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**DECLARATION OF CONDOMINIUM OWNERSHIP FOR
CAPITOL HILL LOFTS CONDOMINIUM AND PROVISIONS
RELATING TO COMMERCIAL PROPERTY**

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**DECLARATION OF CONDOMINIUM OWNERSHIP FOR
CAPITOL HILL LOFTS CONDOMINIUM AND PROVISIONS
RELATING TO COMMERCIAL PROPERTY**

This Declaration is made by and entered into by Capitol Hill Lofts, Inc., an Illinois corporation ("Declarant").

RECITALS:

The Declarant holds title to the Premises, which is located in the City of Chicago, Cook County, Illinois. Initially, the Condominium Property shall consist of that portion of the real estate which is legally described in Exhibit B, with all improvements thereon and appurtenances thereto. From time to time the Declarant shall add additional portions of the Premises to the Parcel as "Added Property" by Recording Supplements to this Declaration, as more fully provided in Article Eight.

The Condominium Association shall be responsible for the administration of the condominium and the maintenance, repair and replacement of the Common Elements. Each Owner of a Unit shall be assessed to pay his proportionate share of the Common Expenses required to operate the condominium, all as more fully provided for in this Declaration.

The Declarant shall retain certain rights set forth in this Declaration with respect to the Condominium Property and the Condominium Association including, without limitation, the right, prior to the Turnover Date, to appoint all members of the Board, the right to come upon the Property in connection with efforts to promote the sale or rental of Units and other rights reserved in Article Eleven.

NOW, THEREFORE, Declarant as record title holder of the Parcel and the Property, hereby declares as follows:

PART I - GENERAL MATTERS

ARTICLE ONE
Definitions

For the purpose of brevity and clarity, certain words and terms used in this Declaration are defined as follows:

1.1 ACT: The Condominium Property Act of the State of Illinois, as amended from time to time.

1.2 BOARD: The board of directors of the Condominium Association, as constituted at any time or from time to time.

1.3 BUILDING: The structure on the Premises which contains Units and Commercial Property.

1.4 BY-LAWS: The By-Laws of the Condominium Association which are attached hereto as Exhibit E.

1.5 CITY: The City of Chicago, Illinois.

1.6 COMMERCIAL PROPERTY: The real estate which is legally described and designated in Exhibit A as the Commercial Property. The Commercial Property shall consist of portions of the first floor of the Building, shall not be part of the Condominium Property and shall not be subject to the Act.

1.7 COMMERCIAL PROPERTY OWNER: The Record title holder or holders of fee simple title to a portion of the Commercial Property.

1.8 COMMERCIAL PROPERTY RESERVED PARKING SPACES: See Section 2.04.

1.9 COMMON ELEMENTS: All of the Condominium Property, except the Units.

1.10 COMMON EXPENSES: The expenses of administration (including management and professional services) of the Property; except as otherwise specifically provided herein, the cost of maintenance, repair, and replacement of the Common Elements; except as specifically provided herein, the cost of additions, alterations, or improvements to the Common Elements; the cost of insurance required or permitted to be obtained by Board under Article Five; utility expenses for the Common Elements; any expenses designated as Common Expenses by the Act, this Declaration, or the By-Laws; if not separately metered or charged to the Owners, the cost of waste removal, scavenger services, water, sewer, or other necessary utility services to the Building; and any other expenses lawfully incurred by or on behalf of the Condominium Association for the common benefit of all of the Owners.

1.11 CONDOMINIUM ASSOCIATION FURNISHED SERVICES: Services which are designated herein or by agreement of the Commercial Property Owner and the Condominium Association from time to time as being "Condominium Association Furnished Services". In general, Condominium Association Furnished Services shall include services which benefit the entire Premises but which are best furnished by the Condominium Association.

1.12 CONDOMINIUM ASSOCIATION MAINTAINED IMPROVEMENTS: Unless otherwise agreed, in writing, by the Condominium Association and the Commercial Property Owner, the following improvements to the Premises: the exterior walls of the Building (other than balconies, windows and awnings), the Loading Dock and any utility lines which serve the Condominium Property and the Commercial Property.

1.13 CONDOMINIUM ASSOCIATION OR ASSOCIATION: The Capitol Hill Lofts Condominium Association, an Illinois not-for-profit corporation, its successors and assigns.

1.14 COUNTY: Cook County, Illinois.

1.15 DECLARANT: Capitol Hill Lofts, Inc., an Illinois corporation, its successors and assigns.

1.16 DECLARATION: This instrument with all Exhibits hereto, as amended or supplemented from time to time.

1.17 ENTRY ACCESS AREA: The portion of the Common Elements, if any, which is designated on the Plat as the "Entry Access Area".

1.18 EXCLUSIVE LIMITED COMMON ELEMENTS: With respect to each Unit, the following Limited Common Elements shall be Exclusive Limited Common Elements:

(a) Perimeter doors and windows which serve the Unit;

(b) The interior surface of the perimeter walls, ceilings and floors which define the boundary planes of the Unit;

(c) Any system or component part thereof which serves the Unit exclusively to the extent that such system or component part is located outside the boundaries of the Unit;

(d) The Storage Area, if any, assigned to the Unit; and

(e) Any deck, patio or balcony which serves or is designated on the Plat as serving the Unit exclusively.

1.19 FIRST MORTGAGE: A bona fide first mortgage, first trust deed or equivalent security interest covering a Unit Ownership.

1.20 FIRST MORTGAGEE: The holder of a First Mortgage.

1.21 LIMITED COMMON ELEMENTS: A portion or portions of the Common Elements which are designated by this Declaration or the Plat as being a Limited Common Element appurtenant to and for the exclusive use of Owners of one or more, but less than all, of the Units. Any balcony, porch or patio adjoining or serving a Unit shall be a Limited Common Element appurtenant to such Unit. Subject to the provisions of Section 3.25 hereof, each Parking Space shall be a Limited Common Element.

1.22 LOADING DOCK: The portion of the Common Elements, if any, which is designated on the Plat as the "Loading Dock".

1.23 NON-CONDOMINIUM PROPERTY: Those portions of the Premises which, from time to time, are not part of the Condominium Property or the Commercial Property hereunder.

1.24 NON-CONDOMINIUM PROPERTY OWNER: The Record title holder or holders of fee simple title to a portion of the Non-Condominium Property.

1.25 OWNER: A Record owner, whether one or more Persons, of fee simple title to any Unit, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

1.26 PARCEL: The real estate which is legally described in Exhibit B hereto from time to time, together with all rights appurtenant thereto, as Exhibit B may be supplemented from time to time.

1.27 PARKING FACILITY EXPENSES: The expenses of the maintenance, operation, repair and replacement of the Parking Facilities; the cost of electricity and other necessary utility expenses for the Parking Facilities; the cost of and the expenses incurred for the maintenance, repair and replacement of personal property used by the Condominium Association only in connection with the maintenance and operation of the Parking Facilities; any expense designated as a Parking Facility Expense by this Declaration; and any expenses incurred by the Condominium Association which, pursuant to generally accepted accounting principals, can be reasonably allocated to the operation of the Parking Facilities and which the Board specifically determines shall be so allocated. In the event that certain expenses are incurred by the Condominium Association in connection with the operation of the Parking Facilities and/or other Common Elements, the allocations of the expenses between the Common Expenses and the Parking Facility Expenses shall be made by the Board based on generally accepted accounting principals and any allocations so made shall be final and binding. Notwithstanding the foregoing, Parking Facility Expenses shall not include any portion of any management fees, which costs shall be Common Expenses.

1.28 PARKING FACILITY: A portion of the Common Elements which is delineated and designated on the Plat as being a Parking Facility and which include Parking Spaces. It is anticipated that a portion of the basement of the Building shall be a Parking Facility and that a parking structure located adjacent to the Building shall be a Parking Facility.

1.29 PARKING SPACE: A portion of a Parking Facility which is delineated on the Plat and designated as a Parking Space and which consists of a parking space for one (1) motor vehicle or a parking space located on property located south of the Premises with respect to which an easement is granted in favor of the Condominium Association pursuant to Section 9.05 hereof ("Easement Parking Space"). A Parking Space (other than an Easement Parking Space) shall be a Limited Common Element appurtenant to the Unit to which it is assigned hereunder from time to time. Each Parking Space on the Condominium Property shall be identified on the Plat with a distinguishing number or other symbol.

1.30 PERSON: A natural individual, corporation, partnership, trustee or other legal entity capable of holding title to real property.

1.31 PLAT: The plat or plats of survey attached hereto as Exhibit C, as such exhibit may be amended or supplemented from time to time, which set forth the measurements, elevations, and locations of the Condominium Property, the location of the planes which constitute the

perimeter boundaries of each Unit, a distinguishing number or other symbol to identify each Unit and such other data as may be required by the Act or this Declaration.

1.32 PREMISES: The real estate described in Exhibit A hereto with all improvements thereon and rights appurtenant thereto.

1.33 PROPERTY OR CONDOMINIUM PROPERTY: All the land, property, space comprising the Parcel, all improvements and structures erected, constructed or contained therein, thereon or thereunder, and all easements, rights and appurtenances belonging thereto, and all fixtures and equipment intended for the mutual use, benefit or enjoyment of the Owners, hereby or hereafter submitted and subjected to the provisions of this Declaration and the Act as part of the Condominium Property.

1.34 RECORD: To record with the Recorder of Deeds of the County.

1.35 RESIDENT: An individual who resides in a Unit and who is either an Owner, a tenant of the Owner, a contract purchaser of the Unit, or a relative of any such Owner, tenant or contract purchaser.

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

(a) Sixty (60) days after Declarant has conveyed 68 Units to purchasers for value (being 75% of the number of Units which the Declarant believes may be made subject to this Declaration);

(b) The expiration of three (3) years from the date of the Recording of this Declaration;

(c) The date designated in written notice from the Declarant to all of the Owners as being the Turnover Date;

(d) The date which control of the Condominium Association must be turned over to the Owners as required under the Act.

1.37 UNDIVIDED INTEREST: The percentage of ownership interest in the Common Elements appurtenant to a Unit as herein and hereafter allocated on Exhibit D hereto, as Exhibit D may be amended from time to time.

1.38 UNIT: A part of the Condominium Property, including one or more rooms, designed or intended for independent residential use and having lawful access to a public way. Each Unit shall consist of the space enclosed and bounded by the planes constituting the boundaries of such Unit as shown on the Plat and the fixtures and improvements located wholly within such boundaries which serve such Unit exclusively. A Unit shall not include the following, wherever located;

(a) any structural components of the Condominium Property, or

(b) any component of a system which serves more than one Unit where such component is an integral part of such system and is not intended to serve the Unit exclusively.

Each Unit is identified on the Plat by a distinguishing number or other symbol. The legal description of each Unit shall refer to such identifying number or symbol and every such description shall be deemed good and sufficient for all purposes, as provided in the Act.

1.39 UNIT OWNERSHIP: Apart of the Condominium Property consisting of one Unit and its Undivided Interest.

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

ARTICLE TWO

Scope of Declaration and Certain Property Rights

2.1 REAL ESTATE SUBJECT TO DECLARATION: Declarant, as the owner of fee simple title to the Premises, expressly intends to and, by Recording this Declaration, does hereby (i) subject the entire Premises to the provisions of this Declaration and (ii) subject and submit the Parcel and Condominium Property to the provisions of the Act. Upon the Recording hereof, it is the intent of the Declarant that the Non-Condominium Property (being all of the Premises other than the Condominium Property and the Commercial Property) shall not be part of the - Condominium Property. However, it is the current intention of the Declarant that within five (5) years after the Recording hereof all of the Premises (other than the Commercial Property) shall be made part of the Condominium Property by Supplemental Declarations Recorded as provided for in Article Eight hereof. Prior to such time as a portion of the Premises is legally described in Exhibit B hereto as part of the Condominium Property, such portion shall not be, or be deemed to be, part of the Condominium Property.

2.2 CONVEYANCES SUBJECT TO DECLARATION: All easements, restrictions, conditions, covenants, reservations, liens, charges, rights, benefits, and privileges which are granted, created, reserved or declared by this Declaration shall be deemed to be covenants appurtenant, running with the land and shall at all times inure to the benefit of and be binding on any Person having at any time any interest or estate in the Premises or the Commercial Property, and their respective heirs, successors, personal representatives or assigns. Reference in any deed of conveyance, lease, mortgage, trust deed, other evidence of obligation, or other instrument to the provisions of this Declaration shall be sufficient to create and reserve all of the easements, restrictions, conditions, covenants, reservations, liens, charges, rights, benefits and privileges which are granted, created, reserved, or declared by this Declaration, as fully and completely as though they were set forth in their entirety in any such document.

