

CHESAPEAKE FARMS

of Grayslake



PULTE
Master Builder

INFORMATIONAL LETTER FOR CHESAPEAKE FARMS HOMEOWNERS

You have just purchased a quality built home from Pulte Home Corporation. Ownership of your home is subject to the Chesapeake Farms Declaration of Covenants, Conditions and Restrictions and is the qualification for membership in the Association. Your homeowners association is the protective body that ensures that all of your neighbors and yourself can continue to live in an environment that will meet your needs for many years to come. Every person or entity who is the current owner of any lot is a member of the Association. These documents establish the Chesapeake Farms Homeowner's Association, as well as creating a not for profit incorporated organization in the State of Illinois, and provide the rules and regulations for the community for both now and in the future.

The necessary funds to properly and adequately support the Chesapeake Farms Homeowners Association are obtained from each and every homeowner. The annual assessment will be \$140.00 per year. Your annual assessment covers maintenance and repair of the common areas, entry monuments, landscaped islands, community fences, community berms, separated yardways and insurance and real estate taxes on the common areas.

The Association shall obtain and maintain a policy or policies of comprehensive general liability insurance, directors and officers liability insurance and fidelity insurance as provided in the Declaration. The Association's policies will not include any coverage for your home or its contents.

The assessments levied by the Association shall be used exclusively for promoting the health, welfare, safety and enjoyment of the members.

None of the Covenants, Conditions and Restrictions or provisions of the Declaration are intended to override or prevail over the ordinances of the Village of Grayslake; the applicable ordinances of the governing body involved shall prevail.

WELCOME TO YOUR NEW HOME IN CHESAPEAKE FARMS

3068106

RECORDER
LAKE COUNTY, ILLINOIS

91 OCT -2 AM 9:29

Ernest J. Weston

CHESAPEAKE FARMS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

This Declaration made this 26th day of September, 1991 by PULTE HOME CORPORATION, a Michigan corporation (hereinafter referred to as "Declarant"),

WITNESSETH:

WHEREAS, Declarant is the owner of or has an interest in certain properties in the County of Lake, State of Illinois, which is more particularly described in **Exhibit "A"** attached hereto and incorporated herein (the "Properties"); and

WHEREAS, the said Properties shall be conveyed, subject to certain protective easements, restrictions, covenants, conditions, reservations, liens and charges as hereinafter set forth.

NOW, THEREFORE, the Declarant hereby declares that all of the Properties described in said **Exhibit "A"** shall be held, sold and conveyed subject to the following easements, restrictions, covenants, conditions, reservations, liens and charges which are for the purpose of protecting the value and desirability of, and which shall run with the Properties and be binding on all parties having any right, title or interest in the described Properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE ONE

DEFINITIONS

SECTION 1. "ASSOCIATION" shall mean and refer to Chesapeake Farms Homeowners' Association, an Illinois not-for-profit corporation, its successors and assigns.

SECTION 2. "COMMON AREA" shall mean all real property (including the improvements thereto), if any, owned by Declarant (and upon dedication pursuant to Article Five Section 5, by the Association) for the common use and enjoyment of the Owners and designated as such on any Plat of Subdivision or on any supplement or amendment to this Declaration.

SECTION 3. "COMMUNITY FENCES" shall mean those fences installed by Declarant or the Association on any Lot or on the Common Area.

SECTION 4. "CUL-DE-SAC LANDSCAPING" shall mean that landscaping initially installed by Declarant within the cul-de-sac islands or eyebrows in the streets located within the Properties. Such cul-de-sac islands or eyebrows, like the streets, shall be dedicated to the Village.

SECTION 5. "DECLARANT" shall mean and refer to Pulte Home Corporation, 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 6. "ENTRYWAYS" shall mean such portions of the Properties (Lots or Common Area) as may be identified on any Plat of Subdivision thereof or as Declarant may determine, on which Declarant, prior to conveyance of the same to a third party, has constructed or has commenced construction of a sign or monument identifying the name of the subdivision of the Properties.

SECTION 7. "LOT" shall mean any plot of land shown upon any Plat of Subdivision of the Properties upon which one individual single-family dwelling unit is constructed or to be constructed.

SECTION 8. "MEMBER" shall mean and refer to every person or entity that holds a membership in the Association.

SECTION 9. "OWNER" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title (or an undivided fee interest) to any Lot that is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 10. "PLAT OF SUBDIVISION" shall mean a plat of the Properties, or any part thereof, subdividing or resubdividing the same into Lots (and Common Area if contained in such plat), and recorded with the Recorder of Deeds of Lake County, Illinois.

SECTION 11. "PROPERTIES" shall mean and refer to that certain real property hereinafter described on Exhibit "A", and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

SECTION 12. "RIGHT-OF-WAY LANDSCAPING" shall mean landscaping initially installed by Declarant within the rights-of-way along the dedicated streets, including boulevard median landscaping, within the Properties and at the perimeter of the Properties where they adjoin Lake Street, Drury Lane, Route 83 and Washington Street.

SECTION 13. "SEPARATED YARDWAYS" shall mean those portions of any Lot that are separated from the remainder of that Lot and the residence constructed thereon by a Community Fence.

SECTION 14. "SEPARATED YARDWAY LANDSCAPING" shall mean landscaping initially installed by Declarant within the Separated Yardways.

SECTION 15. "VILLAGE" shall mean the Village of Grayslake, Illinois.

ARTICLE TWO

ANNEXATION OF ADDITIONAL PROPERTIES

SECTION 1. Annexation by Declarant. If within six (6) years after the date of this Declaration, the Declarant should develop land within the area described on Exhibit "B" attached hereto and incorporated herein or any area contiguous to the Properties or the area described on Exhibit "B" (collectively the "Additional Land"), such Additional Land may be annexed to the Properties without the assent of the Class A Members. Such Additional Land, or portions thereof, may be annexed in separate phases and shall be considered annexed to said Properties and subjected to the provisions of the Declaration of Covenants, Conditions and Restrictions if within such six (6) year period Declarant executes and records an Amendment or Supplementary Declaration with the Recorder of Deeds of Lake County, Illinois, describing the portion to be annexed to said Properties and legally and specifically making said Additional Land or portion thereof, subject to this Declaration. Any such Amendment or Supplementary Declaration may designate Lots and Common Area.

Prior to the time Declarant annexes any such Additional Land to the Properties, it shall first (a) pay or cause to be paid all general real estate taxes that are due and payable at the time of annexation, and (b) complete, cause to be completed, or make arrangements for or cause arrangements to be made for the completion of (by posting bonds, letters of credit, or other security with the Village) all public and quasi-public improvements required by the Village to service the Lots to be contained in the phases(s) then being annexed. In improving or causing the improvements of any additional phases(s), Declarant shall keep the Properties subjected to this Declaration free of any liens or claims for liens for labor or materials provided in such improvement, pursuant to the Illinois Mechanics Lien laws.

SECTION 2. Annexation by the Members. Except as provided in Section 1, above, annexation of any real estate to the Properties shall require the recording of an instrument signed by the Association with the assent of not less than sixty-seven percent (67%) of the votes of each class of Members present in person or by written proxy at a meeting duly called for this purpose, at which a quorum is present, written notice of which shall be sent to all Members not less than five (5) days nor more than forty (40) days in advance of the meeting setting forth the purpose of the meeting.

SECTION 3. Annexation Limited to Lots, Common Areas. No real estate may be annexed to the Properties whether under the provisions of Section 1 or Section 2 other than real estate that will fall within the definition of Lots or Common Areas, but such real estate may also contain Community Fences, Cul-de-Sac Islands, Separated Yardways and Entryways.

ARTICLE THREE

MEMBERSHIP IN THE ASSOCIATION

SECTION 1. Membership. Every person or entity, including the Declarant, who is a record owner of a fee or an undivided fee interest in any Lot that is subject to this Declaration of Covenants, Conditions and Restrictions, including contract sellers, shall be a Member of the Association, and each purchaser of any Lot by acceptance of a deed therefor covenants and agrees to be a member of the Association whether or not it shall be so expressed in any deed or other conveyance. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. For each Lot owned, the Owner thereof shall be entitled to one (1) membership. Membership shall be appurtenant to and may not be separated from the fee ownership of any Lot. Ownership of such Lot shall be the sole qualification for membership. For the purpose of this Declaration, the word "Member" shall include any beneficiary of a trust holding legal title to one or more Lots.

