the Unit Owners as provided for in these Indentures and the Bylaws, a copy of which is attached to this Declaration as Exhibit B and incorporated by this reference herein. The Board shall have general responsibility to manage and administer the Property, including but not limited to the Common Elements and Limited Common Elements, establishment of the Bylaws for The Moorings at Grafton, a Condominium, and the establishment of the Rules and Regulations of the Unit attached to this Declaration as Exhibit C and incorporated by this reference herein, approve the annual budget, provide for and collect monthly or other assessments, arrange and direct or contract for the management of the Property and otherwise administer The Moorings at Grafton, a Condominium with respect to any matter pertaining to enhancing, maintaining, benefiting or promoting The Moorings at Grafton, a Condominium. Operating funds for Common Expenses of the Association shall derived from the assessments levied by the Association on the Unit Owners as set forth in the Bylaws. All assessments levied by the Association shall be a lien on the Unit, subject to the terms of the Bylaws.

Section 6.2: APPOINTMENT OF MANAGERS: Except for the Initial Board of Managers appointed by the Developer, the Board of Managers shall consist of five Unit Owners whose terms, powers, duties and selection will be set out in the By-Laws of The Moorings at Grafton, a Condominium.

Section 6.3: MAINTENANCE RESPONSIBILITIES.

(a) Common Elements and Limited Common Elements. Notwithstanding ownership of the various portions of the Common Elements and the Limited Common Elements by the Unit Owners, the Common Elements and the Limited Common Elements shall be maintained and repaired by the Board unless otherwise provided in this Declaration. Except as set forth in Section 4.3 above, all Common Expenses associated

with the maintenance, repair and replacement of a Limited Common Elements shall be deemed Common Expense.

(b) Units. Each Unit Owner shall keep his Unit and the Unit's equipment, appliance and appurtenances in good order, conditions and repair and in a clean and sanitary condition, and shall do all redecorating, painting, and varnishing which may at time to time be necessary to maintain the good appearance and Condition of the Units. In addition, Each Unit Owner shall be responsible for all damage to any other Unit or the Common Elements or to any other Limited Common Elements resulting from his failure or negligence in making any of the repairs required by this Section. With respect to the Limited Common Element, appurtenant to each Unit, the Board shall be responsible for the repair and maintenance of the Limited Common Elements, except as provide in Section 4.3. Said Unit Owners shall repair and maintain his Limited Common Elements in accordance with the standards in Section 6.3(c). The repair and maintenance obligations of said Limited Common Elements shall revert back to the Board in the event that the Limited Common Elements is not properly maintained or repair within fourteen (14) days after written notice of the need for such maintenance has been delivered by the Board to each Unit Owners responsible therefore. All Unit Owner shall perform his responsibilities in such manner as shall not reasonably disturb or interfere with the other Unit Owners. Each Unit Owners shall promptly report to the Board any defect or need for repairs for which the Board is responsible.

(c) Manner of Repair and Replacement. All repairs and replacements to the Units, the Common Elements and the Limited Common Elements shall be substantially similar to the original construction and installation and shall be of first-class quality, but may be done with contemporary building materials and equipment provided such materials and equipment, where appropriate are aesthetically harmonious with the existing structures and improvements, as determined by the Board. The method of approving all repairs and replacements shall be determined by the Board.

(d) Default by Unit Owner. Failure by any Unit Owner to meet the above obligations may result in the Board pursuing all rights and remedies provided for in this Declaration, including but not limited to those set forth in Article Nine hereof.

Section 6.4: ALLOCATION OF UNIT OWNER'S VOTING RIGHTS. The total votes allocated to the Unit Owners shall equal fifty (50). Each Unit shall be entitled to cast one (1) vote for all matters to be voted on unless otherwise provided in this Declaration. Where there is more than one Unit Owner of a Unit, and if only one of the multiple Unit Owners is present at a meeting of the Unit Owners, such Unit Owner shall be entitled to cast the vote allocated to that Unit. If more than one of the multiple Unit Owners of a Unit are present at a meeting of the Unit Owners, the vote allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the multiple Unit Owners, which majority agreement shall be deemed to have been reached if any one of the multiple Unit Owners of a Unit casts the votes allocated to that Unit without protest being made promptly to the person presiding over the meeting by any of the other Unit owners of such Unit.

Section 6.5: USE OF COMMON ELEMENTS. Subject to the limitations set forth herein, each Unit Owner shall have the right to use the Common Elements in common with all other Unit Owners, for the purposes of ingress to and egress from and the use, occupancy and enjoyment of the respective Unit owned by each Unit Owners, and the use and enjoyment of the Common Elements. Such rights shall extend to the Unit Owners and their members of his or her immediate family, guests and other authorized occupants or renters and visitors of the Unit Owners or Occupants. The use of the Common Elements and the rights of the Unit Owners with respect thereto shall be subject to and governed by the Provisions of the Act, this Declaration and the By-laws and Rules and Regulations of the Board.

Section 6.6: ADDITIONS, ALTERATIONS OR IMPROVEMENTS BY THE UNIT OWNERS. No Unit Owner, without the prior written consent of the Board, shall (i) make any structural addition, alteration, or improvements in or to his Unit, (ii) paint or alter the exterior of his Unit, including his doors and windows or his Limited Common Element, or (iii) paint or alter the exterior of the Building.

ARTICLE SEVEN: DAMAGE, DESTRUCTION AND RECONSTRUCTION:

Section 7.1: INSURANCE PROCEEDS USED FOR RECONSTRUCTION DEFINED: In the case of fire or any other disaster, the insurance proceeds, if sufficient to reconstruct the building, shall be applied to such reconstruction. "Reconstruction of the building" as used in this and Section 7.2 hereof, means restoring the building to substantially the same condition in which it existed prior to the fire or other disaster, with each Unit and the Common Elements having the same vertical and horizontal boundaries as before.

Section 7.2: INSURANCE PROCEEDS INSUFFICIENT TO RECONSTRUCT, EFFECT: In the case of fire or other disaster, if the insurance proceeds are insufficient to reconstruct any building and the Unit Owners and all other parties in interest do not voluntarily make provision for reconstruction of the building within one hundred-eighty (180) days from the date of damage or destruction, the Board of Managers may record a notice setting forth such facts and upon the recording of such notice:

(a) The Common Elements shall be deemed to be owned in common by the Unit Owners.