2.3 ENCROACHMENTS: In the event that, by reason of the construction, repair, reconstruction, settlement or shifting of improvements on or to the Premises, (i) any part of the Common Elements encroaches or shall hereafter encroach upon any part of any Unit, the Commercial Property or the Non-Condominium Property, (ii) any part of any Unit encroaches or shall hereafter encroach upon any part of any other Unit, the Commercial Property, the Common

Elements or the Non-Condominium Property, (iii) any part of the Commercial Property shall encroach upon a Unit, the Common Elements or the Non-Condominium Property, or (iv) any part of the Non-Condominium Property shall encroach upon a Unit, the Common Elements or the Commercial Property, then, in any such case, there shall be deemed to be an easement in favor of the Owners for the maintenance and use of any of the Common Elements which may encroach upon a Unit, there shall be deemed to be an easement in favor of any Owner for the exclusive use of any part of his Unit which shall encroach upon the Common Elements, the Commercial Property, any other Unit or the Non-Condominium Property, there shall be an easement in favor of the Commercial Property Owner for the exclusive use of any part of the Commercial Property which shall encroach upon a Unit, the Common Elements or the Non-Condominium Property and there shall be an easement in favor of the owner of the Non-Condominium Property for the exclusive use of any part of the Non-Condominium Property which shall encroach upon a Unit, the Common Elements or the Commercial Property; provided, however, that in no event shall an easement for any encroachment be created in favor of any owner if such encroachment occurred due to the intentional, willful or negligent conduct of such owner or his agent.

2.04 EASEMENTS:

(a) Each Unit Owner and the Condominium Association, and their respective guests and invitees, shall have a non-exclusive easement for access over and across (i) driveways, walkways, corridors, elevators and stairways from time to time located in the Common Elements and the Non-Condominium Property, including, without limitation, those which provide access to public ways and (ii) the Entry Access Area.

(b) The Commercial Property Owner shall have a non-exclusive perpetual easement to use the Common Elements (including, without limitation, the Loading Dock) for loading and unloading goods, equipment and material and transporting such goods, equipment and material over the Loading Dock, the Entry Access Area, if any, and corridors located in the Common Elements to and from the Commercial Property.

(c) The Commercial Property Owner shall have a perpetual, non-exclusive easement over and across the Common Elements for access to and from the Commercial Property and any parking space used or leased by an occupant of the Commercial Property, including, without limitation, the Commercial Property Reserved Parking Spaces and Parking Spaces which are leased to a Commercial Property Owner or a tenant of the Commercial Property pursuant to Section 3.24 hereof.

(d) Ameritech, ComEd, Northern Illinois Gas Company and all other public and private utilities serving the Premises are hereby granted the right to lay, construct, renew, operate, and maintain conduits, cables, pipes, wires, transformers, switching apparatus and other equipment, into and through those portions of the Premises, other than Units or Commercial Property, for the purpose of providing utility services to the Premises.

(e) Any governmental authority which has jurisdiction over the Premises or which under takes to provide services (including, without limitation, emergency services) to the Premises are

hereby declared, granted and reserved access easements for ingress and egress to, over and across the Premises for the purpose of providing any such services.

(f) The Condominium Association and each Unit Owner shall have a perpetual easement for the continued existence, use, maintenance, repair and replacement of utilities located in the Premises including, without limitation, risers, pipes, conduit, wires and communication lines, which serve the Condominium Property.

(g) The Commercial Property Owner shall have a perpetual easement for the installation, continued existence, use, maintenance, and repair of utility lines located or to be installed in the Premises, including, without limitation, risers, pipes, conduit, wires and communication lines, which serve the Commercial Property. Without limiting the foregoing, the Commercial Property Owner shall have a perpetual easement for (i) the installation, maintenance, repair and replacement of wires and cables in the Building, and/or (ii) the installation, maintenance, repair and replacement of satellite dishes, antennae, towers, chillers, exhaust fans and other portions of operating systems which serve the Commercial Property on the roof of the Building, to be used for telecommunications operations conducted or to be conducted by the Commercial Property Owner or lessees of the Commercial Property or for the operation of the Commercial Property.

(h) The Non-Condominium Property Owner shall have a perpetual, non-exclusive easement for the continued existence, use, maintenance, and repair of utilities located in the Premises, including without limitation, risers, pipes, conduit, wires and communication lines, which serve the Non-Condominium Property.

(i) The Condominium Association, or its agents or contractors, upon reasonable notice to the Commercial Property Owner or Non-Condominium Property Owner, as applicable, shall have the right of access upon portions of the Commercial Property and Non-Condominium Property for the limited purpose of furnishing services, maintenance, repairs and replacements to portions of the Premises which the Condominium Association is required to furnish hereunder, including, without limitation, the Condominium Association Maintained Improvements and the Condominium Association Furnished Services. Any such access shall be as non-intrusive as practicable and any damage to the Commercial Property and Non-Condominium Property caused thereby or in the course of maintenance, repairs or replacements done in connection therewith shall be repaired by the Condominium Association as a Common Expense.

(j) The Commercial Property Owner, shall have the perpetual, exclusive right and easement to park automobiles in those portions, if any, of the Common Elements which are designated on the Plat as "Commercial Property Reserved Parking Spaces".

(k) The Commercial Property Owner and its tenants, guests and invitees shall have the non-exclusive right and easement to use the Loading Dock to make deliveries to and pick ups from the Commercial Property and to have access between the Loading Dock and the Commercial Property.

(l) The easements provided for in this Section shall extend to each Unit Owner, the Condominium Association, the Commercial Property Owner, and the Non-Condominium Property Owner, as applicable, and their respective agents, tenants, employees, guests and invitees.

2.5 CONDOMINIUM ASSOCIATION EASEMENT: The Condominium Association or its agents or contractors, upon reasonable notice to the Commercial Property Owner, shall have the right of access upon the Commercial Property for the purpose of furnishing maintenance, repairs and replacements to portions of the Building which the Condominium Association is required to furnish hereunder. Any such access shall be as non-intrusive as practicable and any damage to the Commercial Property caused thereby or in the course of maintenance, repairs or replacements done in connection therewith shall be repaired by the Condominium Association as a Common Expense.

2.6 SUPPORT EASEMENT: A non-exclusive easement in and to all structural members, footings, caissons, foundations, columns and beams which are part of the Building is hereby declared in favor of the Commercial Property Owner and the Condominium Association, for itself and as trustee for the Owners, for the support of all improvements and structures which are part of the Building.

2.7 REAL ESTATE TAXES: In the event that a real estate tax bill is issued for a particular year (the "Tax Year") with respect to portions of the Premises which, as of December 31 of the Tax Year, consisted of (i) Commercial Property, Non-Condominium Property and Condominium Property; (ii) more than one Unit, and/or (iii) Common Elements and no Units, then the following provisions shall apply:

(a) If the bill for the Tax Year covers Commercial Property and/or Non-Condominium Property and the Condominium Property, the bill shall be apportioned among the Condominium Property and each portion of the Commercial Property and Non-Condominium Property by the Declarant in its reasonable judgment upon review of the relevant records of the County Assessor, to the extent available;

(b) Each Non-Condominium Property Owner and each Commercial Property Owner shall be responsible for the payment of that portion, if any, of the bill for the Tax Year which is apportioned to Non-Condominium Property or Commercial Property owned by such Owner;

(c) The portion of the tax bill for the Tax Year which is apportioned to Condominium Property shall be paid by the Owners of Units in the Condominium Property as provided in this subparagraph. The Owner of each Unit in the Condominium Property (other than the Declarant) shall pay, as such Owner's share of the tax bill for the Tax Year, an amount equal to 2.25% of the purchase price paid for the Unit when first purchased from Declarant, multiplied by a fraction, the numerator of which shall be the number of days during the Tax Year that such Unit was owned by an Owner other than the Declarant and the denominator of which shall be 365 ("Sold Unit's Share of Taxes"). Declarant may reduce a Sold Unit's Share of Taxes by a fraction determined by Declarant in its sole and absolute discretion, which fraction shall be applied to reduce the Sold Unit's Share of Taxes for all Units. Each Sold Unit's Share of Taxes, as reduced,

shall be paid to or as directed by the Declarant in such amounts and at such times as directed by the Declarant. If the total of all Sold Unit's Share of Taxes, as reduced, for the Tax Year is less than the portion of the tax bill for the Tax Year which is apportioned to the Condominium Property, the Declarant shall pay the difference. If the total amount actually paid by Owners other than Declarant pursuant to this subparagraph exceeds the amount of the portion of the tax bill for the Tax Year apportioned to the Condominium Property, then the excess (the "Excess") shall be retained and/or disbursed, as determined by the Board in its reasonable discretion, using one of the following options or a combination of the following options:

(i) Return some or all of the Excess to the Owners who made the required payment with each such Owner receiving an amount equal to the amount of the portion of the Excess being returned multiplied by a fraction, the numerator of which shall be the amount paid by the Owner and the denominator of which shall be the total amount paid by all Owners (other than Declarant); and/or

(ii) Retain some or all of the Excess and add it to the Capital Reserves.

(d) The Condominium Association shall use its best efforts to collect amounts due hereunder prior to the due date of the installments of the tax bill for the Tax Year; provided, that, if insufficient funds are received from the Owners and the Declarant to pay the portion of the bill allocated to the Condominium Property, the Condominium Association shall advance the difference. Any amounts due from an Owner to the Condominium Association under this Section shall be a charge hereunder and, if not paid when due, the Condominium Association shall have all remedies provided for in Section 6.01 and Article Seven hereof.

(e) The Condominium Association shall have the right and power to engage the services of a real estate tax consultant, an attorney and/or an accountant to assist the Condominium Association in determining the amounts due from each Owner and the Declarant with respect to a tax bill hereunder, to challenge the real estate tax assessments or bills, or to collect amounts due hereunder from an Owner. The fees for such services shall be Common Expenses hereunder.

2.08 PARTY WALLS: At any time or from time to time the Condominium Property, the Commercial Property or the Non-Condominium Property may share a common wall, floor divider or other barrier with improvements. Any such common wall, floor divider or other barrier shall constitute and be a "Party Wall" and the Condominium Association, the Owner of the Non-Condominium Property or the Commercial Property Owner, as applicable, (each "Adjacent Entities") shall have the obligation and be subject to the provisions of this Section and, to the extent not inconsistent herewith, the general rules of law regarding party walls. Each Adjacent Entity shall have the right to use the Party Wall for support of the structure constructed thereon and all replacements thereof and shall have the right to keep, maintain, repair and replace therein all pipes, conduit and ducts originally located therein and all replacements thereof. If any Party Wall is damaged or destroyed by reason of any act or omission committed or caused, or resulting from a condition existing, caused or permitted to exist, by an Adjacent Entity whether such act, omission or condition is the result of willfulness, neglect or accident, such Adjacent

Entity shall diligently proceed to rebuild or repair the Party Wall to as good a condition as in which such Party Wall existed prior to such damage or destruction, without costs therefore to the other Adjacent Entity, as promptly as is reasonably possible. Any Party Wall damaged or destroyed by some act, event or condition, other than as above described, shall be rebuilt or repaired by both Adjacent Entities to as good a condition as in which such Party Wall existed prior to such damage or destruction at the joint and equal expense of such Adjacent Entities, and as promptly as is reasonably possible. If an Adjacent Entity proposes to modify or otherwise make additions to the structure of a Party Wall in any manner which requires the extension, alteration or modification of the Party Wall, it shall first obtain the written consent of the other Adjacent Entity; provided that the Declarant shall have the right and power to modify any Party Wall as it deems appropriate, without the approval of any Adjacent Entity.

PART II - THE CONDOMINIUM PROPERTY

ARTICLE THREE

Use, Occupancy and Maintenance of the Condominium Property

3.01 MAINTENANCE, REPAIR AND REPLACEMENT BY CONDOMINIUM ASSOCIATION:

(a) Except as otherwise specifically provided in this Declaration, decorating, maintenance, repair and replacement of the Common Elements and the exterior of the Building, including the portions thereof which are part of the Commercial Property, but excluding windows in the Commercial Property, shall be furnished by the Association as part of the Common Expenses. However, the Commercial Property Owner shall be required to share a portion of such expenses, as more fully provided in Article Eleven.

(b) Except as hereinafter provided, with respect to a particular category or class of Limited Common Elements (other than the Exclusive Limited Common Elements appurtenant to a Unit), instead of furnishing the maintenance, repair or replacement of such category or class of Limited Common Elements as a Common Expense, the Board may, in its discretion, (i) require each Owner to furnish such services to the Limited Common Elements which are appurtenant to his Unit at his own expense, or (ii) furnish such services to the Limited Common Elements but assess the cost thereof directly to the Owners of Units benefited thereby on the basis of Undivided Interests, in equal shares or such other reasonable basis as the Board shall deem appropriate.

(c) The maintenance, repair and replacement of balconies and patios in the Common Elements shall be furnished by the Condominium Association and the cost thereof shall not be a Common Expense but shall be shared by the Owners of Units which have balconies and patios as Limited Common Elements, in equal shares for each such Unit.

(d) The maintenance, repair and replacement of the Parking Facilities shall be furnished by the Condominium Association as a Parking Facility Expense.