SECTION 2. Transfer. Membership held by any Owner of a Lot is an appurtenance to such Lot and shall not be transferred, alienated, or pledged in any way, except upon the sale or encumbrance of such Lot, and then only to the purchaser of such Lot. Any attempt to make a transfer except by the sale or encumbrance of a Lot is void. Reference to the transfer of membership need not be made in an instrument of conveyance or encumbrance of such Lot for the transfer to be effective, and the same shall automatically pass with title to the Lot.

ARTICLE FOUR

VOTING RIGHTS IN THE ASSOCIATION

The Association shall have two classes of voting membership:

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

Class B: The Class B Member shall be the Declarant. The Class B Member shall be entitled to three (3) votes for each Lot in which it holds the interest required by Article Three for membership, provided that the Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earliest:

- (a) Seven (7) years from the date of this Declaration of Covenants, Conditions and Restrictions;
- (b) One hundred twenty (120) days after the date by which seventy-five percent (75%) of the Lots submitted to this Declaration (either as a part of the original Properties or as Additional Land or as a phase thereof annexed to the Properties) have been conveyed by Declarant to Owners, if Declarant has failed to start construction of any home on a phase of the Additional Land that has not yet been annexed to the Properties within such one hundred twenty (120) day period; provided, however, if Declarant has so started construction of a home on any Lot in a phase of the Additional Land that has not yet been annexed to the Properties within such one hundred twenty (120) day period, then the provisions of this subparagraph (b) shall be applicable to the combined total of the Lots then comprising the Properties and those contained in such phase of the Additional Land that is thereafter annexed to the Properties. (For purposes hereof, the term "start construction" shall mean the excavation of a building site on one Lot within the boundaries of a phase); or
- (c) The date on which Declarant voluntarily withdraws as the Class B Member by executing and recording with the Recorder of Deeds of Lake County, Illinois, a written declaration of intent to withdraw, which withdrawal shall become effective in the manner specified in such declaration of intent.

Anything contained in the Articles of Incorporation or the By-laws of the Association notwithstanding, so long as Declarant is a Class B Member it shall have the absolute right to fill any vacancies on the Board of Directors (including any vacancy caused by an increase in the number of directors) and to appoint any officers, assistant officers and agents of the Association.

ARTICLE FIVE

PROPERTY RIGHTS

SECTION 1. Members' Easements of Enjoyment. Every Member shall have a right and easement for ingress and egress over and across and use of enjoyment in and to the Common Area, and such easement shall be appurtenant to and shall pass with the title to every Lot. Reference in the respective deeds of conveyance, or in any mortgage or trust deeds or other evidence of obligation, to the easements and covenants herein described shall be sufficient to create and reserve such easements and covenants to the respective grantees, mortgagees or trustees of said parcels as fully and completely as though said easements and covenants were fully recited and set forth in their entirety in such documents. Said right of easement for ingress and egress over and across and of enjoyment in and to the Common Area shall be subject to the following provisions:

- (a) The right of the Association, in accordance with Articles and By-Laws, to borrow money for the purposes of improving or reconstructing the Common Area and facilities thereon and in aid thereof to mortgage said Common Area (or a portion thereof).
- (b) The right of the Association to suspend the voting rights of a Member for any period during which any assessment against his Lot remains unpaid and delinquent; and for a period not to exceed thirty (30) days for any single infraction of the published rules and regulations of the Association, provided that any suspension of such voting rights, except for failure to pay assessments, shall be made only by the Association or a duly appointed committee thereof, after notice and hearing given and held in accordance with the By-Laws of the Association.
- (c) The right of the Association to declare or grant easements and licenses and to dedicate or transfer all or any part of the Common Area to any public agency, authority, or public or private utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument has been recorded, signed by the Association and authorized by the assent of at least sixty-seven (67%) percent or more of the votes of each class of Members present in person or by proxy and entitled to vote at a meeting duly called for this purpose at which a quorum is present, written notice of which is mailed to all Members not less than five (5) days nor more than forty (40) days in advance of the meeting, setting forth the purposes of the meeting.
- (d) The right of the Association to establish uniform rules and regulations pertaining to the use of the Common Area.
- (e) The right of Declarant and its designees (and their respective sales agents and representatives) to (1) non-exclusive use of the Common Area (as may be amended by annexation from time to time) in connection with the sale or rental of residential units within the Properties; and (2) the use of any improved dwelling unit on any of the Lots as a sales office until the last such Lot is improved with a residence and conveyed to a third-party purchaser.
- (f) Such other rights as are reserved or created by this Declaration.

SECTION 2. Delegation of Use. Any Member may delegate, in accordance with the By-Laws of the Association, his right of enjoyment to the Common Area to the members of his family, his tenants or contract purchasers who reside on the property.

SECTION 3. Association Access to Lots. The Association and its respective agents, employees and independent contractors shall have the right and license to enter upon any Lot to the extent necessary to exercise any right or responsibility of the Association as set forth in this Declaration, as to the Lot or the dwelling unit situated thereon, and shall not be guilty of trespass.

SECTION 4. Access to Adjoining Lots. Every Owner of a Lot and also the Association, and their respective agents, employees and independent contractors, shall have the right and license to enter upon the adjoining Lot or Common Area to the extent necessary for the purpose of maintaining, repairing and replacing the improvements situated on or near the boundary of such Owner's Lot and shall not be guilty of any trespass. In the event the Owner of a Lot or the Association, or their respective agents, employees or independent contractors enter upon any such Lot or the Common Area for the purposes of exercising the right and license created by this Section 4, then such Owner, or the Association, as the case may be, shall make all necessary repairs or replacements on such Lot or the Common Area to correct any damage inflicted upon the same by exercise of the right and license.

SECTION 5. Title to the Common Area. The Declarant covenants for itself, its heirs and assigns, that it will convey or cause to be conveyed to the Association fee simple title to the Common Area (if any) prior to the conveyance

by Declarant to an Owner of the first Lot improved with a single-family dwelling, free and clear of all encumbrances and liens, but subject to:

- (a) Covenants, conditions, easements and restrictions then of record.
- (b) The terms of this Declaration;
- (c) Zoning ordinances, development agreements and annexation agreements of record;
- (d) Current real estate taxes not yet due and payable (for which Declarant shall pay or make arrangements to pay its pro rata share);
- (e) Utility easements granted or to be granted for sewer, water, gas, electricity, telephone and any other necessary utilities;
- (f) Easements, granted or to be granted for the benefit or creation of Entryways or Community Fences; and
- (g) Reservation of easement for ingress and egress.

When lands annexed from time to time, pursuant to Article Two of this Declaration, contain land to be designated as Common Area, said Common Area shall similarly be conveyed by the Declarant or the legal titleholder thereof to the Association prior to the conveyance by Declarant or such legal titleholder of the first Lot in the lands then annexed to an Owner.

SECTION 6. Waiver of Use. No Member may exempt himself from personal liability for assessments duly levied by the Association nor release the Lot owned by him from the liens and charges hereof, by waiver of the use and enjoyment of the Common Area or by abandonment of his Lot.

ARTICLE SIX

COVENANT FOR ASSESSMENTS

SECTION 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant (subject to the provisions set forth in Sections 7 and 8 of this Article Six) for each Lot owned within the Properties hereby covenants, and each Owner of any Lot by acceptance of a deed therefor or possession thereof, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to personally and individually covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments, such assessments to be fixed, established and collected from time to time as hereinafter provided. The assessments, together with interest thereon, attorneys' fees and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment (and deficiency contributions, in the case of Declarant), together with such interest, costs and reasonable attorneys' fees shall also be the personal obligation of the person who is the Owner of such Lot at the time when the assessment falls due. The personal obligation shall pass to his successors in title accepting a deed to or assignment of beneficial interest in any trust holding title to said Lot.