(b) The undivided interest in the Property owned in common which shall appertain to each Unit Owner shall be the percentage of undivided interest previously owned by such owner in the Common Elements.

(c) Any liens affecting any of the Units shall be deemed to be transferred in accordance with the existing priorities to the undivided interest of the Unit Owner in the Property as provided herein.

(d) The Property shall be subject to an action for partition at the suit of any Unit Owner, in which event the net proceeds of sale, together with the net proceeds of the insurance on the Property, if any, shall be considered as one fund and shall be divided among all the Unit Owners in a percentage equal to the percentage of undivided interest owned by each owner in the Property, after first paying out of the respective shares of the Unit Owners, to the extent sufficient for the purpose, all liens on the undivided interest in the Property owned by each Unit Owner.

ARTICLE EIGHT: SALE OF PROPERTY:

Section 8.1: SALE OF PROPERTY, AUTHORIZED, HOW-DISSENTING OWNER ENTITLED TO INTEREST, DEFINED: Seventy-five percent (75%) or more of the Unit Owners may, by affirmative vote at a meeting of Unit Owners duly called for such purpose, elect to sell the Property. Such action shall be binding upon all Unit Owners, and it shall thereupon become the duty of every Unit Owner to execute and deliver such instruments and to perform all acts as in manner and form may be necessary to effect the sale. Any Unit Owner who did not vote in favor of such action and who has filed written objection thereto with the manager or Board of Managers within twenty (20) days after the date of the meeting at which such sale was approved shall be entitled to receive from the proceeds of such sale an amount equivalent to the value of his interest, less the amount of any unpaid assessments or charges due and owing from such Unit Owner. The value of such interest, for this purpose, shall be that percentage of the total value of the Property determined by fair appraisal which represents the ownership percentage of the Common Elements allocated to the Unit owned by such objecting owner.

Section 8.2: PROPERTY REMOVED FROM CONDOMINIUM LAW, HOW, EFFECTS: All of the Unit Owners may remove the Property from the provisions of this Declaration by an instrument to that effect, duly recorded, if the holders of all liens affecting any of the Units consent thereto or agree, in either case, by instruments duly recorded, that their liens be transferred to the undivided interest of the Unit Owner. Upon such removal, the Property shall be deemed to be owned in common by all the owners. The undivided interest in the Property owned in common which shall appertain to each owner shall be the percentage of undivided interest previously owned by such owner in the Common Elements.

ARTICLE NINE: REMEDIES FOR BREACH OF COVENANTS, RESTRICTIONS AND REGULATIONS:

Section 9.1: ABATEMENT AND ENJOINING: The violation of a restriction or condition or regulation adopted by the Board of Managers or the breach of any covenant or provisions herein contained, shall give the Board of Managers the right, in addition to the rights set forth in the next succeeding Section, to enter upon the land upon which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting owner, any structure, thing or condition that may exist thereon, contrary to the intent and meaning of the provisions hereof, and Developer or its successors or assigns, or the Board of Managers, or its agents, shall not thereby be deemed guilty in any manner or trespass; or

Section 9.2: TERMINATION OF RIGHTS AS UNIT OWNER-JUDICIAL ENFORCEMENT: If any Unit Owner (either by his own conduct or by the conduct of any other occupant of his Unit) shall violate any of the covenants or restrictions or provisions of this Declaration or the regulations adopted by the Board of Managers, and such violation shall continue for thirty (30) days after notice in writing from the Board of Managers, or shall occur repeatedly during any thirty (30) day period after written notice or request to cure such violation from the Board of Managers, the then managing Board of Managers shall have the power, by action of a majority of its members, to issue to the defaulting Unit Owner a ten (10) day Notice in writing to terminate the rights of said defaulting Unit Owner to continue as a Unit Owner and to continue to use, occupy or control his Unit and thereupon an action in equity may be filed by the Board of Managers against the defaulting Unit Owner, subject to the prior written consent of any mortgages having a security interest in the Unit Ownership of the defaulting owner for a decree of mandatory injunction or, in the alternative, for a decree declaring the termination of the defaulting Unit Owner's right to occupy, use or control the Unit owned by him on account of the breach of covenant, and ordering that all right, title and interest of the Unit Owner in the Property shall be sold (subject to the lien of an existing mortgage) at a judicial sale, upon such notice and terms as the Court shall establish, except that the Court shall enjoin and restrain the defaulting Unit Owner from reacquiring his interest at such judicial sale. The proceeds of any such judicial sale shall first be paid to discharge Court costs, master's or commissioner's fees, Court reporter charges, reasonable attorney's fees and all other expenses of the proceeding, and all such items shall be taxed against the defaulting Unit Owner in said decree. Any balance of proceeds, after satisfaction of such charges and any unpaid assessments hereunder or any liens, shall be paid to the Unit Owner. Upon the confirmation of such sale, the purchaser thereat shall thereupon be entitled to a deed to the Unit Ownership and to immediate possession of the Unit sold and may apply to the Court for a writ of execution for the purpose of acquiring such possession, and it shall be a condition of any such sale, and decree shall so provide, that the purchaser shall take the interest in the Property sold subject to this Declaration, and the purchaser shall become a Unit Owner in the place and stead of the defaulting Unit Owner.

Section 9.3: COSTS AND ATTORNEY'S FEES. In any proceeding arising out of any alleged default by a Unit Owner, the prevailing party shall be entitled to recover

the costs of such proceedings and such reasonable attorney's fees as may be determined by the Court.

Section 9.4: FINES. Fines shall be imposed for violation of the Declaration, By-Laws and Rules and Regulations according to the following schedule:

- (a) Fifty dollars (\$50.00) for the first violation.
- (b) Seventy-five dollars (\$75.00) for the second violation of the same provision.
- (c) One-Hundred dollars (\$100.00) for each subsequent violation of the same provision.
- (d) Violations which continue for over thirty (30) days will cause the fine to double and to re-double for each subsequent thirty (30) days that the violation continues.
- (e) Any Unit Owner or other person against who a fine is assessed shall have period of ten (10) days from the date the fine notice was sent to contest the fine in writing and/or request a hearing before the Board of Managers. The Board of Managers shall have the right to conduct any hearing in an informal manner (with no formal rule of evidence) but the person being fined shall have the right to see all information the Board of Managers has received as well as have the opportunity to present his or her own information and testimony.;
- (f) Unit Owners shall be responsible for any violation caused by members(s) of their families, their guest(s), lessee(s), residents(s), roommate(s), children, pets(s), agents, directors, or employee(s). All fines shall be due within twenty (20) days after the original fine notice was sent or after final determination if an appeal is taken and heard.