3.02 MAINTENANCE, REPAIR AND REPLACEMENT OF UNITS AND EXCLUSIVE LIMITED COMMON ELEMENTS:

(a) Each Owner shall furnish and be responsible, at his expense, for all of the maintenance, repairs and replacements within his Unit and the Exclusive Limited Common Elements and shall keep them in good condition and repair. The Board may, in its discretion, cause maintenance services, to be performed within a Unit or to the Exclusive Limited Common Elements appurtenant thereto upon the request of an Owner and may charge a reasonable fee for such services. Without limiting the foregoing, to the extent that insurance carried by the Condominium Association covers damage to a Unit or the Exclusive Limited Common Elements appurtenant thereto (including, without limitation, broken windows, perimeter doors or garage doors), the Condominium Association shall make any insurance proceeds received by the Condominium Association as a result of any such damage available to the Owner to pay for or reimburse the Owner for payment of the cost of repairing the damage.

(b) Whenever the Board shall determine, in its discretion, that any maintenance, repair, or replacement of any Unit or the Exclusive Limited Common Elements is necessary to protect the Common Elements or any other portion of the Condominium Property (i) if such work is made necessary through the fault of the Owner, then the Board may direct the Owner thereof to perform such maintenance, repair, or replacement and pay the cost thereof to the extent not covered by insurance, if any, carried by the Condominium Association, including, without limitation, the deductible amount under any applicable insurance policy, or (ii) if such work is made necessary through no fault of the Owner, then the Board may cause the work to be done and may, in its discretion, assess the cost thereof directly to the Owners of the Units, or Exclusive Limited Common Elements appurtenant thereto, with respect to which the work is done on the basis of Undivided Interests, equal shares or such other reasonable basis as the Board shall deem appropriate. If an Owner fails or refuses to perform any such maintenance, repair, or replacement within a reasonable time after being so directed by the Board pursuant to the preceding sentence, then the Board may cause such maintenance, repair, or replacement to be performed at the expense of such Owner. The determination of whether or not the work is made necessary through the fault of the Owner shall be made by the Board and such determination shall be final and binding.

3.03 ADDITIONS, ALTERATIONS OR IMPROVEMENTS:

(a) The Board may authorize and charge as a Common Expense (or in the case of Limited Common Elements may charge the Owners benefited thereby) any additions, alterations, or improvements to the Common Elements. Subject to the provisions of Section 6.06, the cost of any such work to the Common Elements may be paid out of a special assessment.

(b) Without the prior written consent of the Board, an Owner shall not (x) make any additions, alterations or improvements (including, without limitation, installation of storm windows, storm doors, plantings, landscaping, or painting, staining, or changes to the color of exterior surfaces of the Building or any patio or deck) to any part of the Common Elements which is visible from outside of the Unit or (y) make any additions, alterations or improvements to his Unit or to the Exclusive Limited Common Elements appurtenant thereto where such work alters the structure of the Unit or increases the cost of insurance required to be carried by the

Association hereunder. The Board may (but shall not be required to) condition its consent to the making of an addition, alteration or improvement by an Owner (i) upon the Owner's agreement that any addition, alteration or improvement will be substantially similar in quality of construction and design to any similar addition, alteration or improvement then on the Condominium Property and (ii) upon Owner's agreement either (A) to be solely responsible for the maintenance of such addition, alteration or improvement, subject to such standards as the Board may from time to time set, or (B) to pay to the Condominium Association from time to time the additional cost of maintenance and/or insurance as a result of the addition, alteration or improvement. If an addition, alteration or improvement is made by an Owner without the prior written consent of the Board, then the Board may, in its discretion, take any of the following actions:

(1) Require the Owner to remove the addition, alteration or improvement and restore the Condominium Property to its original condition, all at the Owner's expense; or

(2) If the Owner refuses or fails to properly perform the work required under (1), then, subject to the provisions of Section 7.01, the Board may cause such work to be done and may charge the Owner for the cost thereof as determined by the Board; or

(3) Ratify the action taken by the Owner, and the Board may (but shall not be required to) condition such ratification upon the same conditions which it may impose upon the giving of its prior consent under this Section.

3.4 DAMAGE CAUSED BY OWNER: If, due to the act of or the neglect of an Owner or occupant of a Unit or a guest, invitee or pet of an Owner or occupant, damage shall be caused to a part of the Condominium Property and maintenance, repairs or replacements shall be required which would otherwise be a Common Expense, then the Owner shall pay for such damage and such maintenance, repairs, and replacements, as may be determined by the Board, to the extent not covered by insurance, if any, carried by the Condominium Association, including, without limitation, the deductible amount under any applicable insurance policy.

3.5 USE RESTRICTIONS:

(a) Each Unit shall be used only as a residence. However, no Resident shall be precluded with respect to his Unit, from (i) maintaining a personal professional library, (ii) keeping his personal business records or accounts therein, or (iii) handling his personal business or professional calls or correspondence therefrom, and to the extent not prohibited under applicable City ordinances, a Resident may conduct an in-home business in a Unit; and

(b) Each Parking Space and Commercial Property Reserves Parking Space shall be used only to park an operable automobile.

3.06 MECHANIC'S LIENS: The Board may cause to be discharged any mechanic's lien or other encumbrance which, in the opinion of the Board, may constitute a lien against the Condominium Property or Common Elements, rather than against a particular Unit Ownership. When less than all the Owners are responsible for the existence of any such lien, the Owners responsible shall be jointly and severally liable for the amount necessary to discharge the same

and for all costs and expenses (including attorney's fees and expenses) incurred by reason of such lien.

3.7 USE AFFECTING INSURANCE: If in the judgment of the Board the use or contents of a Unit causes an increase in any insurance premium required to be obtained by the Condominium Association, the Board may require the Owner to pay the amount of the increase. No Owner shall permit anything to be done or kept in his Unit or in the Common Elements which will result in the cancellation of insurance on the Condominium Property, or contents thereof, or which would be in violation of any applicable law, ordinance or regulation.

3.8 SIGNS: Except as provided in Article Eleven, "For Sale", "For Rent" or any other sign of any kind or other form of solicitation or advertising or window display shall be maintained or permitted on the Condominium Property subject to reasonable rules adopted by the Board from time to time.

3.9 ANIMALS: No animals shall be kept or raised in the Common Elements. No more than two (2) pets may be kept in any Unit. No pet may be kept or raised for commercial purposes. The Board may from time to time adopt rules and regulations governing the keeping of pets in the Units. Such rules and regulations may prohibit certain species of pets or pets of more than a specified weight from being kept in the Units. Any pet causing or creating a nuisance or unreasonable disturbance shall be permanently removed from a Unit upon three (3) days' written notice from the Board to the Owner of the Unit containing such pet, and the decision of the Board shall be final. For purposes hereof, a "pet" is a domesticated animal kept for pleasure rather than utility.

3.10 ANTENNAE: Except as permitted under Section 2.04, no mast, satellite dish, antennae or other structure for transmitting or receiving messages or programs by radio or television shall be erected, permitted or maintained in or upon any part of the exterior of the Condominium Property without the prior written approval of the Board.

3.11 OTHER STRUCTURES: No structure of a temporary character, including, without limitation, a trailer, recreational vehicle, mobile home, tent, solarium, greenhouse, shack or other out-building shall be used, stored or maintained anywhere in or on the Common Elements either temporarily or permanently, except as expressly approved, in writing, by the Board or permitted under Article Nine.

3.12 STRUCTURAL IMPAIRMENT: Nothing shall be done in, on or to any part of the Condominium Property which would impair the structural integrity of any Building or structure located on the Condominium Property.

3.13 PROSCRIBED ACTIVITIES: No noxious or offensive activity shall be carried on in the Condominium Property and nothing shall be done in the Condominium Property, either willfully or negligently, which may be or become an annoyance or nuisance to the Owners or occupants of the Units.

3.14 NO UNSIGHTLY USES: No clothes, sheets, blankets, laundry of any kind, or other similar articles shall be hung out on any part of the Common Elements except as permitted

by rules and regulations of the Board. The Condominium Property shall be kept free and clear of all rubbish, debris and other unsightly materials and no waste shall be committed thereon. All rubbish shall be deposited in such areas and such receptacles as shall be designated by the Board.

3.15 RULES AND REGULATIONS:

(a) The use and enjoyment' of the Condominium Property-shall be subject to. reasonable rules and regulations duly adopted by the Board from time to time; provided that prior to adoption of any such rules, there shall first be held a meeting of the Board or Owners (if required by the Act) to discuss the proposed rules and all Owners are furnished with a copy of the proposed rule and notice of the meeting as required by the Act.

(b) Without limiting the foregoing, the Board may levy a reasonable charge upon the Owners for a violation of a rule or regulation, in accordance with the procedures set forth in Section 7.05.

3.16 CERTAIN UTILITY COSTS:

Certain utility costs incurred in connection with the use, operation and maintenance of the Common Elements may not be separately metered and billed to the Association. If the charges for any such utilities are metered to individual Units rather than being separately metered for the Common Elements, then the following shall apply:

(a) If in the opinion of the Board, each Owner is sharing in a fair and equitable manner the cost for such service, then no adjustment shall be made and each Owner shall pay his own bill; or

(b) If in the opinion of the Board, the Owner of a Unit is being billed disproportionately for costs allocable to the Common Elements, then the Association shall pay, or reimburse such Owner, an amount equal to the portion of the costs which, in the reasonable determination of the Board, is properly allocable to the Common Elements and the amount thereof shall be Common Expenses hereunder.

3.17 COMBINATION OF UNITS: Subject to the provisions of Article Eleven, with the prior approval of the Board, which approval shall not be unreasonably withheld, the Unit Owner of two adjacent Units, including, Units located next to each other or a Unit which is located in the airspace above another Unit ("Adjacent Units") shall be permitted to remove a portion of the wall, ceiling, floor or other partition in the Common Elements between the Adjacent Units (at the Unit Owner's sole cost and expense) in order to permit access between the Adjacent Units so that the Adjacent Units may be combined and used together as one home. In such case, the Unit Owner of the Adjacent Units shall have the exclusive right to use and enjoy the portion of the Common Elements between the Adjacent Units which has been removed and shall be solely responsible for the maintenance of such area. If the Unit Owner of the Adjacent Unit desires to separate the Adjacent Units for use and occupancy as separate homes, the Unit Owner shall so notify the Board and shall restore the wall, ceiling, floor, or other partition between the Units to the condition which the wall, ceiling, floor or other partition was in before it was removed or otherwise altered by the Unit Owner of the Adjacent Units. From and after the restoration of

such wall, ceiling, floor, or other partition, the portion of the Common Elements which had previously been used by the Unit Owner of the Adjacent Units shall be maintained by the Condominium Association. In the event of the removal of a portion of the wall, ceiling, floor or other partition in the Common Elements between Adjacent Units as provided for in this Section, the Adjacent Units shall each continue to be individual Units for purposes of this Declaration and the Undivided Interest assigned to each of the Adjacent Units shall not be changed.

3.18 OWNERSHIP OF COMMON ELEMENTS: Each Owner shall own an undivided interest in the Common Elements as a tenant in common with all the other Owners. Each Unit's corresponding percentage of ownership in the Common Elements (Undivided Interest) has been determined by Declarant as required under the Act to be as set forth in Exhibit D attached hereto. Exhibit D may not be changed without unanimous written approval of all Owners and all First Mortgagees, except as hereinafter provided in Section 5.06 or 5.07, Article Eight or as permitted under the Act. The Common Elements shall remain undivided and no Owner shall bring any action for partition.

3.19 OWNERS' RIGHTS TO USE THE COMMON ELEMENTS:

(a) Each Owner shall have the right to use the Common Elements (except the Limited Common Elements or portions occupied pursuant to leases, licenses or concessions made by the Board) in common with all other Owners, as may be required for ingress and egress to and from his respective Unit, and for such other purposes not prohibited hereunder.

(b) Each Owner shall have the right to the exclusive use and possession of the Exclusive Limited Common Elements which serve his Unit. Each Owner shall have the right to the nonexclusive use, in common with other Owners, of the Limited Common Elements which serve his Unit and the Units of such other Owners.

(c) The rights to use and possess the Common Elements, including the Limited Common Elements, as herein provided, shall extend to each Owner, and the agents, servants, tenants, and invitees of each Owner and such rights and easements shall be subject to and governed by the provisions of the Act, this Declaration, the By-Laws, and the reasonable rules and regulations of the Board.

3.20 LEASE OF COMMON ELEMENTS: The Board shall have the right and authority, subject to the provisions of this Declaration and the By-Laws, to lease or grant licenses or concessions with regard to parts of the Common Elements (other than Limited Common Elements). The rental, fees and terms of any such lease, license or concession shall be determined by the Board and any and all proceeds therefrom shall be used to pay the Common Expenses and shall be taken into account in the preparation of the annual budget.