SECTION 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the health, safety and welfare and enjoyment of its Members, and, in this connection, for the maintenance and repair of the Common Area, Entryways, Community Fences, Cul-de-Sac Landscaping, Right-of-Way Landscaping, and Separated Yardway Landscaping, for the payment of real estate taxes and premiums for the insurance, which are the obligation of the Association, and for the provision of funds for the Association to carry on its duties set forth herein or in its Articles of Incorporation or By-Laws.

SECTION 3. Basis and Maximum of Annual Assessments. Until January 1st of the year immediately following the year of conveyance of the first Lot to an Owner, the maximum annual assessment permitted shall be \$140 per Lot.

- (a) From and after January 1st of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased effective January 1st of each year by the Board of Directors of the Association (at any meeting of the Board of Directors duly convened at least thirty (30) days prior to said January effective date) without a vote of the membership, provided that any such increase shall not be greater than a ten percent (10%) increase over the maximum annual assessment permitted for the year immediately preceding.
- (b) From and after January 1st of the year immediately following the conveyance of the first Lot to an Owner, the annual assessment may be increased for any year by the Board of Directors of the Association at any time, over the maximum annual assessment permitted for the year immediately preceding, without the vote of the membership, if the same is necessary to: (i) pay the cost of any increases in real estate taxes for the Common Area

over the prior year, or (ii) pay the cost of increases in premiums for insurance procured by the Association over the prior year.

- (c) From and after January 1st of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased for the coming assessment year only or for all succeeding assessment years effective January 1st of each year by the Board of Directors at any meeting of the Board of Directors (duly convened at least thirty (30) days prior to said January 1st effective date) in an amount greater than provided in subsections (a) or (b) hereof for the coming assessment year, provided that any such change shall have the assent of the majority of the votes of each class of Members voting in person or by proxy, at a meeting duly called for such purpose, at which a quorum is present, written notice of which will be sent to all Members not less than five (5) days nor more than forty (40) days in advance of the meeting, setting forth the purpose of the meeting.
- (d) After consideration of future needs and expected expenditures of the Association, the Board of Directors may fix regular annual assessments in lesser amounts than the maximum annual assessments permitted or may, in its discretion, require no annual assessment whatsoever for any year, but such action shall not limit or prohibit the Board from fixing assessments for any year(s) following on the basis of increases in the maximum annual assessments permitted hereunder rather than the actual assessments so fixed.

SECTION 4. Reasonable Reserves. The Association shall establish and maintain from annual assessments collected hereunder, reasonable reserves for the costs of the maintenance, repair, and replacement of the Entryways, Community Fences, Cul-de-Sac Landscaping, Right-of-Way Landscaping, Separated Yardway Landscaping, and landscaping, plant materials, pathways, drainage structures, detention areas and other improvements located on the Common Areas that are the obligation of the Association hereunder.

SECTION 5. Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment against Lots for the cost of: (a) any construction, reconstruction, repair or replacement of any landscaping and plant materials and other improvements located on the Common Area; (b) any construction, reconstruction, repair or replacement of any Entryway or Community Fences; (c) replacement of any Cul-de-Sac Landscaping, Separated Yardway Landscaping or Right-of-Way Landscaping; and (d) providing funds to the Association to carry on any of its duties set forth in this Declaration or in its Articles of Incorporation or By-laws. Notwithstanding the foregoing, any such assessment shall have the assent of a majority of the votes of each class of Members voting in person or by proxy at a meeting duly called for this purpose, at which a quorum is present, written notice of which shall be sent to all Members not less than five (5) days nor more than forty (40) days in advance of the meeting, setting forth the purpose of the meeting. Unless the special assessment specifies that it shall be applicable to a specified number of years, it shall be applicable only to the year enacted.

SECTION 6. Uniform Rate of Assessment. Annual assessments must be fixed at a uniform rate for all Lots, and may be collected on a monthly basis or such other basis as set by the Board of Directors.

SECTION 7. Assessment for Lots Owned by Declarant. Notwithstanding the foregoing provisions, the annual assessments and the special assessments for any Lots while owned by Declarant and improved with a completed single-family home, but unoccupied by any tenant of Declarant shall be limited to 25% of the amounts fixed with respect to Lots owned by Owners other than Declarant. Prior to the completion of a single-family home on any Lot, such Lot shall be exempt from assessments.

SECTION 8. Deficiency Contributions. For every calendar year during which Declarant remains a Class "B" Member of the Association, Declarant shall contribute to the Association all funds in excess of the budgeted and collected assessments that shall be necessary to defray the costs properly paid or incurred by it for the purposes for which annual assessments may be collected, all without limitation to the maximum amounts provided under Section 3 of this Article Six. Declarant's contribution for the calendar year during which Declarant's Class "B" membership terminates shall be prorated to the date of such termination.

For purposes hereof, the establishment of reserves pursuant of Section 4 of this Article Six does not constitute the payment or incurring of costs by the Association, and Declarant's deficiency contribution shall not be required to be applied to the establishment of reserves.

SECTION 9. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence for any Lot within the Properties (or any land annexed to the Properties) on the day of the conveyance of the first Lot in the Properties (or such land) and shall be prorated for the month of said conveyance. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period and, in lieu thereof, the amount of the prior year's annual assessment shall be the fixed amount. Written notice of any changed amount of the annual assessment shall be sent to every Owner subject thereto.

but failure to do so shall not invalidate the charged assessments. The due dates when said annual assessments are due and payable shall be established by the Board of Directors. The Board may provide for a single annual due date or for periodic installment payments, as the Board may determine.

SECTION 10. Certificate of Payment. The Association shall, upon demand, furnish to any Owner liable for said assessment a certificate in writing signed by an officer of the Association, setting forth whether the annual assessments on a specified Lot have been paid and the amount of the delinquency, if any. A reasonable charge may be made by the Board for the issuance of these certificates. Said certificates shall be conclusive evidence that any assessment therein stated to have been paid has in fact been paid. No charge shall be made for issuing from time to time said certificates to the Declarant on Lots then owned by Declarant.

ARTICLE SEVEN

EFFECT OF NONPAYMENT OF ASSESSMENTS; REMEDIES OF ASSOCIATION

SECTION 1. Delinquency. Any assessment provided for in this Declaration that is not paid when due shall be delinquent. With respect to each assessment not paid within fifteen (15) days after its due date, the Association may, at its election, require the Owner to pay a "late charge" in a sum to be determined by the Association and applied uniformly. If any such assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the highest rate permitted by Illinois law, and the Association may, at its option, bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien (provided for in Section 1 of Article Six hereof) against the Lot, and there shall be added to the amount of such assessment the late charge, the costs of preparing and filing a Complaint and such action and reasonable attorneys' fees, and in the event a judgment is obtained, such judgment shall include all assessments accrued from date of suit to date of judgment, increased by such late charges, costs and fees, plus interest. Each Owner vests in the Association or its assigns the right and power to bring all actions at law or lien foreclosures against such Owner for the collection of such delinquent assessments.

SECTION 2. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or trust deed. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to the foreclosure of a mortgage or trust deed or any proceeding or deed in lieu thereof shall extinguish the lien of such assessments as to payments that become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE EIGHT

DUTIES AND POWERS OF THE ASSOCIATION

SECTION 1. General. The Association shall have the power and duties to: pay any real property taxes and other charges assessed against the Common Area; grant easements where necessary for public utilities over the Common Area or the Lots to serve both the Common Area and the Lots; adopt reasonable rules and regulations controlling and limiting the use of the Common Area and further adopt rules and regulations supplementing the General Use Restrictions as provided by Article Ten hereof; maintain such policy or policies of insurance at all times as the Board of Directors deems necessary or desirable in furthering the purposes of and protecting the interests of the Association and its members, officers and directors, including, but not limited to, those described in Article Eleven hereof; employ a manager or other persons and contract with independent contractors, managing agents, collection agents and others to perform and effectuate all or any part of the duties and powers of the Association, if deemed necessary by the Directors; and establish such reserves as may be required hereunder or as the Board of Directors shall from time to time deem necessary to fulfill and further the purposes of the Association.