ARTICLE TEN: SALE, LEASING OR OTHER ALIENATION OF A UNIT:

Any Unit Owner may sell, lease, grant, convey, devised or otherwise transfer his Unit and his Unit Ownership to any other person, provided that the Unit Owner shall give written notice to the Board of Managers within fourteen (14) days of such transfer. Further, in the event of a transfer which does not convey by fee simple absolute all of the Unit Owner's interest in the Unit, said written notice shall also state which party retains voting power of the Unit. The Unit Owner's obligation for payment of monies required to be paid under the provisions of the Declaration, Bylaws and the Rules and Regulations of The Moorings at Graton, a Condominium may not be assigned or transferred.

In the event any Unit Owner shall default in the payment in any monies required to be paid under the provisions of any mortgage or trust deed against this Unit Ownership, the Board of Managers shall have the right to cure such default by paying the

amount so owing to the party entitled thereto, and shall thereupon have a lien therefore against such Unit Ownership, which lien shall have the same force and effect and may be enforced in the same manner as provided in Section B.2 (h) and (i) of the By-Laws hereinafter.

ARTICLE ELEVEN: AMENDMENTS FOR ADDITIONS AND DELETIONS:

Section 11.1 INITIAL PLAT: It is proposed that the Condominium will consist of initially of fifty (50) Units as shown on the plat. In no event will additional Units or parcels be added to the Condominium without the express written consent of seventy-five percent (75%) of the Unit Owners. Each Unit Owner by purchasing a Unit within the Condominium being declared hereupon or by purchasing a Unit in any contiguous area made a part of the Condominium Declaration herein in the future do hereby consent to a change in the Declaration and By-Laws to permit the addition or deletion of Units and additional parcels as herein referred to and do hereby irrevocably constitute and appoint Developer and its successors or the Board of Manager's as such owners and owner's successors lawful Attorney-In-Fact to execute and record any amendment to the Declaration and By-Laws adding to or subtracting form the Condominium Units in the parcels referred to and to determine the changes required in the percentages of ownership by virtue of such additions or other changes in the number of Units or in the size or dimension of any Unit owned by Developer and file for record an instrument of instruments setting forth the changes in percentages of ownership. Developer and successors may exercise such power of attorney by listing all of the owners bound by this appointment with the single signature of Developer or successors for all them. Parcels separated only by roads or rights-of-way shall be deemed contiguous.

Section 11.2: OTHER AMENDMENTS: Except as otherwise provided in Section 11.1 hereof or except as otherwise expressly provided for in this Declaration, no modification or amendment of the Declaration of the By-Laws herein shall be valid unless such modification or amendment has the written assent of the owners of at least seventy-five percent (75%) of the Units and the holders of the Deeds of Trust of record as to the Declaration and more than fifty percent (50%) of the Units and the holders of the Deeds of Trust of record thereon as to the By-Laws and until such modification or amendment is duly recorded in the Office of the Recorder of Deeds of Jersey, Illinois, provided, however, that this Declaration and By-Laws shall at all times contain the minimum requirements imposed by Chapter 765 ILCS 605. In the event the statutes of Illinois subsequently provide a different method of amendment, then such statutes shall supersede this Article.

Section 11.3: SPECIAL AMENDMENT. Notwithstanding any other provision of this Indenture, the Developer reserve and shall have the right at any time and from time to record a Special Amendment to this Declaration to (i) conform this Declaration with the requirements of the Act or with the statutes or ordinances of any state, county, municipal or local governing body having jurisdiction over the Property, or with the

requirements of any institutional lender issuing a commitment to the Developer or making first mortgage loans covering one (1) or more Units; (ii) correct clerical or typographical errors in this Indenture, or (iii) complete the data on the Plat or any amended plats, after improvements are completed by the Developer. In furtherance of the foregoing, each Unit Owner and each holder of a mortgage, trust deed, or lien affecting any Unit and each Person having any other interest in the Property, hereby grants to the Developer, (and the Developer hereby reserves for themselves) an irrevocable power of attorney coupled with an interest to execute on behalf of each Unit Owner and each such holder, any amendment described in this paragraph. Each deed, mortgage, trust deed, other evidence of obligation or other instrument, affecting a Unit or the Property, and the acceptance of any such instrument, shall be deemed to be a grant and acknowledgment of and a consent to, the reservation of the power of attorney to the Developer, to make, sign and record on behalf of each of the Unit Owners, holders or Persons described in this paragraph, any amendment described in this paragraph. The power of attorney described in this paragraph shall terminate on after the Developer shall no longer own a majority of the Units.

ARTICLE TWELVE: AUTHORITY OF THE DEVELOPER:

Section 12.1: EXERCISE OF BOARD OF MANAGERS' POWERS: Until such time as the Board of Managers provided for in this Indenture is elected, Developer shall exercise the powers, rights, duties and functions of the Board of Managers. For the purposes of incorporation, the Developer appoints the following persons to serve, with the right to replace any and all members at his sole discretion, as the first Board of Managers: David J. Roth, Steven W. Thomas, Chris Pagano, Mike Eggelhoff and Jack Hanff.

Section 12.2: ADVERTISING BY THE DEVELOPER: Notwithstanding any provision hereof to the contrary, at all times and from time to time prior to Developer conveying all Units of this Condominium, Developer (and its successors and mortgagees) shall have the right and privilege, (i) to erect and maintain advertising signs (illuminated or non-illuminated), sales flags, other sales devices and banners for the purpose of aiding the sale of Units in this Condominium, and (ii) to maintain sales, business and construction offices in Units of this Condominium to facilitate the completion of construction of the buildings and improvements comprising this Condominium and sale of Units thereof. The construction of such buildings and improvements by Developer shall not be considered a nuisance and Developer hereby reserves the right and privilege for itself (and its successors and mortgagees to conduct the activities enumerated in this paragraph until all Units of this Condominium have been completed and conveyed to others who have purchased the same for residential purposes. All rights afforded Developer under this Article shall inure to the benefit of any mortgage-holder acquiring title to any Unit hereunder.