3.21 ADDITIONAL EASEMENTS: In addition to the easements provided for herein, the Board, on behalf of all of the Owners, shall have the right and power (a) to grant such easements with respect to the Common Elements (except the Limited Common Elements) as the Board deems necessary and proper, including, without limitation, access easements for emergency and service vehicles operated by any governmental authority or private enterprise and/or easements related to the installation and operation of a cable or satellite televisions system

or other communication systems and/or (b) to agree to cancel, alter, change or modify any easement which affects the Condominium Property and does not benefit an Owner, as the Board shall, in its discretion, determine. Without limiting the foregoing, until such time as the Declarant no longer holds title to a portion of the Premises, the Board shall grant such easements as the Declarant may from time to time request, including, but not limited to, easements as may be required to construct, keep and maintain improvements upon the Common Elements or portions of the Promises which are net part of the Condominium Property, to provide owners of the Premises with necessary utility services, or to grant an access easement to the owner of real estate adjacent to the Premises for access over and across ramps which serve the parking structure which is part of the Parking Facility, as more fully provided in Section 9.05 hereof. Each Person, by acceptance of a deed, mortgage, trust deed, other evidence of obligation, or other instrument relating to a Unit Ownership, shall be deemed to grant a power coupled with an interest to the Board, as attorney-in-fact, to grant, cancel, alter or otherwise change the easements provided for in this Section. Any instrument executed pursuant to the power granted herein shall be executed by the President and attested to by the Secretary of the Condominium Association and duly Recorded.

3.22 BOARD'S RIGHT OF ENTRY: The Board or its agents, upon reasonable notice or, in the case of an emergency, without notice, shall have the right to enter any Unit, including any of the appurtenant Limited Common Elements, when necessary in exercise of its authority under Section 3.02, or in connection with any maintenance, repair and replacement for which the Board is responsible. Such entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Board, as a Common Expense.

3.23 SEPARATE MORTGAGES: Each Owner shall have the right, subject to the provisions herein, to make a separate mortgage or encumbrance or other lien on his respective Unit Ownership. No Owner shall have the right or authority to make or create, or to cause to be made or created, any mortgage or encumbrance or other lien on or affecting the Condominium Property or any part thereof, except only to the extent of his Unit Ownership.

3.24 LEASE OF UNITS/PARKING SPACES:

(a) An Owner shall have the right to lease all (and not less than all) of the Owner's Unit, provided, that, no Unit shall be leased for less than six (6) months or for hotel or transient purposes.

(b) An Owner shall have the right to lease a Parking Space which is assigned to the Owner's Unit, provided, that, a Parking Space may only be leased to an Owner of a Unit, a Commercial Property Owner, a tenant of the Commercial Property or a Resident.

(c) Any lease of a Unit or a Parking Space shall be in writing and shall provide that such lease shall be subject to the terms of this Declaration and that any failure of the lessee to comply with the terms of this Declaration shall be a default under the lease. A lessee shall be bound by the provisions hereof regardless of whether the lease specifically refers to this Declaration.

3.25 PARKING SPACES:

(a) Each Parking Space shall initially be assigned to a Unit owned by the Declarant. The Declarant shall have the unrestricted right and power to sell and assign one or more Parking Spaces to an Owner of a Unit (either at or after conveyance of the Unit). A Parking Space shall be assigned by the Declarant to a Unit by an instrument executed by the Declarant and delivered to the Owner of the Unit and Recorded. A copy of the assigning instrument be delivered to the Condominium Association. From and after such time as the Declarant no longer holds title to a portion of the Condominium Property, all unassigned Parking Spaces shall no longer be Limited Common Elements hereunder and shall be used and occupied subject to rules, procedures and fees established from time to time by the Board; provided, that, if the easement provided for in Section 9.05 hereof is granted, and if the easement is granted over Parking Spaces assigned to Dwelling Units owned by the Declarant, such Parking Spaces shall no longer be Limited Common Elements, but shall be general Common Elements, subject to the terms of the easement. The Condominium Association shall maintain a record reflecting to which Unit each Parking Space is assigned. The owner of a Unit to which a Parking Space is assigned hereunder may (with the prior written consent of the First Mortgagee, if any, of the Unit) assign the Parking Space to another Unit, following the procedures required under the Act.

(b) Certain portions of the Parking Facility, if any, which are designated on the Plat as Commercial Property Reserved Parking Spaces shall not be Parking Spaces hereunder, but shall be available for use by the Commercial Property Owner, its tenants and invitees, for the parking of automobiles.

ARTICLE FOUR The Condominium Association

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

4.2 MEMBERSHIP:

(a) There shall be only one class of membership in the Condominium Association. The Owner of each Unit shall be a member of the Condominium Association. There shall be one membership per Unit Ownership. Membership shall be appurtenant to and may not be separated from ownership of a Unit. Ownership of a Unit shall be the sole qualification for membership. The Condominium Association shall be given written notice of a proposed change of ownership of a Unit within ten (10) days prior to such change.

(b) One individual shall be designated as the "Voting Member" for each Unit Ownership. The Voting Member or his proxy shall be the individual who shall be entitled to vote at meetings of the Owners.

4.3 THE BOARD: From and after the Turnover Date, the Board shall consist of the number of individuals provided for in Section 5.01 of the By-Laws, each of whom shall be an Owner or a Voting Member. The Board shall be elected at each annual meeting of the Owners as provided in the By-Laws.

4.4 VOTING RIGHTS: Whenever a vote of the Owners of the Condominium Association is required, at any meeting of such Owners or otherwise, such votes shall be cast by the Voting Members or their proxies; provided that a contract purchaser of a Unit from a contract seller other than the Declarant, shall have the right to vote for directors of the Condominium Association after the Turnover Date unless such contract seller expressly retains such right in writing. Except as otherwise specifically required under the Act, this Declaration or the By-Laws, each Voting Member shall have a vote equal to the Undivided Interest assigned to each Unit which he or she represents.

4.5 MANAGING AGENT: The term of any management agreement covering the management of the Condominium Property entered into prior to the Turnover Date shall not exceed two years, and shall be terminable for cause by the Condominium Association on thirty (30) days written notice and without cause or payment of a termination fee by either party on ninety (90) days written notice.

4.6 DIRECTOR AND OFFICER LIABILITY: None of the directors or officers of the Condominium Association whether elected or designated by the Declarant shall be personally liable to the Owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such directors or officers, except for any acts or omissions found by a court to constitute criminal conduct, gross negligence or fraud. The Condominium Association shall indemnify and hold harmless each of the directors and each of the officers, his heirs, executors or administrators, against all contractual and other liabilities to others arising out of contracts made by or other acts of the directors and the officers on behalf of the Owners or the Condominium Association or arising out of their status as directors or officers unless any such contract or act shall have been made criminally, fraudulently or with gross negligence. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses (including, but not limited to, counsel fees, amounts of judgments paid and amounts paid in settlement) actually and reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, administrative, or other, in which a director or officer may be involved by virtue of such person being or having been a director or officer; provided, however, that such indemnity shall not be operative with respect to (i) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for criminal conduct, gross negligence or fraud in the performance of his duties as a director or officer, or (ii) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Board, there is not reasonable ground for such person being adjudged liable for criminal conduct, gross negligence or fraud in the performance of his duties as a director or officer.

ARTICLE FIVE
Insurance/Condemnation

5.1 HAZARD INSURANCE: The Board shall have the authority to and shall obtain insurance for the Condominium Property against loss or damage by fire and such other hazards as may be required under the Act, as the Board may deem desirable, or as reasonably required by First mortgages, for the full insurable replacement cost of the Common Elements and the Units; provided, that, unless specifically obtained by the Board, the insurance shall not be required to cover any "Betterments and Improvements" to a Unit, which are hereby defined to be any real or personal property located within the walls of a Unit beyond the first coat of paint thereon. Without limiting the foregoing, for purposes hereof, Betterments and Improvements shall include all decorating within a Unit beyond the first coat of paint, wall coverings, built-ins, cabinets, appliances, fixtures and any other real or personal property within the Unit, regardless of whether such property was installed or placed in the Unit by the Declarant, any prior Owner or user or the current Owner or user. Premiums for such insurance shall be Common Expenses. Such insurance coverage shall be written in the name of, losses under such policies shall be adjusted by, and the proceeds of such insurance shall be payable to, the Board as trustee for each of the Owners in accordance with their Undivided Interests. All such policies of insurance (i) shall contain standard mortgage clause endorsements in favor of the First Mortgagees as their respective interests may appear, (ii) shall provide that the insurance, as to the interests of the Board, shall not be invalidated by any act or neglect of any Owner, (iii) shall provide that notwithstanding any provision thereof which gives the insurer an election to restore damage in lieu of making a cash settlement thereof, such option shall not be exercisable if the Owners elect to sell the Condominium Property or remove the Condominium Property from the provisions of the Act, (iv) to the extent possible, shall provide that such policy shall not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days' written notice to the First Mortgagee of each Unit Ownership, (v) shall contain waivers of subrogation with respect to the Condominium Association and its directors, officers, employees and agents (including the managing agent), Owners, occupants of the Unit, First Mortgagees, the Declarant and shall name all such parties as additional insured parties as their interests may appear, and (vi) shall comply with applicable requirements of the Act and of Fannie Mae.

5.2 INSURANCE TRUSTEE/USE OF PROCEEDS: The Board may engage the services of any bank or trust company authorized to do trust business in Illinois to act as trustee, agent or depository on behalf of the Board for the purpose of receiving and disbursing the insurance proceeds resulting from any loss, upon such terms as the Board shall determine consistent with the provisions of the Act and this Declaration. The fees of such corporate trustee shall be Common Expenses. In the event of any loss in excess of \$100,000.00 in the aggregate, the Board shall engage a corporate trustee as aforesaid. In the event of any loss resulting in the destruction of the major portion of one or more Units, the Board shall engage a corporate trustee as aforesaid upon the written demand of the First Mortgagee or any Owner of any Unit so destroyed. The rights of First Mortgagees under any standard mortgage clause endorsement to such policies shall, notwithstanding anything to the contrary therein contained, at all times be subject to the provisions in the Act and this Declaration with respect to the application of insurance proceeds to the repair or reconstruction of the Units or Common Elements. Payment by an insurance company to the Board or to such corporate trustee of the proceeds of any policy,

and the receipt of a release from the Board of the company's liability under such policy, shall constitute a full discharge of such insurance company, and such company shall be under no obligation to inquire into the terms of any trust under which proceeds may be held pursuant hereto, or to take notice of any standard mortgage clause endorsement inconsistent with the provisions hereof, or see to the application of any payments of the proceeds of any policy by the Board or the corporate trustee.

5.03 OTHER INSURANCE: The Board shall also have the authority to and shall obtain such other insurance as the Board deems necessary or appropriate or which is required under the Act or under applicable requirements or guidelines of Fannie Mae, including, without limitation, the following:

(a) Comprehensive public liability and property damage insurance against claims for personal injury or death or property damage suffered by the public or by any Owner occurring in, on or about the Condominium Property or upon, in or about the streets, private drives and passageways and other areas adjoining the Condominium Property, in such amounts as the Board shall deem desirable (but not less than \$1,000,000 covering all claims for personal injury and/or property damage arising out of a single occurrence).

(b) Such workers compensation insurance as may be necessary to comply with applicable laws.

(c) Employer's liability insurance in such amount as the Board shall deem desirable.

(d) Fidelity bond indemnifying the Condominium Association, the Board and the Owners for loss of funds resulting from fraudulent or dishonest acts of any employee of the Condominium Association or of any other person handling the funds of the Condominium Association, the Board or the Owners in such amount as the Board shall deem desirable or as required by the Act or the applicable requirements of Fannie Mae.

(e) Directors and officers liability insurance.

(f) Such insurance shall be in such amounts and with such deductible amounts as are required by applicable law or the requirements of Fannie Mae and shall include cross liability claims of one or more insured parties against other insured parties. To the extent possible, all of such policies shall provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least 30 days' prior written notice to the Condominium Association and First Mortgagees who specifically request such notice. The premiums for such insurance shall be Common Expenses.

5.04 OWNER'S RESPONSIBILITY: Unless expressly advised to the contrary by the Board, each Owner shall obtain his own insurance on Betterments and Improvements (as defined in Section 5.01) within the Unit and the Owner's personal property therein, and his personal property stored elsewhere on the Condominium Property, and the Owner's personal liability to the extent not covered by the liability insurance for all of the Owners obtained as part of the

Common Expenses as above provided, and the Board shall have no obligation whatsoever to obtain any such insurance coverage on behalf of the Owners. Unless otherwise specifically agreed to by the Board, the Owner shall be responsible for insuring Betterments and Improvements and the Board shall not be responsible for obtaining insurance on Betterments and Improvements and shall not be obligated to apply any insurance proceeds from policies it is obligated to maintain hereunder to restore the affected Unit to a condition better than the condition existing prior to the making or installation of Betterments and Improvements.