SECTION 2. Common Area. The Association shall maintain, repair and replace Common Area and its elements, including, but not limited to, parks, drainage structures, detention areas, grass, trees, shrubs, plantings, pathways and other improvements located upon the Common Area.

SECTION 3. Entryways. The Association shall maintain, repair and replace the Entryways to the extent deemed by the Board to be beneficial and convenient.

SECTION 4. Community Fences. The Association shall maintain, repair and replace the Community Fences to the extent deemed by the Board to be beneficial and convenient.

SECTION 5. Separated Yardway Landscaping. The Association shall maintain, repair and replace the Separated Yardway Landscaping to the extent not maintained by the Village, the County or the State and to the extent deemed by the Board to be beneficial and convenient.

SECTION 6. Cul-de-Sac Landscaping. The Association shall maintain, repair and replace the Cul-de-Sac Landscaping. Any decision by the Village to do such work itself shall not relieve the Association of its obligations to do any additional work necessary to meet the minimum standards contained herein or to resume the work should the Village fail or cease to do such work. Furthermore, the Association shall in all events continue to have the right but not the obligation to do work to bring the Cul-de-Sac Landscaping above the minimum standards.

SECTION 7. Right-of-Way Landscaping. The Association shall maintain, repair and replace the Right-of-Way Landscaping to the extent not maintained by the Village, the County or the State and to the extent deemed by the Board to be beneficial and convenient.

SECTION 8. Watering. The Association may, but shall not be required to, water the Cul-de-Sac Landscaping, Right-of-Way Landscaping and Separated Yardway Landscaping, or any grass, landscaping and plant materials located on the Entryways or Common Areas. All other watering on any Lot (including Entryways and Separated Yardways, if not provided by the Association) shall be provided by the Owner thereof. If landscaping on an Entryway or Separated Yardway on a Lot must be replaced because of the failure by the Owner of the Lot to fulfill his responsibility to water the same, the cost of replacement shall be paid by the Owner and shall be a continuing lien on the Lot, to the same extent as provided in Article Six, Section 1 hereof; and shall give rise to the remedies available to the Association provided in Article Seven.

In furtherance of the Association's right to water the Cul-de-Sac Landscaping, Right-of-Way Landscaping, the Separated Yardway Landscaping, or any grass, landscaping or plant materials located on the Entryways or Common Areas, Declarant hereby reserves unto itself, the Association, and their successors, assigns and designees, the right and easement to come onto the Lots or the Common Area for purposes of installing, maintaining, repairing, replacing, and utilizing underground sprinkler systems to provide water for such purposes. Such right and easement over any Lot shall be exercisable at any time prior to or subsequent to the closing of the sale of such Lot to a third party purchaser. The cost of all water utilized by the Association for such watering shall be paid for by the Association.

SECTION 9. Notice. The recording of this Declaration with the Recorder of Deeds of Lake County, Illinois, shall and does hereby constitute notice to the Association and to the Owners of any Lots of their respective duties and obligations hereunder.

ARTICLE NINE

AVAILABILITY OF RECORDS

Any Owner or first mortgagee of any Lot shall be entitled, upon reasonable request, to receive for inspection from the Association current copies of the Declaration, Articles of Incorporation, By-Laws, records and financial statements of the Association. Furthermore, any holder of a mortgage given on any Lot within the Properties and any land annexed thereto shall be entitled to receive from the Association, without cost, a copy of the Association's financial statement, if any, and if any mortgagee shall so request in writing prior to the preparation of the annual financial statement of the Association, such financial statement shall be audited.

ARTICLE TEN

USE RESTRICTIONS

SECTION 1. No Alterations, Removal or Replacements by Owners. No Owner shall alter, remove or replace any Community Fence or Entryway located on his Lot, nor shall any Owner replace or add any additional landscaping or plant materials on any Entryway or Separated Yardway that may be a part of his Lot. Only the Association may make such alterations, removals, replacements or additions.

SECTION 2. Easement Areas. The use by Owners of portions of Lots or Common Areas reserved as easements for utility, drainage or other purposes on the recorded Plat of Subdivision or created by this Declaration shall be restricted in accordance with the provisions of Article Twelve, Section 5 hereof.

ARTICLE ELEVEN

INSURANCE

SECTION 1. Liability Insurance; the Association. The Association shall obtain and maintain a policy or policies of comprehensive general liability insurance insuring the Association, its Directors, officers, the Members, and their agents and employees against claims for personal injury, including death and property damage, arising out of any occurrence in connection with the ownership of the Common Areas or the occupancy, supervision, operation, repair, maintenance or restoration of the Common Area, Entryways, Community Fences, Cul-de-Sac Landscaping, Right-of-Way Landscaping or Separated Yardway Landscaping, or in connection with any act or omission of or in behalf of the Association, its Board of Directors, agents or employees within the Properties. Such policies shall be in the amount of \$1 Million for bodily injury, including death, and property damage arising out of a single occurrence, and shall contain a provision that they may not be cancelled without at least a thirty (30) day prior notice to the Association, the Owners and the first mortgagees of the Lots.

SECTION 2. Casualty Insurance: Common Areas; Entryways; Community Fences. The Association may, but shall not be required to, carry insurance with respect to damage or destruction of the Entryways and the Community Fences. The Association may but shall not be required to obtain and maintain a policy or policies of insurance with respect to the damage or destruction of the Common Area and any of the improvements thereon made by Declarant or the Association, including coverage against damage or destruction by the perils of fire, lightning and those perils contained in an all-risk form, and such other perils as the Board of Directors of the Association from time to time may determine should be included in such coverage, in an amount equal to 100% of the insurable replacement cost thereof, without depreciation and with an agreed amount provision. Such insurance shall name as the insured, and the proceeds thereof shall be payable to, the Association, as trustee. The proceeds of such insurance shall be made available, as the Board of Directors of the Association shall reasonably determine, for the repair, reconstruction and restoration of such Common Areas subject to the rights of the first mortgagees. To the extent feasible, all such policies of insurance shall (i) provide that the insurance shall not be invalidated by the act or neglect of the Declarant, the Association, its Board of Directors, its Officers, any owner or occupant, or any agent, employee, guest or invitee of any of them, and (ii) shall contain an endorsement that such policies shall not be cancelled without at least thirty (30) days' prior notice to the Association, the Owners and all first mortgagees of the Lots.

SECTION 3. Workers' Compensation and Fidelity Insurance; Other Insurance. The Association shall obtain and maintain a policy or policies of insurance with reputable insurance carriers providing the following coverage:

- (a) Workers' Compensation and employers liability insurance in such form and in such amounts as may be necessary to comply with applicable laws;
- (b) Fidelity insurance or bonds in reasonable amounts for all officers and employees having fiscal responsibilities, naming the Association as obligee; and
- (c) Such other insurance in such limits and for such purpose as the Association may, from time to time, deem reasonable and appropriate, including but not limited to, errors and omissions insurance for officers and directors.

SECTION 4. Waiver of Subrogation. To the extent feasible, all policies of insurance obtained by the Association shall contain provisions that no act or omission of any named insured shall affect or limit the obligation of the insurance company to pay the amounts of any loss sustained. So long as the policies of insurance described herein shall provide that a mutual release as provided for in this Section shall not affect the right of recovery thereunder, and further shall provide coverage for the matters for which the release herein is given, all insurers and all parties claiming under them shall, and do by these presents, mutually release and discharge each other from all claims and liabilities arising from or caused by any hazard or source covered by any insurance procured by the Association, regardless of the cause of damage or loss.

SECTION 5. Insurance Premium Expense. The expense of insurance premiums paid by the Association under this Article shall be an expense of the Association to which the assessments collected by the Association from the Owners shall be applied.

ARTICLE TWELVE

EASEMENTS

SECTION 1. Easements for Encroachments. Since some of the individual homes constructed on Lots may be aesthetically and functionally designed with structures that encroach and/or overhang (above, beneath, and/or at grade level) adjoining Lots or the Common Area, the Owners of each Lot or Common Area hereby take title subject to a perpetual easement for any such overhang and/or encroachment, which easement is hereby reserved for Declarant and all Owners, and shall include the reasonable right of access thereto for inspection, maintenance, repair and/or replacement of all or a portion thereof. In the event of a fire or other casualty that results in a total or partial destruction of a building, each building is entitled to be repaired or rebuilt in such a fashion to permit these overhangs or encroachments to be reestablished.