ARTICLE THIRTEEN: USE RESTRICTIONS

Section 13.1 Use Restrictions. The occupancy and use of the Units and Common Elements shall be subject to the following restrictions:

(a) The Units are restricted to single family residential use and may not be used for any other purposes by the Unit Owner or his family, guests, invitees, and agents. No Unit owner shall permit his Unit to be used or occupied for any prohibited purposes.

(b) Nothing shall be done or kept in any Unit or in the Common Elements or the Limited Common Elements that will increase the rate of insurance for the Property or any part thereof without the prior written consent of the Board of Managers. No Unit Owner shall permit anything to be done or kept in his Unit, in his Limited Common Elements, or in the Common Elements which will result in the cancellation of insurance on the Property or any part thereof or which would be in violation of any law, regulation or administrative ruling. No waste will be committed on the Common Elements or the Limited Common Elements

(c) No immoral, improper, offensive or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof relating to any portion of the Property shall be complied with, by and at the sole expense of the Unit Owner or the Board, whichever shall have the obligation to maintain or repair such portion of the Property, and, if the latter, then the cost of such compliance shall be a Common Expense.

(d) No Unit Owner shall obstruct any of the Common Elements nor shall any Unit Owner place or cause or permit anything to be placed on or in any of the Common Elements without the written approval of the Board of Managers. Nothing shall be altered or constructed in or removed from the Common Elements or the Limited Common Elements except with the written consent of the Board of Managers.

(e) The maintenance, keeping, boarding and/or raising of animals, livestock, poultry, or reptiles of any kind, regardless of number, shall be and are prohibited within any Unit or upon the Common Elements or upon Limited Common Elements, except that a Unit Owner may keep NO MORE THAN A TOTAL OF THREE (3) SMALL ORDERLY DOMESTIC PETS (E.G. DOGS, CATS, CAGED BIRDS) WITH THE APPROVAL OF THE BOARD OF MANAGERS, subject to the Rules and Regulations adopted by the Board, provided, however, that such pets are not kept or maintained for commercial purposes or for breeding; and provided further that any such pet causing or creating a nuisance or unreasonable disturbance or noise may be permanently removed from the Property upon ten (10) days written notice from the Board; such pets shall not be permitted upon the Common Elements unless accompanied by an adult and unless carried or leashed. Any Unit Owner who keeps or maintains any pet upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Board of Managers, each Unit Owners and the Declarant free and harmless from any loss, claim, or liability of any kind or character whatsoever arising by reasons of keeping or

maintaining such pet within the Condominium. All pets shall be registered with the Board and shall otherwise be registered and inoculated as required by law. The Board may establish reasonable fees for registration of pets, not to exceed the additional costs incurred by the Condominium resulting from the presence of such pets.

Section 13.2: Rules and Regulations. Reasonable Rules and Regulations, not in conflict with the provisions of this Declaration, concerning the use and enjoyment of the Property, may be promulgated from time to time by the Board, subject to the right of the Unit Owners to change such Rules and Regulations upon the affirmative vote of Unit Owners representing seventy-five percent (75%) of the total votes present at an annual or specified meeting. Copies of the then current Rules and Regulations and any amendments thereto shall be furnished to all Units Owners by the Board promptly after the adoption of the Rules and Regulations or any amendments thereto.

ARTICLE FOURTEEN: GENERAL PROVISIONS:

Section 14.1: CAPTIONS: The captions of the various Articles and Sections are for purposes of reference only, and are not deemed to have any substantive effect.

Section 14.2: NOTICE TO MORTGAGEES: Upon written request to the Board of Managers, the holder of any duly recorded mortgage or Deed of Trust against any Unit shall thereafter be given copies of any and all notices permitted or required (pertaining to delinquent liens and assessments) by this Declaration to be given to the Unit Owner, or owners, whose Unit Ownership is subject to such mortgage or Deed of Trust.

Section 14.3: MANNER OF GIVING NOTICE: Notices required to be given to the Board of Managers may be delivered to any member of the Board of Managers either personally or by certified mail addressed to such member or officer at his Unit, Return Receipt Requested.

Section 14.4: NOTICE IN EVENT OF DEATH: Notices required to be given any devisee or personal representative of a deceased Unit Owner may be delivered either personally or by mail to such party at his or its address appearing in the records of the Court wherein the estate of such deceased Unit Owner is being administered.

Section 14.5: ACCEPTANCE BY GRANTEE: Each grantee of Developer, by the acceptance of a deed of conveyance, or each subsequent purchaser, accepts the same subject to all restrictions, conditions, covenants, reservations, options, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration or to which this Declaration is subject, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations hereby imposed shall be deemed and taken to be covenants running with the land, in said Property, and shall inure to the benefit of such Unit Owner in like manner as though the

provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance.

Section 14.6: NO WAIVER: No covenants, restrictions, conditions, obligations or provisions contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 14.7: SAVING CLAUSE: The invalidity of any covenant restriction, condition, limitation or any other provision of this Declaration, or any part of the same, shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Declaration.

Section 14.8: INTERPRETATION: The provisions of this Declaration shall be liberally construed to effectuate its purposes of creating a uniform plan for the development and operation of a first-class Condominium apartment development. The use of personal pronouns shall be construed to apply to masculine, feminine, or neuter gender as the context may require. Should any provision of this instrument be deemed to violate the Rule Against Perpetuities, then such provision shall not be stricken but shall be deemed to continue in force and effect for the longest time permitted under Illinois law, or for the life of lives in being plus twenty-one (21) years thereafter. If any provision is deemed to be invalid, then the elimination of such provision shall not affect the remaining provisions.

Section 14.9: BONDS: Before any Unit Owner shall become a member of and serve on the Board of Managers, he shall be able to be bonded. The Board of Managers shall procure a blanket fidelity bond on themselves individually and collectively for the benefit of all Unit Owners in the sum of at least Fifty Thousand Dollars (\$50,000.00). The bond shall be written only by any bonding company approved to write fidelity bonds by the Jersey County Probate Court for Executors and Administrators. The cost of premiums for such blanket bond shall be paid out of the funds of this Condominium as a general charge and shall not be borne by the individual members of the Board of Managers.