5.5 WAIVER OF SUBROGATION: Each Owner hereby waives and releases any and all claims which he may have against any other Owner, the Condominium Association, its directors and officers, the Declarant, the manager and the managing agent, if any, and their respective employees and agents, for damage to the Common Elements, the Units, or to any personal property located in the Units or Common Elements, caused by fire or other casualty, to the extent that such damage is covered by fire or other form of casualty insurance, and to the extent this release is allowed by policies for such fire or other casualty insurance.

5.6 REPAIR OR RECONSTRUCTION:

(a) In the case of damage by fire or other disaster to a portion of the Condominium Property (a "Damaged Improvement") where the insurance proceeds are sufficient to repair or reconstruct the Damaged Improvement, then the proceeds shall be used by the Condominium Association to repair or reconstruct the Damaged Improvement.

(b) In the case of damage by fire or other disaster to a portion of the Condominium Property where the insurance proceeds are insufficient to repair or reconstruct the Damaged Improvement as provided under the Act or the Damaged Improvement cannot be reconstructed as originally designed and built because of zoning, building or other applicable laws, ordinances or regulations, the following procedure shall be followed:

(1) A meeting of the Owners shall be held not later than the first to occur of (i) the expiration of thirty (30) days after the final adjustment of the insurance claims or (ii) the expiration of ninety (90) days after the occurrence which caused the damage.

(2) At the meeting, the Board shall present a plan for the repair or reconstruction of the Damaged Improvement and an estimate of the cost of repair or reconstruction, together with an estimate of the amount thereof which must be raised by way of special assessment and a proposed schedule for the collection of a special assessment to pay the excess cost.

(3) A vote shall then be taken on the question of whether or not the Damaged Improvement shall be repaired or reconstructed based on the information provided by the Board under (2) above, including the proposed special assessment. The Damaged Improvement shall be repaired or reconstructed and the proposed special assessment shall be levied only upon the affirmative vote of Voting Members representing at least three-fourths (3/4) of the votes cast.

(4) If the Voting Members do not vote to repair or reconstruct the Damaged Improvement at the meeting provided for in (1) above, then the Board may, at its discretion, call another meeting or meetings of the Owners to reconsider the question of whether or not the Damaged Improvement shall be repaired or reconstructed. If the Voting Members do not vote to repair or reconstruct the Damaged Improvement within 180 days after the occurrence which caused the damage, then the Board may (but shall not be obligated to) in its discretion Record a notice as permitted under the Act.

(5) If (i) the Voting Members do not vote to repair or reconstruct the Damaged Improvement under Subsection (4) above, and (ii) the Board does not Record a notice as permitted under the Act, then the Board may, with the consent of Owners representing 75% of the Undivided Interests and First Mortgagees representing 75% of the Units (by number) subject to First Mortgages, amend this Declaration to withdraw the Damaged Improvement from the Condominium Property as permitted under the Act. If a Damaged Improvement is withdrawn, then the amendment shall provide that the portion of the Condominium Property which is so withdrawn shall be owned by the Owners of Units in such withdrawn portion as tenants-in-common with each Owner's interest being determined based on the relative Undivided Interests of the Units in the Damaged Improvement prior to withdrawal. The amendment shall reallocate the Undivided Interests of the remaining Units based on the procedure set out in Section 8.02(c). The payment of just compensation, or the allocation of any insurance or other proceeds to any withdrawing or remaining Owner shall be made to such Owner and his First Mortgagee, as their interests may appear, on an equitable basis, determined by the Board, as provided in the Act. From and after the effective date of the amendment referred to above in this paragraph, the Owner of a Unit located in a Damaged Improvement which is withdrawn shall have no responsibility for the payment of assessments which would have been payable with respect to the Unit if the amendment had not been Recorded.

(c) If the Damaged Improvement is repaired or reconstructed, it shall be done in a workmanlike manner and the Damaged Improvement, as repaired or reconstructed, shall be substantially similar in design and construction to the improvements on the Condominium Property as they existed prior to the damage, with any variations or modifications required to comply with applicable law.

(d) If the Damaged Improvement is not repaired or reconstructed, then the Damaged Improvement shall be razed, or secured and otherwise maintained in conformance with the rules or standards adopted from time to time by the Board.

5.07 CONDEMNATION:

(a) In the case of a taking or condemnation by competent authority of any part of the Condominium Property, the Condominium Association shall, if necessary, restore the improvements in the remaining portion of the Condominium Property to conform as closely as possible to the general design, structure and materials used with respect to the improvements as they existed prior to the taking or condemnation. Any proceeds or awards paid to the Condominium Association shall be applied first to the cost of any restoration and any remaining portion of such proceeds or awards shall be, in the discretion of the Board, either (i) applied to

pay the Common Expenses or (ii) distributed to the remaining Owners and their respective First Mortgagees, as their interests may appear, based on their current Undivided Interests. Each Owner appoints the Condominium Association as attorney-in-fact for the purpose of representing him in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the Common Elements or any part thereof.

(b) In the event that part or all of one or more Units is taken or condemned, then the portions so taken or condemned shall be deemed to have been removed from the provisions of the Declaration and the Act and the court which has jurisdiction of the action shall adjust the Undivided Interests of the remaining Units in a just and equitable manner and as provided under the Act, and if the court fails to make such adjustment, such adjustment may be made by the Board. The President and Secretary of the Condominium Association shall execute and Record an instrument on behalf of the Condominium Association as required by the Act which amends this Declaration, effective as of the effective date of the taking or condemnation, to reflect the removal of property and adjustments, if any, in the Undivided Interests as a result of an occurrence covered by this Section. From and after the effective date of the amendment referred to in the preceding sentence, the Owner of a Unit which is removed in part or in whole from the provisions of this Declaration shall only be liable for the payment of assessments based on the Undivided Interest, if any, allocated to the Unit in the amendment.

ARTICLE SIX Assessments

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

6.2 PURPOSE OF ASSESSMENTS: The assessments levied by the Condominium Association shall be exclusively for the purposes of promoting the recreation, health, safety, and welfare of members of the Condominium Association, to administer the affairs of the Condominium Association, and to pay the Common Expenses.

6.3 ASSESSMENTS: Each year at least sixty (60) days before the end of the Condominium Association's fiscal year, and at least thirty (30) days before final adoption thereof, the Board shall furnish each Owner with a proposed budget for the ensuing fiscal year which shall show the following, with reasonable explanations and itemizations:

- (a) The estimated Common Expenses;

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

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

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

(e) That portion of the Annual Assessment which shall be payable by the Owner with respect to his Unit each month until the next Annual Assessment or revised Annual Assessment becomes effective, which monthly portion shall be equal to one twelfth (1/12th) of the Annual Assessment multiplied by the Unit's Undivided Interest.

(f) The estimated Parking Facility Expenses.

(g) The estimated amount, if any, to maintain adequate reserves for Parking Facility Expenses.

(h) The estimated net available cash receipts, if any, from the lease by the Condominium Association of Parking Spaces which are Common Elements and which, pursuant to Section 3.25, are no longer Limited Common Elements or from voluntary subsidy payments by the Declarant.

(i) The amount of the "Parking Facility Assessment", which is hereby defined as the amount determined in (f) above, plus the amount determined in (g) above, minus the amount determined in (h) above, minus excess funds, if any, from the current year's operation of the Parking Facility.

(j) That portion of the Parking Facility Assessment which shall be payable by the Owner of a Unit to which a Parking Space is assigned each month until the next Parking Facility Assessment or revised Parking Facility Assessment becomes effective, which monthly portion shall be equal to (1) 1/12th of the Parking Facility Assessment divided by (2) the number of Parking Spaces which are Limited Common Elements hereunder plus the number of Commercial Property Reserved Parking Spaces, if any.

(k) That portion of the Parking Facility Assessment, if any, which shall be payable by the Commercial Property Owner as provided in Section 11.04(b).

6.04 PAYMENT OF ASSESSMENTS: On or before the first day of the fiscal year, and on or before the first day of each and every month thereafter until the effective date of the next Annual Assessment, each Owner of a Unit shall pay to the Condominium Association, or as it may direct, that portion of the Annual Assessment and Parking Facility Assessment, which is payable by such Owner.

6.5 REVISED ASSESSMENT: If the Annual Assessment or Parking Facility Assessment proves to exceed funds reasonably needed, then the Board may decrease the assessments payable under Section 6.03 as of the first day of a month by the giving of written notice thereof (together with a revised budget for the balance of the year and reasons for the decrease) not less than ten (10) days prior to the effective date of the decreased assessment.

6.6 SPECIAL ASSESSMENT: The Board may levy a special or separate assessment (i) to pay (or build up reserves to pay) extraordinary expenses incurred (or to be incurred) by the Condominium Association for a specific purpose including, without limitation, to make major repairs, additions, alterations or improvements to the Common Elements, or (ii) to cover an unanticipated deficit under the current or prior year's budget. If required under the Act, the special or separate assessment shall be approved by the requisite action of the Unit Owners. Each Owner shall be responsible for the payment of the amount of the special or separate assessment multiplied by his Unit's Undivided Interest or, in the case of a special assessment for repairs, additions, alterations or improvements to Limited Common Elements, in the shares provided for or chosen by the Board hereunder; provided, that, any special assessment made for the purposes of paying (or building up reserves to pay) extraordinary expenses incurred (or to be incurred) in connection with the Parking Facility or to cover an unanticipated deficit under the current or prior year's budget for the Parking Facility Expenses, shall be assessed against the Unit Owners who have Parking Spaces assigned to their Units as Limited Common Elements in equal shares for each such Parking Space. The Board shall serve notice of a special assessment on all Owners by a statement in writing giving the amount and reasons therefore, and the special assessment shall be payable in such manner and on such terms as shall be fixed by the Board. Any assessments collected pursuant to this Section (other than those to cover an unanticipated deficit under the current or prior year's budget) shall be segregated in a special account and used only for the specific purpose set forth in the notice of assessment.

6.7 ANNUAL REPORT: Within a reasonable time after the close of the Condominium Association's fiscal year, the Board shall furnish each Owner with an itemized account of the Common Expenses and Parking Facility Expenses for such fiscal year actually incurred or paid, together with an indication of which portions of the Common Expenses and Parking Facility Expenses for such fiscal year were incurred or paid for capital expenditures or repairs or the payments of real estate taxes, if any, and with a tabulation of the amounts collected for the Annual Assessment and Parking Facility Assessments and showing the net excess or deficit of income over expenditures, plus reserves.

6.8 CAPITAL RESERVE: The Condominium Association shall segregate and maintain a special reserve accounts to be used solely for making capital expenditures in connection with the Common Elements, including a reserve fund for replacements (the "Capital Reserve"). The Board shall determine the appropriate level of the Capital Reserve based on a periodic review of the useful life of improvements to the Common Elements and equipment owned by the Condominium Association as well as periodic projections of the cost of anticipated major repairs or improvements to the Common Elements or the purchase of equipment to be used by the Condominium Association in connection with its duties hereunder. The Capital Reserve may be built up by special assessment or out of the Annual Assessment or Parking Facility Assessments as provided in the budget. Special accounts set up for portions of the Capital

Reserve to be used to make capital expenditures with respect to the Common Elements shall be held by the Condominium Association as agent and trustee for the Owners of Units with respect to which the Capital Reserve is held and such accounts shall be deemed to have been funded by capital contributions to the Condominium Association by the Owners.

6.9 INITIAL CAPITAL CONTRIBUTION: Upon the closing of the sale of each Unit and/or Parking Space by the Declarant to a purchaser for value, the purchasing Owner shall make a capital contribution to the Condominium Association in an amount equal to two (2) months of the current year's Annual Assessment for that Unit, and/or two (2) months of the current year's Parking Facility Assessment for each Parking Space, as applicable, which amounts shall be held and used by the Condominium Association for its working capital needs (and not as an advance payment of the Annual Assessment).

6.10 NON-PAYMENT OF ASSESSMENTS: Any assessments or other charges or payments which an Owner is required to make or is liable for hereunder which are not paid when due shall be deemed delinquent. If an assessment or other charge or payment is not paid within thirty (30) days after the due date, it shall bear interest from the due date at eighteen percent (18%) per annum, and the Board (i) may bring an action against the Owner personally obligated to pay the same, together with interest, costs and reasonable attorneys' fees of any such action, which shall be added to the amount of such assessment or other charge or payment and shall be included in any judgment rendered in such action and (ii) may enforce and foreclose any lien which it has or which may exist for its benefit. In addition, the Board may in its discretion charge reasonable late fees for the late payment of assessments or other charges. No Owner may waive or otherwise escape liability for the assessments or other charges or payment provided for herein by nonuse, abandonment or transfer of his Unit.