SECTION 2. Driveway Easements. Each Owner shall have a right of easement for ingress and egress for his benefit and for the benefit of his guests and invitees over any portion of any Lot on which a driveway leading from the right of way to the garage on his Lot is located. It is contemplated that in some instances driveways constructed by Declarant may serve more than one (1) Lot. Each Owner shall maintain, replace and repair that portion of any driveway that is located on his Lot.

SECTION 3. Easements for Construction Errors, Settlement, Shifting. In addition to the easements for designed overhangs and encroachments that are specified in Section 1 of this Article Twelve, Declarant hereby declares and reserves to itself and all Owners easements of not more than one (1) foot for the continuation, repair, and replacement of any walls or structures that encroach on any adjoining Lot by reason of inadvertent construction error, settlement or shifting.

SECTION 4. Installation, Maintenance, Repair and Replacement of Entryways, Community Fences and Separated Yardway Landscaping. The Declarant hereby reserves unto itself, its successors, assigns and designees, and to the Association, the right and easement to come onto the Lots or the Common Area for purposes of building, installing, maintaining, repairing and replacing Entryways and Community Fences and for maintaining any Separated Yardways, and such right and easement shall be exercisable at any time prior or subsequent to the closing of the sale of such Lot to a third party purchaser.

SECTION 5. Maintenance of Easement Areas. Easements for installation and maintenance of the utilities, sewer pipelines and facilities and drainage facilities over each of the Lots and the Common Areas within the Properties and all pipelines and other facilities located and to be located in said easements are reserved as shown on the recorded Plat of Subdivision or as created in accordance with this Declaration or any amendments hereof. Within these easements, no structure, planting or other materials shall be placed or permitted to remain that may damage or interfere with the installation and maintenance of utilities or that may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each Lot and all improvements in it shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority, a private or public utility company or the Association is responsible.

SECTION 6. Utility Easements. The Declarant hereby reserves unto itself, the Association, and their successors, assigns and designees, the right (i) to create, declare and grant over, above, under and across the Common Area or Lots, at any time before or after conveyance, nonexclusive perpetual utility easements and (ii) to exercise any easements created by any Plat of Subdivision or other instruments for the installation, construction, improvement or removal or reconstruction, replacement, substitution, and maintenance of sewer (storm and sanitary), water, gas, electricity, master television antenna and transmission systems, telephone and any other easements as may be necessary in the Declarant's sole judgment to develop, service and maintain the Properties. The aforesaid easement shall include reasonable rights of ingress and egress.

SECTION 7. Easement for Installation and Maintenance of Storm Water Lines. The Declarant hereby reserves unto itself, the Association and their respective successors, assigns and designees an easement over each of the Lots and the Common Area for the following purposes: (i) the installation, maintenance and repair of downspouts on any single-family house constructed on any Lot where deemed necessary or appropriate by Declarant or the Association or their successors or assigns to alleviate storm water run-off problems and (ii) the installation, maintenance and repair of underground storm water lines on any Lot or the Common Area for connection to any downspout so installed by Declarant or the Association or their successors or assigns on that Lot or any other Lot, for connection to any storm water sewer constructed within the Properties. Such downspouts and/or storm water lines so installed by the Declarant, the Association or their respective successors, assigns and designees on any single-family house, any Lot or any portion of the Common Area shall be and remain the property of the Association or its successors or assigns, and shall thereafter

be maintained, replaced and repaired thereby. The aforesaid easement shall include reasonable rights for ingress and egress and shall be perpetual. No Owner of a Lot shall interfere with any downspout or storm water line installed on his house or Lot, or the passing of storm water through the same.

SECTION 8. Ownership of Utility Lines. The Declarant shall initially own all storm sewers, sanitary sewers and water lines when situated in, or over, under, along or across the Common Area or within easement areas designated for the installation and maintenance of such lines, to the extent the same are not initially dedicated to the Village, the County of Lake, any public utility, or any governmental or quasi-governmental authority, and shall have the right (but not the obligation) of maintenance, replacement, repair or removal thereof and reasonable access thereto. Prior to the termination of its Class B membership, Declarant shall transfer title to said storm sewers, sanitary sewers and water lines and Declarant's rights of maintenance, replacement, repair and removal thereof to any designee deemed beneficial or appropriate by Declarant (including the Association, the Village, the County of Lake, any public utility or any governmental or quasi-governmental authority), which transfer and assignment shall be effectuated by a bill of sale or other appropriate writing.

SECTION 9. Reservation of Easements for Declarant's Benefit. Anything contained in this Declaration to the contrary notwithstanding, the Declarant hereby reserves for itself, its agents, employees, contractors, subcontractors, workmen, materialmen, invitees and any successor builders an easement under, over and across the Common Area (as amended from time to time by annexation) for the purposes of constructing, completing, repairing, maintaining, inspecting, exhibiting and selling any Lots or houses then owned by the Declarant.

SECTION 10. Rights to Reserve or Grant Specific Easements for Entryways, Community Fences and Separated Yardways. Declarant shall have the right to grant or reserve specific non-exclusive easements on any portion of any Lot (except portions occupied by dwellings) or on the Common Area for (a) the installation, maintenance and repair of Entryways and Community Fences or (b) the maintenance of the Separated Yardways, by Declarant, its successors, assigns or designees or by the Association. Such easements may be created after such Lots are conveyed to Owners or after the Common Area is conveyed to the Association only if (i) such areas are designated as such by a Plat of Subdivision, a deed, a declaration of easement or a grant of easement executed and recorded by Declarant with the Recorder of Deeds of Lake County, Illinois, or (ii) construction of the Entryway or Community Fence has commenced prior to conveyance of such Lot or Common Area. Failure to so grant or reserve a specific easement shall not invalidate or adversely affect the easements reserved under Section 4 hereof.

SECTION 11. Power Coupled with an Interest. In furtherance of Declarant's rights to create easements pursuant to Section 10 above, a power coupled with an interest is hereby reserved to Declarant, as attorney-in-fact of the Association and of the Owners of all Lots within the Properties, to grant or reserve such easements, and the giving of any deed, mortgage or other instrument with respect to the Common Area or any Lot, and acceptance thereof, shall be deemed a grant and acknowledgment of and a consent to such power of said attorney-in-fact.

ARTICLE THIRTEEN

VILLAGE OF GRAYSLAKE

SECTION 1. Village Ordinances Prevail. None of the covenants, conditions, restrictions or provisions of the Declaration are intended to supersede or prevail over the ordinances of general applicability of the Village in which the Properties are located, and in the event of any conflict, the applicable ordinances of the Village shall supersede and prevail over the covenants, conditions, restrictions and provisions of this Declaration. However, no ordinance of the Village controlling or regulating any act that is expressly limited, controlled or prohibited by the covenants of this Declaration shall operate to authorize or permit such act.

SECTION 2. Standards of Maintenance. The standards of maintenance of the Entryways, Community Fences, Right-of-Way Landscaping, Separated Yardway Landscaping, Cul-de-Sac Landscaping and the Common Area (including any parks, detention areas and landscaping located thereon) adopted by the Association from time to time shall be at least equal to those set forth in the ordinances of general applicability of the Village in effect from time to time that govern and control the maintenance of private property.

ARTICLE FOURTEEN

GENERAL PROVISIONS

SECTION 1. Enforcement. The Declarant, the Association, any Owner or the Village shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, liens and charges now or hereafter imposed by the provisions of the Declaration, and there shall be included in the recovery all costs, fees and reasonable attorneys' fees incurred in connection therewith. The Village shall have the right to enforce, by any proceeding in law or in equity, any rights created in its favor by the provisions of this Declaration. Failure by the Declarant, the Association or by any Owner or the Village to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. Breach of any of the covenants shall not defeat or render invalid the lien or any mortgage or trust deed made in good faith and for value as to said Lots or property, or any parts thereof, but such provisions, restrictions or covenants shall be binding and effective against any Owner of said property whose title thereto is acquired by foreclosure, trustee's sale or otherwise.