Section 14.10: MANAGERS MAY ACT FOR OWNERS; ACTIONS; SERVICE OF PROCESS: Whenever Board of Managers or the members thereof are authorized or directed to acquire, hold, lease, mortgage or convey any part of or interest in the Property, or to acquire any lien thereon, or to acquire or receive the proceeds of any policy of insurance or other monies, good or chattels, with respect to the Property, such actions shall be carried out in the names of the members of the Board of Managers and their successors in office from time to time, as trustees, on behalf of some or all of the Unit Owners, as the case may be. Without limiting the rights of any Unit Owner, actions may be brought in the names of the members of the Board of Managers on behalf of two or more of the Unit Owners, as their respective interests may appear, with respect to any cause of action relating to the Common Elements or more than one Unit. Service of process on two or more Unit Owners in any action relating to the Common Elements or

more than one Unit may be made on any members of the Board of Managers in the manner provided by statute.

Section 14.11: PROVISIONS OF THE CONDOMINIUM PROPERTY ACT.

The provisions of the Condominium Property Act and those amendments thereto which by their terms would be applicable to The Moorings at Grafton, a Condominium shall apply to and govern the operation of The Moorings at Grafton, a Condominium, except to the extent that contrary provisions, not prohibited by the Act, are contained in this Declaration (including Plats) or the Bylaws.

IN WITNESS HEREOF, Developer/Declarant, Villas at Grafton Harbor, LLC, an Illinois limited liability company has caused this document to be executed this 28th day of August, 2008.

VILLAS AT GRAFTON HARBOR, LLC

By: David J. Roth
David J. Roth, Manager

STATE OF ILLINOIS)
) SS.
COUNTY OF Jersey)

On this 28th day of August, 2008, before me appeared David J. Roth, being to me personally know, who being duly sworn, did say that he signed the attached documents as the Manager of Villas at Grafton Harbor, LLC, a limited liability company authorized under the laws of the State of Illinois, and that the forgoing instrument was signed on behalf of said limited liability company by the authority granted to the Manager by its Articles of Organization and Operating Agreement; and that David J. Roth, acknowledge that he executed the same as the free act and deed of said limited liability company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

My commission expires: July 18, 2009 Sandra S. Rowling
Notary Public

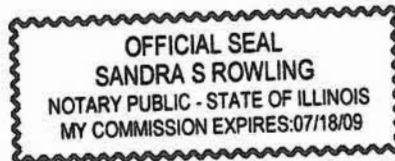


EXHIBIT A

Lot 2 of "Final Plat of Villas of Grafton Harbor, being a subdivision of Lots 1-6 and part of Lots 8-12 of Block 27, Lots 1-12 of Block 30, Lots 1-12 of Block 55 and Lots 1-12 of Block 56 of the Original Town (now City) of Grafton, as recorded in Book "A" (Greene), page 619 of the Jersey County, Illinois Records, part of the SW ¼ of Section 10 and part of the NW ¼ of Section 15, all in T6N R12W of the 3rd P.M., City of Grafton, Jersey County, Illinois"; reference being had to the plat thereof recorded in the Recorder's Office of Jersey County, Illinois, Book of Plats "PC-2" on page 92A, as Doc. No. 200600103990.

NOW KNOWN AS FOLLOWS:

Unit 1, Unit 2, Unit 3, Unit 4, Unit 5, Unit 6 of Building 1; Unit 7, Unit 8, Unit 9, Unit 10, Unit 11 and Unit 12 of Building 2; Unit 13, Unit 14, Unit 15, Unit 16, Unit 17, Unit 18, Unit 19 and Unit 20 of Building 3; Unit 21, Unit 22, Unit 23, Unit 24, Unit 25, Unit 26, Unit 27 and Unit 28 of Building 4; Unit 29, Unit 30, Unit 31, Unit 32, Unit 33, Unit 34, Unit 35 and Unit 36 of Building 5; Unit 37, Unit 38, Unit 39, Unit 40, Unit 41 and Unit 42 of Building 6; Unit 43, Unit 44, Unit 45, Unit 46, Unit 47, Unit 48, Unit 49 and Unit 50 of Building 7 and all Common Ground of the Moorings at Grafton, A Condominium, being part of Lot 2 of the Villas of Grafton Harbor as recorded in Plat Cabinet 2, page 92A of the Jersey County, Illinois Records, lying in the Southwest Quarter of Section 10 and the Northwest Quarter of Section 15, all in Township 6 North, Range 12 West of the 3rd P.M., City of Grafton, Jersey County, Illinois, recorded September 24, 2008 in Plat Cabinet 3 on page 5A, as Document No.: 2008 114288.

EXHIBIT B – BYLAWS

BY-LAWS
OF
THE MOORINGS AT GRAFTON, A CONDOMINIUM

FORMERLY KNOWN AS VILLAS AT GRAFTON HARBOR CONDOMINIUMS

The following are the By-Laws regulating the management and operation of The Moorings at Grafton, a Condominium, as set forth in the Amended and Restated Declaration of Condominium By-Laws and Indentures for The Moorings at Grafton, a Condominium dated September 15, 2008 and recorded in Jersey County, Illinois Recorder of Deeds on September 24, 2008 in Book PC 3 Page 5A ("Indentures").

ARTICLE A

Section A.1: General: The property shall be administered by a Board of Managers, herein called "Board", elected by the Unit Owners as hereinafter provided. The Board shall have general responsibility to manage and administer the property, approve the annual budget, provide for and collect monthly or other assessments, arrange and direct by contract for the management of the Condominium Property and otherwise administer The Moorings at Grafton, a Condominium, with respect to any matter pertaining to enhancing, maintaining, benefiting or promoting same.

The Board of Managers shall promulgate rules and regulations relating to the use of the Common Elements and facilities, including a swimming pool, recreation facilities, park and any other similar facilities, if any, and shall limit the use of the same to Unit Owners, their families, guests and invitees.

Section A.2: Board of Managers, Number of Managers, Term and Selection: Except for the initial Board of Managers appointed by the Developer, the Board shall consist of Five (5) Unit Owners, not more than one of whom shall have an interest in the same building. For purposes of Board membership, a Unit Owner shall be deemed to include any officer, director or employee of any corporate owner of a Unit, or any lessee or officer, director or employee of a corporate lessee. The election of the first Unit Owners selected Board of Managers shall be called by the Developer after sale of seventy-five (75) percent of all the Units, unless the Developer, in its sole discretion, shall call the election prior thereto, but in any event such election shall be called within three (3) years from the date of recordation of the Indentures. Until the first election of the Board of Managers, the Developer shall exercise the powers and duties of the Board of Managers as set forth in these By-Laws and the Indentures. The first Unit Owner elected Board of Managers shall have staggered terms as follows: The two persons receiving the highest number of votes shall serve for two years and the three persons receiving the next highest number of votes shall serve for one year. Any tie shall be broken by a vote of the majority of the existing Board. Thereafter, members of the Board of Managers shall be

elected for two year terms. The members of the Board of Managers shall serve without compensation. Should any member of the Board cease to be a Unit Owner, die, resign, decline to act or become unable for any reason to discharge a Manager's duties, the majority of the members of the Board remaining shall fill such vacancy for the unexpired period of Manager's such term.