6.11 CONDOMINIUM ASSOCIATION'S LIEN SUBORDINATED TO MORTGAGES: The lien on each Unit Ownership provided for in Section 6.01 for assessments or other charges or payments shall be subordinate to the lien of any First Mortgage on the Unit Ownership Recorded prior to the date that any such assessments or other charges or payments become due. Except as hereinafter provided, the lien provided for in Section 6.01 shall not be affected by any transfer of title to the Unit Ownership. Where title to the Unit Ownership is transferred pursuant to a decree of foreclosure or by deed or assignment in lieu of foreclosure of a First Mortgage, such transfer of title shall to the extent permitted by law extinguish the lien for any assessments or other charges or payments under Section 6.01 which became due prior to (i) the date of the transfer of title or (ii) the date on which the transferee comes into possession of the Unit, whichever occurs first. However, the transferee of a Unit Ownership shall be liable for his share of any assessments or other charges or payments with respect to which a lien against his Unit Ownership has been extinguished pursuant to the preceding sentence which are reallocated among the Owners pursuant to a subsequently adopted annual, revised or special assessment, and nonpayment thereof shall result in a lien against the transferee's Unit Ownership as provided in Section 6.01- If for any reason the Owner of a Unit is permitted to remain in possession of his Unit during the pendency of a foreclosure action with respect to the Unit, the Owner shall be required to pay a reasonable rental for such right and the plaintiff in the foreclosure action shall be entitled to the appointment of a receiver to collect such rental.

6.12 STATEMENT OF ACCOUNT: Upon seven (7) days' notice to the Board and the payment of a reasonable fee, if any, which may be set by the Board, any Owner shall be furnished with a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from the Owner as of the date of the statement. The statement shall be executed by a duly authorized officer or agent of the Condominium Association and shall be binding on the Condominium Association.

ARTICLE SEVEN
Remedies for Breach or Violation

7.1 SELF-HELP BY BOARD: Subject to the provisions of Section 7.05, in the event of a violation by an Owner of the provisions, covenants or restrictions of the Act, this Declaration, the By-Laws, or rules or regulations of the Board, where such violation or breach may be cured or abated by affirmative action, the Board, upon not less than ten (10) days prior written notice, shall have the right to enter upon that part of the Condominium Property where the violation or breach exists and summarily abate, remove or do whatever else may be necessary to correct such violation or breach, provided, however, that where the violation or breach involves an improvement located within the boundaries of a Unit, judicial proceedings shall be instituted before any items of construction can be altered or demolished. Any and all expenses in connection with the exercise of the right provided by this section shall be charged to and assessed against the violating Owner.

7.2 INVOLUNTARY SALE: Subject to the provisions of Section 7.05, if any Owner (either by his own conduct or by the conduct of any Resident or occupant of a Unit) shall violate any of the covenants or restrictions or provisions of this Declaration, the By-Laws, or the rules or regulations adopted by the Board, and such violations shall not be cured within thirty (30) days after notice in writing from the Board, or shall re-occur more than once thereafter, then the Board shall have the power to issue to said defaulting Owner a 10-day notice in writing to terminate the rights of said defaulting Owner to continue as an Owner and to continue to occupy, use or control his Unit, and thereupon an action may be filed by the Board against said defaulting Owner for a decree declaring the termination of said defaulting Owner's right to occupy, use or control the Unit owned by him on account of said violation, and ordering that all the right, title and interest of said defaulting Owner in the Condominium Property shall be sold (subject to the lien of any existing mortgage) at a judicial sale upon such notice and other terms as the court shall determine equitable. The proceeds of any such judicial sale shall first be paid to discharge court costs, court reporter charges, reasonable attorneys' fees and all other expenses of the proceeding and sale, and all such items shall be taxed against said defaulting Owner in the decree. Any balance of proceeds, after satisfaction of such charges and any unpaid assessments hereunder or any liens, shall be paid to the defaulting Owner. Upon the confirmation of such sale, the purchaser shall thereupon be entitled to a deed to the Unit and to immediate possession of the Unit sold and may apply to the court for a writ of assistance for the purpose of acquiring such possession, and it shall be a condition of any such sale, and the decree shall so provide, that the purchaser shall take the Unit so purchased subject to this Declaration.

7.3 FORCIBLE DETAINER: In the event that an Owner is delinquent in payment of his proportionate share of the Common Expenses or any other charges or payments required to be paid by the Owner hereunder, the Board shall have the right to take possession of the Owner's

Unit and to maintain for the benefit of all other Owners an action for possession in the manner prescribed by "An Act in Regard to Forcible Entry and Detainer" (as may be recodified), as provided in the Act.

7.4 OTHER REMEDIES OF THE BOARD: In addition to or in conjunction with the remedies set forth above, in the event of a violation by an Owner of the Act, this Declaration, the By-Laws, or rules and regulations of the Board, the Board may levy reasonable fines or the Board or its agents shall have the right to bring an action at law or in equity against the Owner and/or others as permitted by law including, without limitation, (i) to foreclose a lien against the Unit Ownership, (ii) for damages, injunctive relief, or specific performance, (iii) for judgment or for the payment of money and the collection thereof, (iv) for any combination of the remedies set forth in this Article or (v) for any other relief which the Board may deem necessary or appropriate. Any and all rights and remedies provided for in this Article may be exercised at any time and from time to time cumulatively or otherwise by the Board in its discretion. The failure of the Board to enforce any provisions of this Declaration, the By-Laws or rules and regulations of the Board shall in no event be deemed a waiver of the right to do so thereafter.

7.5 ENFORCEMENT BY THE BOARD: Prior to the imposition of any fine and concurrently with the sending of the initial notices described in Section 7.01 and 7.02, the Board shall notify the Owner or Resident, as the case may be, in writing of the violation of the rule or regulation and the Board's proposed remedy. Any Owner or Resident who receives such notice may, within three (3) days after receipt of such notice, demand a hearing before the Board or its authorized committee. At such hearing a member of the Board shall present to the Owner or Resident the grounds for the notice and the Owner or Resident shall have an opportunity to challenge such grounds and to present any evidence on his behalf subject to such reasonable rules of procedure as may be established by the Board or its authorized committee, which rules shall adhere to the generally accepted standards of due process. If the Owner or Resident demands a hearing as herein provided, such hearing shall be held within four (4) days after the Board receives the demand and no action shall be taken by the Board until the hearing has been held and notice of the decision of the Board or its authorized committee and the terms thereof has been delivered to the Owner or Resident. The decision of the Board or its authorized committee shall be rendered within three (3) days after the hearing and such decision shall be final and binding on the parties.

7.6 COSTS AND EXPENSES: All expenses incurred by the Board in connection with the enforcement of the provisions of this Declaration or in connection with the exercise of its rights and remedies under this Article, including without limitation, court costs, attorneys' fees and all other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon at eighteen percent (18%) per annum, shall be charged to and assessed against the defaulting Owner, and the Condominium Association shall have a lien for all the same upon such Owner's Unit Ownership, as provided in Section 6.01.

7.7 ENFORCEMENT BY OWNERS: Enforcement of the provisions contained in this Declaration and the rules and regulations adopted hereunder may be by any proceeding at law or in equity by any aggrieved Owner against any person or persons violating or attempting to violate any such provisions, either to restrain such violation or to recover damages, and against a Unit Ownership to enforce any lien created hereunder.

7.08 DISPUTE NOTIFICATION AND RESOLUTION PROCEDURE:

(a) In General. For purposes of this Section, (i) the term "Dispute" shall mean any claim, cause of action (whether at law or in equity), or disagreement of any nature whatsoever ("Claim") arising from or in connection with the construction or installation of any improvements on the Condominium Property, the grading of the Condominium Property or any work or services performed on or in connection with the Condominium Property including, without limitation, Claims for real and personal property damage, construction defects (whether patent or latent), bodily injury or wrongful death, non-disclosure, misrepresentation, fraud, unfair housing practices, monetary damages, rescission of any agreement, enforceability of this Declaration and/or specific performance; and (ii) the term "Declarant" shall mean the Declarant and any member, manager, employee, subcontractor or agent of Declarant. The provisions of this Article shall only apply to disputes between the Condominium Association the Declarant.

(b) Notice and Opportunity to Cure. If the Condominium Association ("Complaining Party") asserts a Claim involving an alleged material structural or other defect ("Alleged Defect") in the Condominium Property or any improvement thereto or thereon, which the Complaining Party believes may be the responsibility of Declarant, the Complaining Party shall notify Declarant in writing. Such notice ("Defect Notice") shall include:

- (1) a description of the Alleged Defect, with copies of any experts' reports or inspections obtained by the Complaining Party; and
- (2) the date upon which the Alleged Defect was discovered.

Declarant shall, in its sole discretion, within thirty (30) calendar days after receipt of the Defect Notice, be entitled to inspect the portion of the Condominium Property on which the Alleged Defect is located on one or more occasions regarding the Alleged Defect and within its sole discretion, be entitled, within a reasonable period of time thereafter, to cure the Alleged Defect. A Complaining Party shall not pursue any other remedies available to it under this Section 7.08(b) until Declarant has had the notice and opportunity to cure the Alleged Defect described above. Except as otherwise provided in any written limited warranty provided to the Association by Declarant, the provisions of this Section 7.08(b) do not establish any contractual duty or obligation on the part of Declarant to inspect, repair, replace or cure any Alleged Defect. If Declarant shall fail, for any reason other than the fault of the Complaining Party, to inspect and/or cure the Alleged Defect within the time period specified above, Complaining Party's sole remedy shall be to proceed as provided in Section 7.08(c) hereof. The Complaining Party and Declarant are sometimes referred to herein, individually as a "Party" and collectively as the "Parties".

(c) Resolution of Disputes. Subject to the provisions of Section 7.08(b) above, Complaining Party and Declarant hereby agree that the mediation and arbitration procedures described below, shall be the sole, exclusive and final means of resolving any Dispute between them and/or between their respective successors-in-interest.

(i) Mediation. If a Dispute still exists after Declarant has been provided the notice and opportunity to cure an Alleged Defect described in Section 7.08(b) above or if a Dispute involves a matter other than an Alleged Defect, the Parties agree that they shall attempt to mediate the Dispute. Either Party may initiate mediation to resolve a Dispute through a written request to the other Party; provided, that, if the Condominium Association is the Party initiating the mediation, the Condominium Association shall first hold a special meeting of the members and obtain the affirmative vote of Voting Members representing at least 80% of the total votes represented by all Voting Members to the initiation of mediation. In no event shall initiation of mediation extend any applicable statute of limitation for the Claim or Dispute at issue. The written request ("Mediation Request") shall include: (i) a description of the nature of the Dispute; and (ii) a proposal for the manner in which the Dispute may be resolved, including the facts supporting such proposal. If neither Party initiates mediation in accordance herewith within forty-five (45) calendar days after Declarant's receipt of a Defect Notice or notice of a Claim other than a Defect Notice, the Parties agree that they waive the Dispute and any and all Claims relating or arising from the Dispute. The mediation shall be conducted by the American Arbitration Association ("AAA") located in Chicago, Illinois, pursuant to the mediation procedures adopted by the AAA or any successor thereto or any other entity offering mediation services acceptable to the Parties. Within twenty (20) calendar days following the receipt by the applicable Party of the Mediation Request, the Parties shall select a mediator in accordance with the AAA rules and procedures. If the Parties cannot agree on a mediator within the time frame provided herein, they agree that the AAA shall appoint a mediator. Within ten (10) calendar days following selection of the mediator, each Party shall submit to the mediator a brief memorandum setting forth its position with respect to the issues involved in the Dispute ("Memorandum"). A Party's Memorandum may not be disclosed by the mediator to the other Party without the consent of the Party submitting same. The mediation shall be commenced within (10) calendar days following the submittal by each Party of its Memorandum and shall be concluded within ten (10) calendar days following commencement of the mediation unless the Parties mutually agree to an extension thereof. The mediation shall be held in Chicago, Illinois, or such other place as may be mutually acceptable to the Parties. The Parties shall each bear their own attorney and/or expert/consultant fees. All other expenses of the mediation, including required traveling and other expenses of the mediator, and expenses of any witnesses and costs of any expert advice, at the direct request of the mediator, shall be borne equally by the Parties. If any Dispute is not resolved through mediation, the mediator shall prepare a written statement ("Mediation Statement") setting forth the issues which the Parties were not able to resolve, and the respective positions of the Parties regarding such issues. The Mediation Statement shall be executed by both Parties and shall be submitted by the mediator to the arbitrator as provided below. If the Parties are unable to agree on the Mediation Statement within three (3) calendar days after it has been prepared by the mediator, each Party shall, within five (5) calendar days after the Mediation Statement has been prepared by the Mediator, submit its own Mediation Statement to the mediator who will submit both Mediation Statements to the arbitrator as provided below. The Mediation Statement(s) shall be evidence to the arbitrator of compliance by the Parties with the mediation requirements hereof. The mediation proceedings shall be privileged under the Illinois evidence code;

however, the Parties agree that the Mediation Statement(s) shall not be subject to any such privilege.