SECTION 2. Severability. Invalidation of any one or more of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

SECTION 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Declarant, the Association or the Owner of any Lot subject to this Declaration, and their respective legal representatives, heirs, successors and assigns for a period of twenty (20) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended by an instrument signed by Lot Owners comprising not less than sixty-seven percent (67%) of the total votes collectively held by all classes of Members with the written consent of mortgagees holding at least fifty-one percent (51%) of the outstanding mortgages on Lots within the Properties and any land annexed thereto; provided, however, that so long as Declarant is a Lot Owner, Declarant must join into such instrument for the same to be effective. Any amendment that has the effect of (i) terminating this Declaration or (ii) terminating the legal status of the Association shall require the written consent of mortgagees holding at least sixty-seven percent (67%) of the outstanding mortgages on Lots within the Properties and any land annexed thereto. Notwithstanding the foregoing, in the event the Declarant desires to amend this Declaration: (x) to correct a technical or typographical error or to clarify any provisions herein that are otherwise vague, or (y) for the sole purpose of causing the Declaration to comply with form and substance as may be required by either the Federal Housing Authority (FHA) or the Veterans Administration (VA) to enable the sales of Lots from the Properties to qualify for the insurance by either such agency of end mortgage loans made to Owners of such Lots, or as may be required to conform to the published manuals or guidelines of any governmental, quasi-governmental or private agency engaged in the business of the purchase of mortgage loans, including, but not limited to Federal Home Loan Mortgage Corporation (FHLMC) and Federal National Mortgage Association (FNMA) for the purchase of mortgage loans made on Lots, or (z) for the sole purpose of causing the Declaration to comply with the requirements of any statutes, ordinances, laws or regulations applicable thereto, it may do so by an instrument signed by Declarant without the consent of Owners, mortgagees, FHA or VA, but shall give notice of any such amendments to all Owners, the FHA, the VA and all mortgagees of Lots who have requested the same in writing. The failure to give such notice shall not affect the validity or effectiveness of such amendment. Any amendment that affects the rights of the Village as set forth in this Declaration must be consented to by the Village. Notwithstanding anything to the contrary contained herein, Declarant may amend this Declaration to annex the Additional Land to the Properties, as provided in Article Two, Section 1 hereof, without any consents, except as provided in Section 5 of this Article Fourteen. In furtherance of the foregoing, a power coupled with an interest is hereby reserved to Declarant, as Attorney-in-Fact, to so amend the Declaration as provided in this Section 3, and each deed, mortgage or other instrument with respect to a Lot and acceptance thereof shall be deemed a grant and acknowledgment of and a consent to such power to said Attorney-in-Fact. Any amendment must be recorded with the Lake County Recorder.

SECTION 4. Quorum. Unless otherwise specified to the contrary in any provision of this Declaration, the presence of Members or of proxies entitled to cast ten percent (10%) of the votes of each class of membership shall constitute a quorum for any meeting of the Members of the Association. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth in the By-laws of the Association, and the required quorum at such subsequent meeting shall be fifty percent (50%) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

SECTION 5. FHA/VA Approval. As long as there is a Class B Member, the following actions will require the prior approval of the Federal Housing Administration (FHA) or the Veterans Administration (VA):

Annexation of additional land to the Properties, or

Amendment of this Declaration of Covenants, Conditions and Restrictions, except for amendments made pursuant to Section 3 (x), (y) or (z) above.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal on the date first written above.

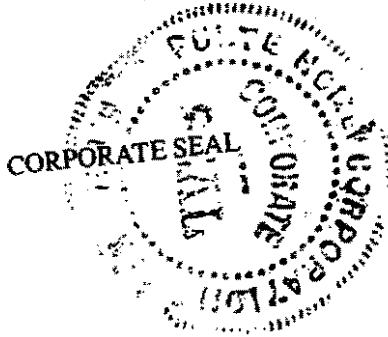
PULTE HOME CORPORATION

By: *[Handwritten Signature]*

[Handwritten Signature]

Its: Attorneys-in-Fact

3890H




STATE OF ILLINOIS
COUNTY OF Lake

SS.

I, Timothy L. Hernandez, a Notary Public in and for said County, in the State aforesaid, DO

HEREBY CERTIFY that Orest Chryniwsky and Edward W. Dwier personally known to me to be the Attorneys-in-Fact of PULTE HOME CORPORATION, a Michigan 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 they signed and delivered the said instrument as Attorneys-in-Fact of said Corporation, and caused the corporate seal of said corporation to be affixed thereto, pursuant to authority given by the Board of Directors of said corporation, as their free and voluntary act and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

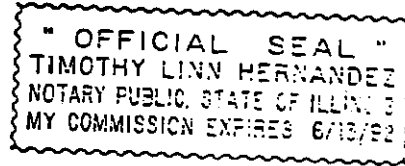
GIVEN under my hand and Notarial Seal this 26th day of September, 1991.



Notary Public

My Commission Expires:

June 13, 1992



This instrument was prepared by:

Charles L. Byrum
GARDNER, CARTON & DOUGLAS
Quaker Tower
321 N. Clark Street, 31st Floor
Chicago, Illinois 60610

EXHIBIT "A"

The Properties

LOTS 1 TO 63, BOTH INCLUSIVE, IN CHESAPEAKE FARMS UNIT 1, BEING A SUBDIVISION OF PART OF THE SOUTHWEST QUARTER OF SECTION 23, TOWNSHIP 45 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN LAKE COUNTY, ILLINOIS.

EXHIBIT "B"

**Property which, together with any areas contiguous
to the same or to the Properties described
on "Exhibit "A" comprising the Additional Land**

PARCEL 1: THAT PART OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 23, TOWNSHIP 45 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN DESCRIBED AS FOLLOWS: COMMENCING AT THE SOUTHWEST CORNER OF SAID QUARTER QUARTER SECTION; THENCE NORTH ALONG THE WEST LINE OF SAID QUARTER QUARTER SECTION, 440.00 FEET; THENCE EAST PARALLEL WITH THE SOUTH LINE OF SAID QUARTER QUARTER SECTION 220.00 FEET; THENCE NORTHEAST AT AN ANGLE OF 120 DEGREES 00 MINUTES TO THE RIGHT OF THE LAST DESCRIBED LINE, TO THE CENTERLINE OF SAID ILLINOIS ROUTE 83; THENCE SOUTHEASTERLY ALONG THE CENTERLINE OF SAID ROUTE 83 TO THE SOUTH LINE OF SAID QUARTER QUARTER SECTION; THENCE WEST TO THE POINT OF BEGINNING. (EXCEPT THAT PART FALLING IN ILLINOIS ROUTE 83) IN LAKE COUNTY, ILLINOIS.

PARCEL 2: THE SOUTHWEST QUARTER OF SECTION 23, TOWNSHIP 45 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, (EXCEPT THAT PART OF THE NORTHEAST QUARTER OF SAID SOUTHWEST QUARTER LYING EAST OF THE WEST 15 RODS OF SAID QUARTER QUARTER SECTION AND EXCEPT THAT PART THEREOF DESCRIBED AS FOLLOWS: COMMENCING AT THE SOUTHWEST CORNER OF SAID SOUTHWEST QUARTER; THENCE EAST ALONG THE SOUTH LINE OF SAID SOUTHWEST QUARTER 1435 FEET; THENCE NORTH AT RIGHT ANGLES TO THE SOUTH LINE OF SAID QUARTER SECTION, 479.7 FEET TO THE CENTERLINE OF THE PUBLIC ROAD; THENCE WESTERLY ALONG THE CENTERLINE OF THE ROAD 1525.1 FEET TO THE WEST LINE OF SAID SOUTHWEST QUARTER OF SECTION 23; THENCE SOUTH ALONG SAID WEST LINE 40 FEET TO THE POINT OF BEGINNING) AND (EXCEPT THE NORTH 10.0 FEET OF THE EAST 10.0 FEET OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 23) ALSO (EXCEPT THE NORTH 10.0 FEET OF THE WEST 15 RODS OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER AND THE EAST 10.0 FEET [EXCEPT THE NORTH 10.0 FEET] OF THE WEST 15 RODS OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 23, LYING NORTHERLY OF THE CENTERLINE OF ILLINOIS ROUTE 83), IN LAKE COUNTY, ILLINOIS.