Section A.3: Meeting of Unit Owners:

- (a) The first annual meeting of the Unit Owners for the purpose of electing a Board of Managers and conducting other business shall be held upon ten (10) days written notice given by Developer, said Notice to specify the time and place of such meeting, which shall be convenient to The Moorings at Grafton, a Condominium, within Jersey County, Illinois. Thereafter, there shall be an annual meeting of the Unit Owners, at such conveniently located place within Jersey County, Illinois as may be designated by the Board of Managers, upon written notice of said Board delivered to the Unit Owners, not less than ten (10) days prior to the date fixed for such meeting.

At any regular or special meeting, called within ten (10) days written notice to all Unit Owners, any one or more of the Board members may be removed with or without cause by a majority of the Unit Owners voting and a successor may then and there be elected to fill the vacancy thus created. Any Board member whose removal has been proposed by the Unit Owners shall be given an opportunity to be heard at the meeting.

- (b) Special Meetings of the Unit Owners may be called at any time for the purpose of considering any matter requiring the approval of Unit Owners, or for any other reasonable purpose. Such Special Meetings shall be called by written notice, upon ten (10) days written notice, given in the same manner as provided for notice of annual meetings. Special Meetings maybe called by any Board Member or by Unit Owners representing twenty percent (20%) or greater of the Unit Owners.
- (c) Notice of meetings required to be given herein may be delivered either personally or by depositing same in the U.S. Mail, postage prepaid, addressed to the owner at the Unit address.
- (d) The presence at any meeting, either in person or by proxy, of twenty percent (20%) of the Unit Owners shall constitute a quorum. Any action may be taken at any meeting at which a quorum is present.
- (e) Each Unit, shall have one vote on all matters and only one person shall be entitled to vote from each voting unit. Should more than one person own a Unit, the voting member shall be designated by all Unit Owners, in writing. Any such designation may be revoked at any time by written notice signed by all owners. Should the same person or persons, including Developer, own

more than one voting unit, the same voting member may be designated for each Unit and, in such event, such person shall have one vote for each such Unit. A corporation if an owner of a unit, shall act through the person designated as its representative by written proxy signed by the president or vice president of the corporation, and attested by the secretary or assistant secretary of such corporation, and filed with the Board of Managers. All designations of voting members shall be held by the Secretary of the Board of Managers among the records of the Board.

Section A.4: Officers of Board of Managers: The officers of the Board shall consist of a president, a secretary and a treasurer, each of whom shall be a member of the Board and elected by such Board. The president shall preside over all meetings of the Board and of the Unit Owners. The secretary shall keep minutes of all meetings of the Board and of the Unit Owners, and in general, perform all duties incident to the office of secretary. The treasurer shall keep all financial records and books of account. A quorum of the Board shall consist of three members. Meetings of the Board shall be called, held and conducted in accordance with such regulations as the Board may adopt.

ARTICLE B

Section B.1: Powers and Duties of the Board of Managers: The Board of Managers, for the benefit of all the Unit Owners, shall have the powers herein provided in the Indenture and these Bylaws and shall provide and shall pay for out of the Maintenance Fund hereinafter provided for, the following:

- (a) Water, waste removal, electricity, gas, and other necessary utility service for the Common Elements and water, trash and refuse collection for each unit.
- (b) Insurance for the Property and Common Elements against loss or damage by fire and such other hazards as are covered under standard extended coverage provisions for the full insurable replacement cost of the Common Elements and the exterior building for the Units. Such insurance coverage shall be written in the name of, and the proceeds thereof shall be payable to, the manager or the Board of Managers, as trustee for each of the Unit Owners, in the percentages established in the Indentures. The policy of insurance may contain a loss payable clause containing the words, "to the holder or holders of mortgages or deeds of trust of record, if any, as their interests may appear," without specifically naming the holder or holders in the clause, in which event the proceeds shall thereupon be payable jointly to the manager or the Board of Managers and the holder or holders in the clause, in which event the proceeds shall thereupon be payable jointly to the manager or the Board of Managers and the holder or holders of mortgages or deeds of record, as trustees for each of the Unit Owners in the percentages established in the Indentures or any amended Indentures. The Board of Managers shall have full power to adjust all insurance losses by suit or otherwise and payment accepted by the trustees hereunder shall constitute a discharge to the insurer.

- (c) Comprehensive public liability insurance insuring the members of the Board of Managers, their agents and employees and the Unit Owners against any liability for personal injury, death or property damage, incident to the ownership and/or use of the Common Elements in such amounts as are deemed appropriate by the Board, from time to time; and workmen's compensation insurance to the extent necessary to comply with any applicable laws; and such other insurance coverage as shall be deemed appropriate by the Board to protect the interests of the Unit Owners and the Board of Managers.
- (d) The services of any person or firm employed by the Board of Managers, including by not limited to, a manager, if one is employed, or a managing agent, if one is employed, accountants and attorneys; the designation and removal of personnel necessary for the maintenance, repair and replacement of the Common Elements shall be made by the Board of Managers or as they direct, the manager, if one is employed, or the managing agent, if one is employed.
- (e) Landscaping, gardening, snow removal, painting, cleaning, tuck pointing, maintenance, decorating, repair and replacement of the Common Elements, including compliance with all ordinances affecting the Common Elements (but not including the interior surfaces of the Units which the Unit Owner shall paint, clean, decorate, maintain and repair) and such furnishings and equipment for the Common Elements as the Board of Managers shall determine are necessary and proper, and the Board of Managers shall have the exclusive right and duty to acquire the same for the Common Elements.
- (f) Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance or assessments which the Board of Managers is required to secure or pay for pursuant to the terms of the Indentures, including By-Laws, or by law or which in its opinion shall be necessary or proper for the maintenance and operation of the property as a first-class condominium development or for the enforcement of these restrictions.
- (g) Any amount necessary to discharge any mechanic's lien or other encumbrance levied against the entire property of any part thereof which may in the opinion of the Board of Managers constitute a lien against the property or against the Common Elements, rather than merely against the interests therein of particular Unit Owners. Where one or more Unit Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it and any costs incurred by the Board of Managers by reason of said lien or liens, and these costs shall be specifically assessed to said Unit Owners and enforceable as herein provided for the assessment for common expenses.