(ii) Arbitration. If the Parties are unable to resolve a Dispute through mediation as described above, the Dispute shall be submitted to binding arbitration by the AAA under the Commercial Arbitration Rules of the AAA. As a condition to commencement of the arbitration, the Parties shall ensure that the mediator provides to the arbitrator a copy of the Mediation Statement(s). The arbitrator shall have jurisdiction to address only the issues set forth in the Mediation Statement(s). Except as provided herein, the results of the arbitration shall be final and non-appealable upon both Parties, and may be enforced by either Party in a Court of competent jurisdiction. A request for arbitration must be filed under the Commercial Arbitration Rules of the AAA no later than six (6) months after the date of the Mediation Statement(s). In the event the request for arbitration is not filed in accordance herewith within six (6) months after the date of the Mediation Statement(s), the Parties agree that they waive the Dispute and any and all Claims relating to or arising from the Dispute. No notice, claim or communication between the Parties, whether under any written limited warranty or otherwise shall stop the running of any statute of limitations. In addition to the Commercial Arbitration Rules of the AAA, the following additional rules shall govern the arbitration: (i) the arbitration shall be conducted by a single arbitrator; (ii) unless the prior written consent of both Parties is obtained, the Parties to the arbitration shall be limited to Complaining Party and Declarant and both Parties agree not to attempt to include additional parties in the arbitration or consolidate the arbitration with any other arbitrations or legal proceedings; (iii) Declarant shall post the initial fee for such arbitration although the arbitrator shall have the discretion to require reimbursement of the fee in connection with any award; (iv) the arbitrator shall follow the law of the State of Illinois; (v) any decision relating to the interpretation or application of the statute(s) of limitations shall be appealable under the rules of the AAA; and (vi) the arbitrator shall provide the Parties with written findings of fact and law in support of each element of his/her award. In no event shall the Declarant be liable to any Complaining Party for any general, special, consequential or incidental damages, costs, diminution in value or other loss which a Complaining Party may suffer as a result of any Alleged Defect. The arbitrator shall also stay any arbitration proceedings unless the arbitrator has received a copy of the Mediation Statement(s) described above, confirming the Parties' compliance with Section 7.08(c)(i) hereof.

ARTICLE EIGHT Annexing Additional Property

8.01 IN GENERAL: Declarant reserves the right, from time to time prior to five (5) years from the date of Recording of this Declaration, to add portions of the Premises to the Condominium Property and submit such portions to the Act by Recording a supplement to this Declaration (a "Supplemental Declaration"), as hereinafter provided. For the purposes of this Article, any portion of the Premises which is made subject to the Act as part of the Condominium Property by a Supplemental Declaration shall be referred to as "Added Property", any Units in the Added Property shall be referred to as "Added Units" and any Parking Spaces in the Added Property shall be referred to as "Added Parking Spaces". In making Added Property subject to the Act and this Declaration, the following shall apply:

(a) Added Property may be made part of the Condominium Property at different times; there is no limitation on the order in which Added Property may be made part of the Condominium Property;

(b) The maximum number of Units which may be made subject to this Declaration is one hundred (100).

(c) Any Added Units which are made part of the Condominium Property pursuant to this Article shall be compatible with or of substantially the same style, floor plan, size and quality as the Units planned to be made subject to this Declaration as shown on Declarant's then current plan for the condominium.

8.02 POWER TO AMEND: In furtherance of the foregoing, Declarant reserves the right to Record a Supplemental Declaration, at any time and from time to time prior to five(5) years from the date of Recording of the Declaration, which amends Exhibits B, C and D hereto, subject to the following limitations:

(a) Exhibit B may only be amended to add portions of the Premises to Exhibit B;

(b) Exhibit C may only be amended so that the Plats which make up Exhibit C describe all of the Condominium Property, including the Added Property, identify every Unit, including the Added Units, as provided by the Act;

(c) Exhibit D may only be amended to reflect the addition of the Added Units, to assign to each Added Unit an Undivided Interest, and to reassign an Undivided Interest to each Unit shown on Exhibit D immediately prior to the Recording of such Supplemental Declaration. It is currently anticipated that 90 Units may be made part of the Condominium Property. The Undivided Interest of each Unit, including each Added Unit, shall be determined based on relative value, using the points set forth in the Property Report issued with respect to the condominium, as such Property Report may be amended from time to time.

8.03 EFFECT OF AMENDMENT: Upon the Recording of a Supplemental Declaration by the Declarant which makes Added Property part of the Condominium Property, as provided in this Article, then:

(a) The restrictions, conditions, covenants, reservations, liens, charges, rights, benefits and privileges set forth and described herein which affect the Condominium Property shall run with and bind the Added Property (including the Added Units and added Parking Spaces) and inure to the benefit of and be the personal obligation of the Owners of Added Units and added Parking Spaces;

(b) Every Person who is an Owner of an Added Unit shall be a member of the Condominium Association on the same terms and subject to the same qualifications and limitations as those members who are Owners of existing Units;

(c) Until the effective date of the next annual or revised budget, each Owner of an Added Unit shall pay a monthly assessment equal to the ratio of the Undivided Interest of the Added Unit to the Undivided Interest of an existing Unit multiplied by the monthly assessment then in effect with respect to the existing Unit; provided, that, the Owner of an Added Unit shall not be required to pay any installment of a special assessment levied to cover a deficit under a prior year's budget;

(d) Each Owner of a Unit to which an Added Parking Space is assigned shall pay a Parking Assessment equal to the Parking Assessment payable by the Owner of an existing Parking Space; provided, that, the Owner of a Unit to which an added Parking Space is assigned shall not be required to pay any installment of a special assessment levied to cover a deficit under a prior year's budget; and

(e) The amount of the lien for assessments, charges or payments levied against an existing Unit Ownership prior to the Recording of the Supplemental Declaration shall not be affected.

8.04 NON-CONDOMINIUM PROPERTY : If from time to time or at any time there exists Non-Condominium Property, then the following provisions shall apply:

(a) In lieu of paying any amounts to the Condominium Association for furnishing Condominium Association Furnished Services and maintaining Condominium Association Maintained Improvements which are not part of the Non-Condominium Property, the Declarant shall be responsible for maintaining and operating, at its own sole cost and expense, the Non-Condominium Property including, without limitation, those portions thereof which are Condominium Association Maintained Improvements.

(b) The Declarant, as owner of the Non-Condominium Property, shall have a non-exclusive easement of access over and across the Common Elements including, without limitation, corridors, stairways, elevator shafts and elevators to and from the Non-Condominium Property.

(c) The Condominium Association and each Owner shall have a non-exclusive easement over the corridors, stairways, elevator shafts and elevators located in the Non-Condominium Property for access to and from the Condominium Property.

(d) Each Owner, the Declarant, the Condominium Association, and the Commercial Property Owner shall have a non-exclusive easement in and to all structural members, footings, caissons, foundations, columns and beams which are part of the Non-Condominium Property for support of improvements and structures which are part of the Premises.

(e) The Declarant shall maintain insurance against loss or damage by fire and other risks and hazards in an amount not less than the full insurable replacement cost of improvements in the Non-Condominium Property, which may be what is commonly referred to as "builder's risk" insurance.

(f) All Non-Condominium Property shall be made part of the Condominium Property within five (5) years after this Declaration is Recorded.

ARTICLE NINE
Declarant's Reserved Rights

9.1 IN GENERAL: In addition to any rights or powers reserved or granted to the Declarant under the Act, this Declaration or the By-Laws, the Declarant shall have the rights and powers set forth in this Article. In the event of a conflict between the provisions of this Article and any other provisions of this Declaration or the By-Laws, the provisions of this Article shall govern. Except as otherwise provided in this Article, the rights of Declarant under this Article reserved or granted shall terminate at such time as the Declarant is no longer vested with or controls title to any portion of the Premises.

9.2 PROMOTIONAL EFFORTS: Declarant shall have the right, in its discretion, to maintain on the Condominium Property model Units, sales, leasing, management, and/or administrative offices (which may be located in a Unit), displays, signs and other forms of advertising and, to the extent not prohibited by law, to come upon any portion of the Condominium Property for the purpose of showing the Condominium Property to prospective purchasers or lessees of Units, all without the payment of any fee or charge whatsoever other than the assessments payable by the Declarant with respect to Units owned by the Declarant. The Declarant shall have a non-exclusive access easement over and across the driveways and walkways located on the Condominium Property for ingress and egress to and from those portions of the Premises which have not been made part of the Condominium Property in order to exercise the rights reserved under this Article. The Declarant shall have the power and right to lease and/or sell and convey any Unit owned by the Declarant to any person or entity which it deems appropriate in its sole discretion and it need not comply with the provisions of Section 3.24.

9.3 CONSTRUCTION: Declarant, its agents and contractors shall have the right to come upon the Condominium Property to construct improvements thereon and to make alterations, repairs or improvements to the Condominium Property or the portions of the Premises not made part of the Condominium Property and shall have the right to store equipment and materials used in connection with such work on the Condominium Property or the portions of the Premises which have not been made part of the Condominium Property without payment of any fee or charge whatsoever.

9.4 CONTROL OF BOARD: Until the initial meeting of the Owners (which shall occur no later than thirty (30) days after the Turnover Date) and the election of the initial Board as provided for in the By-Laws, the rights, titles, powers, privileges, trusts, duties and obligations vested in or imposed upon the Board by the Act, this Declaration or the By-Laws shall be held and performed by the Declarant. The Declarant may hold and perform such rights and obligations through the Board which, prior to the Turnover Date, shall consist of three (3) individuals designated by the Declarant from time to time. Prior to the Turnover Date the Declarant may appoint from among the Owners three non-voting counselors to the Board who shall serve at the discretion of the Declarant.

9.05 EASEMENT FOR PROPERTY SOUTH OF PREMISES: The Declarant expressly reserves the right and power to grant, or require the Board to grant, an easement in favor of the owner of real estate located adjacent to and south of the Premises for vehicular access over and across the ramp which furnishes ingress to and egress from the second level of the parking structure which is part of the Parking Facility and portion of the second level of the parking structure for the purpose of vehicular access to and from a parking deck constructed, or to be constructed, adjacent to and south of the second level of the parking structure. Any such grant of easement shall be executed by the beneficiary of the easement and shall (i) provide for an easement in favor of the Condominium Association, which is coterminus with the access easement, for the use of at least two parking spaces on the beneficiary's deck, (ii) obligate the beneficiary to pay a fair share of the cost of the maintenance, repair and replacement of the ramps and entry control devices which control access thereto pursuant to a formula or procedure provided for in the grant of easement, and (iii) provide that the failure of the beneficiary to pay amounts required to be paid when due shall result in late fees and/or interest thereon, and shall give rise to a lien for such amounts, plus interest, attorney's fees and costs of collection against the beneficiary's property. Any consideration for the granting of such easement shall be paid to the Declarant and none of the Condominium Association or any Owner shall have a claim for any portion thereof. Each person by acceptance of a deed, mortgage, trust deed, other evidence of obligation, or other instrument relating to a Unit Ownership, shall be deemed to (i) grant a power coupled with an interest to the Board and/or the Declarant, as attorney-in-fact, to grant the easement provided for in this Section, and (ii) waive any claim for any portion of the consideration, if any, paid to the Declarant for agreeing to grant, or cause to be granted, the easement provided for in this Section. The rights and powers reserved to the Declarant in this Section shall terminate at such time as the Declarant no longer holds or controls title to a portion of the Premises.

ARTICLE TEN
Rights of First Mortgagees

10.01 NOTICE TO FIRST MORTGAGEES: Each Owner shall notify the Condominium Association of the name and address of his First Mortgagee or its servicing agent, if any, and shall promptly notify the Condominium Association of any change in such information. The Condominium Association shall maintain a record of such information with respect to all Units. Each First Mortgagee shall have the right to examine the books and records of the Condominium Association at any reasonable time and to have an audited statement of the Condominium Association's operations prepared for a fiscal year at its own expense. Upon the specific written request of a First Mortgagee to the Board, the First Mortgagee shall receive some or all of the following as designated in the request:

(a) Copies of budgets, notices of assessment, or any other notices or statements provided under this Declaration by the Condominium Association to the Owner of the Unit covered by the First Mortgagee's First Mortgage;

(b) Any audited or unaudited financial statements of the Condominium Association which are prepared for the Condominium Association and distributed to the Owners;

(c) Copies of notices of meetings of the Owners and the right to be represented at any such meetings by a designated representative;

(d) Notice of any proposed action which would require the consent of a specified percentage of Eligible Mortgagees pursuant to Section 10.02;

(e) Notice of the decision of the Owners to make any material amendment to this Declaration, the By-Laws, or the Articles of Incorporation of the Condominium Association;

(f) Notice of substantial damage to or destruction of any Unit (in excess of \$1,000) or any part of the Common Elements (in excess of \$10,000);

(g) Notice of the commencement of any condemnation or eminent domain proceedings with respect to any part of the Condominium Property;

(h) Notice of any default of the Owner of the Unit which is subject to the First Mortgagee's First Mortgage, where such default is not cured by the Owner within thirty (30) days after the giving of notice by the Condominium Association to the Owner of the existence of the default; or

(i) The right to be treated as an "Eligible Mortgagee" for purposes of Section 10.02.