PARCEL 3: THAT PART OF THE SOUTHEAST QUARTER OF SECTION 22, TOWNSHIP 45 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHEAST CORNER OF SAID SOUTHEAST QUARTER; THENCE SOUTH 20.14 CHAINS. THENCE SOUTH 80-1/2 DEGREES WEST 12.54 CHAINS; THENCE NORTH 73-1/4 DEGREES WEST 4.22 CHAINS; THENCE NORTH 21.04 CHAINS TO THE NORTH LINE OF SAID QUARTER SECTION; THENCE EAST ALONG THE NORTH LINE 16.43 CHAINS TO THE POINT OF BEGINNING, IN LAKE COUNTY, ILLINOIS.

PARCEL 4: THAT PART OF THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 23, TOWNSHIP 45 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING NORTHEASTERLY OF THE CENTERLINE OF PUBLIC HIGHWAY KNOWN AS ROUTES 21 AND 83. (EXCEPT THE EAST 10.0 FEET THEREOF) AND (EXCEPT THAT PART OF THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 23, TOWNSHIP 45 NORTH, RANGE 10, DESCRIBED AS FOLLOWS: COMMENCING AT THE INTERSECTION OF THE CENTERLINE OF ILLINOIS ROUTE 83 WITH THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 23; THENCE SOUTHEASTERLY ALONG THE CENTERLINE OF SAID ILLINOIS ROUTE 83, A DISTANCE OF 1319.78 FEET; THENCE NORTHEASTERLY AT RIGHT ANGLES TO THE CENTERLINE OF SAID ILLINOIS ROUTE 83, A DISTANCE OF 300.00 FEET; THENCE NORTHWESTERLY PARALLEL WITH THE CENTERLINE OF SAID ILLINOIS ROUTE 83, A DISTANCE OF 1584.22 FEET TO THE WEST LINE OF THE NORTHWEST QUARTER OF SECTION 23; THENCE SOUTH ALONG THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 23, A DISTANCE OF 399.91 FEET TO THE PLACE OF BEGINNING), IN LAKE COUNTY, ILLINOIS.

PARCEL 5: THAT PART OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 45 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN DESCRIBED AS FOLLOWS: COMMENCING AT THE SOUTHWEST CORNER OF SECTION 14; THENCE NORTH ON THE WEST LINE OF SAID SECTION TO THE CENTERLINE OF GILMORE ROAD (SO CALLED); THENCE NORTHEASTERLY ALONG THE CENTERLINE OF SAID ROAD TO THE EAST LINE OF SAID QUARTER QUARTER SECTION; THENCE SOUTH ON SAID EAST LINE TO THE SOUTH LINE OF SECTION 14; THENCE WEST ON THE SOUTH LINE TO THE POINT OF BEGINNING. (EXCEPT THE EAST 10.0 FEET THEREOF), IN LAKE COUNTY, ILLINOIS.

EXCLUDING, HOWEVER, THE PROPERTY DESCRIBED ON EXHIBIT A HERETO, DESCRIBED AS FOLLOWS:

LOTS 1 TO 63, BOTH INCLUSIVE, IN CHESAPEAKE FARMS UNIT 1, BEING A SUBDIVISION OF PART OF THE SOUTHWEST QUARTER OF SECTION 23, TOWNSHIP 45 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN LAKE COUNTY, ILLINOIS.

3068106

**BY-LAWS
OF
CHESAPEAKE FARMS
HOMEOWNERS' ASSOCIATION**

ARTICLE I

NAME AND LOCATION. The name of the corporation is CHESAPEAKE FARMS HOMEOWNERS' ASSOCIATION, an Illinois not-for-profit corporation, hereinafter referred to as the "Association." Until the first annual meeting of members the principal office of the corporation shall be located within the State of Illinois, County of Cook. Thereafter, the principal office shall be located in the County of Lake. Meetings of members and directors may be held at such places within the State of Illinois, County of Cook or Lake, as may be designated by the Board of Directors.

ARTICLE II.

DEFINITIONS

SECTION 1. "ASSOCIATION" shall mean and refer to Chesapeake Farms Homeowners' Association, an Illinois not-for-profit corporation, its successors and assigns.

SECTION 2. "OWNER" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title (or an undivided fee interest) to any Lot that is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 3. "PROPERTIES" shall mean and refer to that certain real property hereinafter described on Exhibit "A", and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

SECTION 4. "LOT" for the purposes of these By-laws shall mean and refer to any plot of land shown upon any Plat of Subdivision of the Properties and upon which one individual single-family dwelling unit is constructed or to be constructed.

SECTION 5. "MEMBER" shall mean and refer to every person or entity who holds a membership in the Association.

SECTION 6. "DECLARANT" shall mean and refer to Pulte Home Corporation, 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 7. "DECLARATION" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties, recorded with the Recorder's Office of Lake County, Illinois as Document No. 3068106.

SECTION 8. "PLAT OF SUBDIVISION" shall mean a plat of the Properties, or any part thereof, subdividing or resubdividing the same into Lots (and Common Area if contained in such plat), and recorded with the Recorder's Office of Lake County, Illinois.

SECTION 9. "COMMON AREA" shall mean all real property (including the improvements thereto), if any, owned by the Declarant (and upon dedication pursuant to Article Five, Section 5, by the Association) for the common use and enjoyment of the Owners and designated as such on any Plat of Subdivision or on any supplement or amendment to this Declaration.

SECTION 10. "COMMUNITY FENCES" shall mean those fences initially installed by Declarant or the Association on any Lot or on the Common Area.

SECTION 11. "CUL-DE-SAC LANDSCAPING" shall mean that landscaping initially installed by Declarant within the cul-de-sac islands or eyebrows in the streets located within the Properties. Such cul-de-sac islands or eyebrows, like the streets, shall be dedicated to the Village.

SECTION 12. "ENTRYWAYS" shall mean such portions of the Property (Lots or Common Area) as may be identified on any Plat of Subdivision thereof or as Declarant may determine, on which Declarant, prior to conveyance of the same to a third party, has constructed or has commenced construction of a sign or monument identifying the name of the subdivision of the Properties.

SECTION 13. "RIGHT-OF-WAY LANDSCAPING" shall mean landscaping initially installed by Declarant within the rights-of-way along the dedicated streets, including boulevard median landscaping, within the Properties and at the perimeter of the Properties where they adjoin Lake Street, Drury Lane, Route 83 and Washington Street.

SECTION 14. "SEPARATED YARDWAYS" shall mean those portions of any Lot which are separated from the remainder of that Lot and the residence constructed thereon by a Community Fence.

SECTION 15. "SEPARATED YARDWAY LANDSCAPING" shall mean landscaping initially installed by Declarant within the Separated Yardways.

SECTION 16. "VILLAGE" shall mean the Village of Grayslake, Illinois.

ARTICLE III.

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 7:30 o'clock, P.M. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the president or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of each class of membership.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least five (5) days but not more than forty (40) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, another meeting may be called, subject to the notice requirements set forth above, and the required quorum at each subsequent meeting shall be one-half (1/2) of the required quorum for the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

ARTICLE IV.

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of six (6) directors, who need not be Members of the Association; provided however, until the first annual meeting of Members, the Board of Directors may be less than six (6) in number, but not less than three (3).

Section 2. Term of Office. At the first annual Meeting, the Members shall elect two (2) directors for a term of one (1) year, two (2) directors for a term of two (2) years and two (2) directors for a term of three (3) years; and at each annual meeting thereafter, the Members shall elect two (2) directors for a term of three (3) years.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of both classes of the Members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without A Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V.

NOMINATION AND ELECTION OF DIRECTORS

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

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

ARTICLE VI.

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Periodic regular meetings of the Board of Directors may be held without notice, on such dates and at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII.