- (h) Maintenance and repair of any Unit, if such maintenance or repair is necessary, in the discretion of the Board of Managers, to protect the Common Elements, or any other portion of a building, and the Unit Owner or Owners of said Unit have failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair delivered by the Board of Managers, and these costs shall be specifically assessed to said Unit Owners and enforceable as herein provided for the assessment for common expenses.
- (i) The Board of Managers or its agents may enter any Unit when necessary in connection with any maintenance or construction for which the Board of Managers is responsible. It may likewise enter into any Limited Common Elements, balcony, patio area, attic or crawl space, for maintenance, repairs, construction or painting. Such entry shall be made with as little inconvenience to the Unit Owners as practicable.
- (j) To establish, grant, accept, continue and dedicate easements (including easements for utilities, sewers and recreation facilities both on and off the Property) in addition to any easements shown on the Plat and for this purpose, the Board of Managers is hereby constituted Attorney in Fact for the Unit Owners to execute all documents necessary to carry out the terms of this provision.
- (k) Upon ten days notice and payment of a reasonable fee as designated by the Board of Managers, said Board shall furnish to a Unit Owner a statement of his/her/their account, setting forth the amount of any unpaid assessment or other charges due and owing from such Unit Owner.
- (l) Promulgation of administrative rules and regulations and such reasonable Rules and Regulations as it may deem advisable for the use, operation, maintenance, conservation, beautification and protection of the "Common Elements" and the "Limited Common Elements" and for the health, comfort, safety and general welfare of the Unit Owners and occupants of said property.
- (m) The Board of Managers shall have power to provide office space within or without the property adequate to serve said Board in its functions and the cost of same shall be allocated as a common expense and assessments made accordingly.

Section B.2: Assessments – Maintenance Fund:

- (a) Each year on or before October 1, the Board of Managers shall estimate the total amount necessary to pay the cost of wages, materials, insurance, repairs, service, supplies and any other work which will be required during the ensuing calendar year for the rendering of all services and the performance of all of the power and duties of the Board, together with a reasonable amount

considered by the Board of Managers to be necessary for a reserve for contingencies and the replacements, and shall on or before December 15 notify each unit owner in writing as to the amount of such estimate, with reasonable itemization thereof. Said "estimated cash requirement" shall be assessed to the Unit Owners according to each Unit Owner's percentage of ownership in the Common Elements. On or before January 1 of the ensuing year, and on the 1st day of each and every month of said year, each owner shall be obligated to pay the Board of Managers, or as it may direct, one-twelfth (1/12) of the assessment made pursuant to this paragraph. On or before the date of the annual meeting of each calendar year, the Board of Managers shall supply to all Unit Owners an itemized accounting of the maintenance expenses for the preceding calendar year, actually collected pursuant to the estimates provided, and showing the net amount over or short of the actual expenditures plus reserves.

- (b) The Board of Managers shall build up and maintain a reasonable reserve for contingencies and replacements. Extraordinary expenditures and replacements not originally included in the annual estimate which may become necessary during the year shall be charged first against such reserve. If said "estimated cash requirement" proves inadequate for any reason, including nonpayment of any Unit Owner's assessment, which shall be assessed to the Unit Owners according to each Unit Owner's percentage of ownership in the Common Elements, the Board of Managers shall serve notice of such further assessment of all Unit Owners by a statement in writing giving the amount and reasons therefore, and such further assessment shall become effective commencing with the monthly maintenance payment which is due next following the delivery or mailing of such notice of further assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount.
- (c) The first estimate of the totally amount necessary to pay for all services, materials and other items required for the operation of The Moorings at Grafton, a Condominium by the Board of Managers shall be made by Developer as of the date of Amended and Restated Declaration of Condominium By-Laws and Indentures for The Moorings at Grafton, a Condominium is filed. Units to be sold by Developer shall pay no assessment until such Units are sold by Developer. Purchasers of Units from the Developer shall pay assessments from the date of purchase to the end of the year that such purchase was made, times the total assessment for the year prorated for the number of months remaining in the year of purchase. IN ADDITION TO THE PRORATED SHARE OF ASSESSMENT, A ONE-TIME CAPITALIZATION FUNDING FEE IS TO BE PAID UPON THE FIRST SALE OF ALL UNITS, AT THE TIME OF PURCHASE EQUAL TO TWO (2) MONTHS ASSESSMENT, NOT TO BE PRO-RATED. For each Plat which subsequently becomes subject to these Indentures, By-Laws and Regulations in the future as set out in said documents, the payments and the

procedures for the additional units shall be the same as set forth in this Section.

- (d) When the first Board elected hereunder takes office, the Board of Managers shall determine the "estimated cash requirements," as hereinabove defined, for the period commencing thirty (30) days after said election and ending on December 31st of the calendar year in which said election occurs. Assessments shall be levied against the Unit Owners during said period as provided in paragraph (a) of this Section.
- (e) The failure or delay of the Board of Managers to prepare or serve the annual or adjusted "estimated cash requirement" on the Unit Owners shall not constitute a waiver or release in any manner of such Unit Owner's obligation to pay the maintenance costs and necessary reserves, as herein provided, whenever the same shall be determined, and in the absence of any annual estimate or adjusted "estimated cash requirements", the Unit Owners shall continue to pay the monthly maintenance charge at the then existing monthly rate established for the previous period.
- (f) The Board of Managers shall keep full and correct books of account and the same shall be open for inspection by any Unit Owner or any representative of an Unit Owner or any mortgagee thereof duly authorized in writing, at such reasonable time or times during normal business hours as may be requested by the Unit Owners.
- (g) All funds collected hereunder shall be held and expended for the purposes designated herein.
- (h) If any Unit Owner fails or refuses to make any payment of the assessment of the common expenses when due, the amount thereof, together with a late charge of twenty-five dollars (\$25.00) per month, shall constitute a lien on the such Unit, and upon the recording of notice thereof by the manager or appointed Board Member of the Board of Managers, shall be a lien upon such Unit Owner's interest in the Unit prior to all other liens and encumbrances, recorded or unrecorded, except only taxes, special assessments and special taxes theretofore or thereafter levied by any political subdivision or municipal corporation of this state and other state or federal taxes which by law are a lien on the interest of such Unit Owner, but only if such prior or subsequently recorded encumbrances, contains a statement of a mailing address in the State of Illinois where notice may be mailed to the encumbrancer thereunder. Any encumbrancer whose lien is junior to the lien of the common expenses herein provided may from time to time request in writing a written statement from the manager of the Board of Managers setting forth the unpaid common expenses with respect to the unit covered by his encumbrance and unless the request is complied with within twenty (20) days, all unpaid common expenses which become due prior to the date of the making of such request

shall be subordinate to the lien of such encumbrance. Any encumbrancer holding a lien on a Unit may pay any unpaid common expenses payable with respect to such Unit and upon such payment such encumbrancer shall have a lien on such Unit for the amount paid at the same rank as the lien of this encumbrance.

- (i) The lien to secure payment of common expenses shall be in favor of the members of the Board of Managers and their successors in office and shall be for the benefit of all other Unit Owners, and may be foreclosed by an action brought in the name of the Board of Managers, in like manner as a mortgage of real property, as provided in 765 ILCS 605.
- (j) Suit to recover unpaid common expenses, plus late charges, may be brought by the Board of Managers without foreclosing or waiving the lien securing same.

No Unit Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Elements or abandonment of h

EXHIBIT C – RULES AND REGULATIONS

REGULATIONS

OF

THE MOORINGS AT GRAFTON, A CONDOMINIUM

The following are the initial regulations issued by Developer in its capacity in exercising the power and duties of the Board of Managers as set forth in Section A of the By-Laws. Each owner, invitee, relative, guest, or otherwise, hereinafter referred to as occupant of the condominium parcel, shall, in addition to the obligations and duties as set forth, in the Declaration of Condominium, the By-Laws or any amendments thereto, be govern by the following regulations:

1. All automobiles shall be parked only in the parking spaces so designated for that purpose by Managers. All commercial vehicles of any kind or description, campers, boats, and boat trailers, and other type trailers are specifically prohibited from parking on any portion of the Condominium property, except for a temporary period not to exceed forty-eight (48) hours to allow for loading and unloading. On-Street parking will only be allowed on one side of the street and will be determined by the Developer and/or the Board of Managers and signs posted to indicate parking restrictions.
2. Each occupant shall maintain occupant's unit in good condition and repair, including all internal surfaces within or surrounding occupant's unit; and shall maintain and repair the fixtures therein. Occupant shall promptly pay for any utilities which are metered separately to occupant's unit. Common areas of occupant's building shall be used only for the purpose intended. No articles belonging to the unit occupants shall be kept in such areas, temporarily or otherwise.
3. Each unit shall be used for the purpose of single family residence only, and no other purpose whatever; the balconies, porches and terraces shall be used only for purposes intended and shall not be used for hanging garments or other objects, or for cleaning of rugs or other household items. No drying or laundry will be permitted outside of the occupant's unit.
4. No cats, dogs, or other pets are allowed to be kept in, on or about the Condominium property except upon terms, conditions, and specific approval of the Board of Managers. See Indenture Section 13.1(e) which states:

"Section 13.1 Use Restrictions (e) The maintenance, keeping, boarding and/or raising of animals, livestock, poultry, or reptiles of any kind, regardless of number, shall be and are prohibited within any Unit or upon the Common Elements or upon Limited Common Elements, except that a Unit Owner may keep NO MORE THAN A TOTAL OF THREE (3) SMALL ORDERLY DOMESTIC

PETS(e.g. DOGS, CATS, CAGED BIRDS) WITH THE APPROVAL OF THE BOARD OF MANAGERS, subject to the Rules and Regulations adopted by the Board, provided, however, that such pets are not kept or maintained for commercial purposes or for breeding; and provided further that any such pet causing or creating a nuisance or unreasonable disturbance or noise may be permanently removed from the Property upon ten (10) days written notice from the Board; such pets shall not be permitted upon the Common Elements unless accompanied by an adult and unless carried or leashed. Any Unit Owner who keeps or maintains any pet upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Board of Managers, each Unit Owner, and the Developer free and harmless from any loss, claim, or liability of any kind or character whatsoever arising by reasons of keeping or maintaining such pet within the Condominium. All pets shall be registered with the Board and shall otherwise be registered and inoculated as required by law. The Board may establish reasonable fees for registration of pets, not to exceed the additional costs incurred by the Condominium resulting from the presence of such pets."

5. Unit occupants are reminded that alteration and repair of the unit building is a responsibility of the Board of Managers, except for the interior of the Unit. No exterior painting of doors or buildings, or additions such as screen doors or lighting fixtures or any other item whatsoever, and no alteration may be made of any interior boundary wall, without first obtaining written approval of the Board of Managers.
6. No occupant may make or permit any disturbing noises in the building or on the Condominium property nor do or permit anything to be done that would interfere with the rights, comfort or other conveniences of other occupants. No occupant may play or suffer to be played any musical instrument, tape player, sound system, music system, phonograph, radio or television set in occupant's Unit or on or about the Condominium property if same shall in any manner unreasonably disturb or annoy the other occupants of the Condominium.
7. No radio or television antenna or satellite dishes, or any wiring for any such purpose may be installed on the exterior of the building or upon the Condominium property without the prior written consent of the Board of Managers.
8. Disposing of garbage and trash shall be only by the use of garbage disposal units, or by use of trash receptacles supplied by the Board of Managers. Trash containers must be kept out of sight inside building until time of collection and must be in container(s) provided by the trash collection company. Trash

- containers may be placed outside of the Unit the night before collection and must be returned inside the building on the same day of collection.
9. Each Unit may identify its occupant by a name plate of a type and size approved by the Board of Managers and mounted in a place and manner so approved.
 10. Holiday decorations are permitted. "Winter Holiday" decorations may be displayed from Thanksgiving until January 15th. All other holidays may be celebrated with decorations two (2) weeks before and one (1) week after the holiday.
 11. No signs, advertising, or notices of any kind or type, whatsoever, including but not limited to, "For Rent" or "For Sale" signs, shall be permitted or displayed on the exterior of any Unit; nor shall the same be posted or displayed in such a manner as to be set forth on the Common Elements. Notwithstanding the above, the Developer shall have the right and authority to market and display "for sale" signs until such time as all Units have been sold.