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

- (a) adopt and publish rules and regulations governing the use of the Common Area and the personal conduct of the Owners and their guests thereon, and to establish penalties for the infraction thereof;
- (b) suspend the voting rights of an Owner during any period in which such Owner shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 30 days for any single infraction of published rules and regulations;
- (c) exercise for the Association all powers, duties and authority vested in or delegated to this Association by virtue of the Declaration or the Articles of Incorporation of the Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;
- (d) declare the office of a director of the Board of Directors to be vacant in the event such director shall be absent from three (3) consecutive regular meetings of the Board of Directors;
- (e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties; provided, however, that any such employment arrangement shall be terminable by the Association without cause and without penalty on not more than 90 days notice; and
- (f) procure and maintain errors and omissions insurance coverage for the Board of Directors, the officers, and such of the agents of the Association as the Board, in its discretion, deems appropriate.

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

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof, in such form as the Board shall deem appropriate, to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote;
- (b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- (c) as more fully provided in the Declaration:
 - (1) fix the amount of the annual assessment, if any, against each Lot at least thirty (30) days in advance of each annual assessment period;
 - (2) send written notice of each assessment, if any, to every Owner subject thereto in advance of each annual assessment period;
 - (3) call special meetings of the Members for the purposes of voting on any increase in annual assessments on which Members must vote or voting on any special assessments;
 - (4) at its option, foreclose the lien against any Lot for which assessments are not paid after due date or to bring an action at law against the Owner personally obligated to pay the same;
 - (5) own, maintain and repair the Common Area (including, but not limited to, parks and landscaping and detention areas thereon), pay real estate taxes thereon, and to adopt rules and regulations in connection with the use thereof;
 - (6) maintain, repair and replace the Cul-de-Sac Landscaping;
 - (7) maintain, repair and replace the Right-of-Way Landscaping and Separated Yardway Landscaping to the extent not maintained by the Village, the County or the State and to the extent deemed by the Board to be beneficial and convenient;
 - (8) water the Common Area, including grass, landscaping and plant materials located thereon;
- (d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (e) procure and maintain liability, casualty, hazard and other insurance in the manner provided in the Declaration; and
- (f) grant and create easements for public utilities for the benefit of the Owners or the Association.

ARTICLE VIII.

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a president and vice-president, who shall at all times be Members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person

shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all written instruments and shall co-sign all checks and promissory notes.

Vice-President

(b) The vice-president shall act in the place and instead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal, serve notice of meetings of the Board and of the Members; keep appropriate current records showing the names of the Members of the Association together with their addresses and shall perform such other duties as required by the Board.

Treasurer

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association; shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of the accounts; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy of each to the Members.

ARTICLE IX.

COMMITTEES

The Association shall appoint a Nominating Committee, as provided by these By-laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE X.

DECLARANT'S RIGHTS

Anything to the contrary contained in these By-Laws notwithstanding, so long as Declarant is a Class B Member, it shall have the absolute and exclusive right to fill any vacancies on the Board of Directors (including any vacancy caused by an increase in the number of directors) and to appoint any officers, assistant officers and agents of the Association.

ARTICLE XI.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Each director and each officer of the Association and any director or officer of any other corporation serving as such at the request of the Association because of the Association's interest as a shareholder or creditor of such other corporation, shall, to the extent not protected by insurance procured by the Association, be indemnified by the Association against all expenses, as hereinafter defined, which shall necessarily or reasonably be incurred by him in connection with any action, suit or proceeding to which he is or shall be a party, or with which he may be threatened, by reason of his being or having been a director or officer of the Association or of such other corporation, whether or not he continues to be a director or officer at the time of incurring such expenses. Expenses, as used herein, shall include, but not be limited to: amounts of judgments against, or amounts paid in settlement by, such director or officer, other than amounts payable or paid to the Association, but shall not include any (a) expenses incurred in connection with any matters as to which such director or officer shall be adjudged in such action, suit or proceeding, without such judgment being reversed, to be liable by reason of his negligence or willful misconduct in the performance of his duties as such director or officer, or (b) expenses incurred in connection with any matters which shall have been the subject of such

action, suit or proceeding disposed of otherwise than by adjudication on the merits, unless in relation to such matters such director or officer shall not have been liable for negligence or willful misconduct in the performance of his duties as a director or officer. In determining whether a director or officer was liable for negligence or willful misconduct in the performance of his duties as such director or officer and is for that reason not entitled to reimbursement pursuant to the foregoing provisions, the Board of Directors may conclusively rely upon an opinion of legal counsel selected by the Board of Directors. The right of indemnification hereinabove provided shall not be deemed exclusive of any other right to which such director or officer may now or hereafter be otherwise entitled and specifically, without limiting the generality of the foregoing, shall not be deemed exclusive of any rights, pursuant to statute or otherwise, of any such director or officer in any such action, suit or proceeding to have assessed or allowed in his favor, against the Association or other corporation or otherwise, his costs and expenses incurred therein or in connection therewith or any part thereof.

ARTICLE XII.

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member or by any mortgagee holding a mortgage on any Lot within the Properties. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XIII.

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association the initial capital contribution and annual and special assessments which are secured by a continuing lien upon the Lot against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within fifteen (15) days after the due date, the Association may at its election, require the Owner to pay a "late charge" in an amount to be determined by the Association and applied uniformly, and if such assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the highest rate permitted by Illinois law, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against his Lot. Interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by abandonment of his Lot.

ARTICLE XIV.

CORPORATE SEAL

The Association shall have a seal in circular form having within the circumference the words: "Corporate Seal, Illinois."

ARTICLE XV.

AMENDMENTS

Section 1. These By-Laws may be amended by a vote of sixty-seven per cent (67%) of the total votes collectively held by all classes of Members present in person or by proxy, entitled to vote at a meeting duly called for such purpose, at which a quorum is present, written notice of which is mailed to all Members not less than five (5) days nor more than forty (40) days in advance of the meeting, setting forth the purpose of the meeting, together with the written approval by the mortgagees holding at least fifty one percent (51%) of the outstanding mortgages on the Lots within the Properties; provided, however, that so long as Declarant is a Member of the Association, Declarant must vote for such amendment for it to pass and so long as there is a Class B Member, the Federal Housing Administration (FHA) or the Veterans Administration (VA) may veto any amendment. Notwithstanding the foregoing, in the event the Board of Directors

desires to amend these By-Laws (i) to correct a technical or typographical error or to clarify any provisions herein which are otherwise vague, or (ii) for the sole purpose of causing the Declaration or these By-Laws to comply with form and substance as may be required by either the Federal Housing Authority (FHA) or the Veterans Administration (VA) to enable the sales of Lots from the Properties to qualify for the insurance by either such agency of end mortgage loans made to Owners of such Lots, or as may be required to conform to the published manuals or guidelines of any governmental, quasi-governmental or private agency engaged in the business of the purchase of mortgage loans, including, but not limited to Federal Home Loan Mortgage Corporation (FHLMC) and Federal National Mortgage Association (FNMA) for the purchase of end mortgage loans made on Lots, or (iii) for the sole purpose of causing the Declaration or these By-Laws to comply with all applicable laws, it may do so by the vote of a majority of the directors at a meeting duly called at which a quorum is present, without the consent of Members, mortgagees, the FHA or the VA, but shall serve notice of any such amendment upon all Members, the VA, the FHA and all mortgagees of Lots who have requested the same in writing.

ARTICLE XVI.

CONTROLLING PROVISION

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

ARTICLE XVII.

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being all of the directors of Chesapeake Farms Homeowners' Association, have hereunto set our hands this 26th day of September, 1991.

David O. Blanchard

W. Michael Rhoads

Edward W. Owen

Ann DeFreece

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of Chesapeake Farms Homeowners' Association, an Illinois not-for-profit corporation, and,

THAT the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 26th day of September, 1991.


Secretary

EXHIBIT "A"

The Properties

LOTS 1 TO 63, BOTH INCLUSIVE, IN CHESAPEAKE FARMS UNIT 1, BEING A SUBDIVISION OF PART OF THE SOUTHWEST QUARTER OF SECTION 23, TOWNSHIP 45 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN LAKE COUNTY, ILLINOIS.