(j) Copies of any written notice received by the Association of lapse, cancellation or material change in any insurance policy or fidelity bond carried by the Condominium Association.

The request of a First Mortgagee shall specify which of the above it desires to receive and shall indicate the address to which any notices or documents shall be sent by the Condominium Association. Failure of the Condominium Association to provide any of the foregoing to a First Mortgagee who has made a proper request therefore shall not affect the validity of any action which is related to any of the foregoing. The Condominium Association need not inquire into the validity of any request made by a First Mortgagee hereunder and in the event of multiple requests from purported First Mortgagees of the same Unit Ownership, the Condominium Association shall honor the most recent request received.

10.02 CONSENT OF ELIGIBLE MORTGAGEES:

(a) In addition to any requirements or prerequisite provided for elsewhere in this Declaration, the consent of Eligible Mortgagees holding, in the aggregate, First Mortgages on at least sixty-seven percent (67%) of the Unit Ownerships (by number) which are subject to First Mortgages held by Eligible Mortgagees will be required for the Condominium Association to do or permit to be done any of the following:

(1) Adoption of an amendment to this Declaration which changes or adds to provisions of the Declaration relating to (i) voting rights; (ii) assessments, assessment

liens, or the priority of assessment liens; (iii) reserves for maintenance, repair, and replacement of Common Elements; (iv) responsibility for maintenance and repairs; (v) reallocation of interests in the Common Elements (including Limited Common Elements) or rights to their use; (vi) redefinition of any Unit boundaries; (vii) convertibility of Units into Common Elements or Common Elements into Units; (viii) insurance or fidelity bond requirements; (ix) leasing of Units; (x) imposition of any restrictions on an Owner's right to sell or transfer his Unit;

(2) The abandonment or termination of the condominium;

(3) The partition or subdivision of a Unit;

(4) The abandonment, partition, subdivision, encumbrance, sale or transfer of the Common Elements, (except for the granting of easements for public utilities or for other purposes consistent with the intended use of the Condominium Property and except for the encumbrance, sale or transfer of an Undivided Interest in connection with the encumbrance, sale or transfer of a Unit Ownership);

(5) The sale of the Condominium Property;

(6) The removal of a portion of the Condominium Property from the provisions of the Act and this Declaration;

(7) The effectuation of a decision by the Condominium Association to terminate professional management and assume self-management of the condominium when professional management had been required hereunder or by an Eligible Mortgagee; or

(8) Restoration or repair of the Condominium Property (after a hazard damage or partial condemnation) in a manner other than as specified in this Declaration or the use of hazard insurance proceeds for losses to the Condominium Property (whether to Units or to the Common Elements) for other than the repair, replacement, or reconstruction of the damaged portion of the Condominium Property; provided, that, such consent of Eligible Mortgagees will not be required with respect to any action under (1) through (8) above which is permitted under Article Eight hereof.

(b) Whenever required, the consent of an Eligible Mortgagee shall be deemed granted unless the party seeking the consent is advised to the contrary in writing by the Eligible Mortgagee within thirty (30) days after making the request for consent by Registered or Certified Mail, Return Receipt Requested.

10.03 INSURANCE PROCEEDS/CONDEMNATION AWARDS: In the event of (i) any distribution of any insurance proceeds hereunder as a result of substantial damage to, or destruction of, any part of the Condominium Property or (ii) any distribution of the proceeds of any award or settlement as a result of condemnation or eminent domain proceedings with respect to any part of the Condominium Property, any such distribution shall be made to the Owners and their respective First Mortgagees, as their interests may appear, and no Owner or other party shall be entitled to priority over the First Mortgagee of a Unit with respect to any such distribution to

or with respect to such Unit; provided, that, nothing in this Section shall be construed to deny to the Condominium Association the right to apply any such proceeds to repair or replace damaged portions of the Condominium property or to restore what remains of the Condominium Property after condemnation or taking by eminent domain of a part of the Condominium Property.

10.04 ADMINISTRATOR APPROVALS: Anything herein to the contrary notwithstanding, whenever this Declaration or the By-Laws provide for the approval or consent of the Department of Veteran's Affairs ("VA"), such approval or consent shall not be required unless the VA (a) has issued its condominium project approval of the Condominium Property and such project approval has not terminated, (b) has issued a guarantee of the First Mortgage on at least one Unit which guarantee is then outstanding, (c) is the owner or holder of a First Mortgage on a Unit or (d) is the Owner of a Unit. Whenever required, such approval or consent shall be deemed granted unless the party seeking the consent or approval is advised to the contrary in writing within thirty (30) days of making the request for consent or approval.

PART III **THE COMMERCIAL PROPERTY**

ARTICLE ELEVEN **The Commercial Property**

11.1 CONDOMINIUM ASSOCIATION MAINTAINED IMPROVEMENTS AND SERVICES: The Condominium Association shall be responsible for furnishing all necessary maintenance, repairs and replacements to the Condominium Association Maintained Improvements, including those portions thereof which are part of the Commercial Property. The Condominium Association shall furnish all Condominium Association Furnished Services for the benefit of the entire Building, its residents and users, including, without limitation, the Commercial Property and its users.

11.2 COMMERCIAL PROPERTY OWNER MAINTENANCE: The Commercial Property Owner shall maintain, at its expense, those portions of the Commercial Property which are not part of the Condominium Association Maintained Improvements, including without limitation, those portions of the Building which are part of the Commercial Property and the windows and window frames in the Commercial Property. In addition, the Commercial Property Owner shall have the right and power, at its own expense, to make alterations, additions, or improvements to the Commercial Property (including portions thereof which are part of the exterior of the Building and the windows and window frames located therein) and erect signs and lighting thereon, without obtaining the consent or approval of the Condominium Association as long as any such alterations, additions, or improvements are done in compliance with applicable ordinances of the City of Chicago.

11.3 INSURANCE: The Commercial Property Owner shall maintain insurance against loss or damage by fire and other risks and hazards in an amount at not less than the full insurable replacement cost of the Commercial Property. To the extent available for a reasonable premium, the Condominium Association and the Commercial Property Owner shall work together to jointly purchase an insurance policy or policies covering the entire Building against loss or damage by fire and other risks and hazards naming the Condominium Association and the

Commercial Property Owner, as their interest may appear, as insured parties. Such insurance may include rental loss insurance covering the Commercial Property only. The premium for any such insurance shall be allocated between the Condominium Association and the Commercial Property Owner as agreed upon between such parties; provided, that, any portion of the premium attributable to rental loss insurance shall be paid by the Commercial Property Owner. To the extent possible, all insurance policies obtained by the Condominium Association and the Commercial Property Owner shall contain waivers of the insurer's rights of subrogation against the Commercial Property Owner, the Condominium Association, the Unit Owners and their respective employees and agents for claims arising from or relating to damage with respect to portions of the Building which are covered by such insurance.

11.04 COST SHARING:

(a) The Commercial Property Owner shall pay the Commercial Property Cost Sharing Percentage (defined below) of the cost of the maintenance, repair and replacement of the Condominium Association Maintained Improvements and the cost of furnishing the Condominium Association Furnished Services, based on statements therefore periodically furnished to the Commercial Property Owner by the Condominium Association. The amount of each cost and the portion thereof payable by the Commercial Property Owner shall be based on the Commercial Property Cost Sharing Percentage in effect when each cost is incurred, regardless of when the cost is paid. The Commercial Property Owner shall not be required to share in any costs of alterations or improvements to Condominium Association Maintained Improvements which are incurred without the prior written consent of the Commercial Property Owner. For purposes hereof, the "Commercial Property Cost Sharing Percentage" shall initially be 10%, but in no event shall such the amount payable each year hereunder by the Commercial Property Owner be less than \$1,000.00 per year.

(b) If there are Commercial Property Reserved Parking Spaces, the Commercial Property Owner to which each such space is assigned shall pay to the Condominium Association an amount equal to the Parking Facility Assessment payable by a Unit Owner with respect to a Parking Space.

11.05 PAYMENT OF COSTS: During the first twelve (12) months after Commercial Property is first designated on Exhibit A, the Commercial Property Owner shall pay to the Condominium Association \$250.00 per quarter as its estimated share of the costs to be paid by the Commercial Property Owner under 11.04(a) above. Within sixty (60) days after the end of the initial twelve (12) month period, a reconciliation shall be made between the estimated payments and the actual costs and an appropriate adjustment shall be made between the Commercial Property Owner and the Condominium Association. During each subsequent twelve (12) month period, the estimated monthly share which shall be paid by the Commercial Property Owner shall be equal to one-twelfth (1/12) of the actual costs charged to the Commercial Property Owner for the preceding year or as otherwise agreed between the Condominium Association and the Commercial Property Owner. A reconciliation and appropriate adjustments shall be made within sixty (60) days after the end of each twelve (12) month period. Any payments which are due from the Commercial Property Owner to the Condominium Association, or vice versa, as a result of a reconciliation, shall be paid within thirty (30) days after a determination has been made. If the Commercial Property Owner fails to make any required

payment hereunder within thirty (30) days after it is due, the amount thereof shall be a continuing lien upon the Commercial Property, provided, that, any such lien against the Commercial Property shall be subordinate to any and all mortgages on the Commercial Property from time to time. Any reconciliations or adjustments made hereunder shall be made initially by the accountant employed by the Condominium Association subject to the review of the accountant employed by the Commercial Property Owner.

11.6 RESTRICTIONS. Except as specifically provided for in this Declaration, there shall be no restriction or the use or occupancy of the Commercial Property and the Condominium Association shall have no right or power to apply any rules and regulations which it may adopt to the Commercial Property.

11.7 RESOLUTION OF DISPUTES. In the event of a dispute between the Commercial Property Owner and the Condominium Association, at the option of either party, the dispute shall be resolved under the rules of the American Arbitration Association then in effect.

PART IV **AMENDMENTS/MISCELLANEOUS**

ARTICLE TWELVE Amendments

12.01 SPECIAL AMENDMENT: Declarant reserves the right and power to Record a special amendment ("Special Amendment") to this Declaration at any time and from time to time which amends this Declaration (i) to comply with requirements of Fannie Mae, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, the Federal Housing Administration, the Veterans Administration, or any other governmental agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by such entities, (ii) to induce any of such agencies or entities to make, purchase, sell, insure, or guarantee First Mortgages covering Unit Ownerships, (iii) to bring this Declaration into compliance with the Act, (iv) to correct errors, inconsistencies, omissions or ambiguities in this Declaration or any Exhibit thereto or any supplement or amendment thereto, (v) to change the legal description of the Commercial Property, Non-Condominium Property or Condominium Property to correct errors or to revise the boundaries of such portions of the Premises to properly reflect the boundaries "as built" and to correct or remove encroachments, (vi) to change the location of a Parking Space within the Parking Facility, as shown on the Plat, to reflect its locations as finally striped by the Declarant, or (vii) to eliminate one or more Parking Spaces assigned to Units owned by the Declarant in order to implement the easement provided for in Section 9.05 or in order to reflect a determination by the Declarant that such eliminated Parking Spaces are not useable. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to the Declarant to vote in favor of, make, or consent to a Special Amendment on behalf of each Owner of a Unit or the Commercial Property as proxy or attorney-in-fact, as the case may be. Each deed, mortgage, trust deed, other evidence of obligation, or other instrument affecting a Unit or the Commercial Property and the acceptance thereof shall be deemed to be a grant and acknowledgement of, and a consent to the reservation of, the power to the Declarant to vote in favor of, make, execute and Record Special Amendments. The right of

the Declarant to act pursuant to rights reserved or granted under this Section shall terminate at such time as the Declarant no longer holds or controls title to a portion of the Premises.

12.02 AMENDMENT:

(a) Subject to the provisions of Article Eight and Article Ten, and except as otherwise provided in Sections 5.06 and 5.07 and the Act, the provisions of Part II of this Declaration may be amended, modified, enlarged or otherwise changed in whole or in part by the affirmative vote of Voting Members (either in person or by proxy), or by an instrument executed by Owners, representing at least 75% of the Undivided Interests; except that (i) the provisions relating to the rights of Declarant may be amended only upon the written consent of the Declarant and (ii) the provisions of Article Ten and the provisions of this Article may be amended only with the written consent of Eligible Mortgagees as provided in Section 10.02.

(b) Subject to the provisions of Article Eight and Section 12.01, any provision of this Declaration, other than Part II hereof, may only be amended by an instrument executed by the Condominium Association, pursuant to action taken at a meeting of the Owners of Units approving the proposed amendment, all of the Commercial Property Owners, and all owners of the Non-Condominium Property, if any.

(c) No amendment shall become effective until Recorded.

ARTICLE THIRTEEN
Miscellaneous

13.1 SEVERABILITY: Invalidation of all or any portion of any of the easements, restrictions, covenants, conditions and reservations, by legislation, judgment or court order shall not affect any liens, charges, rights, benefits and privileges and other provisions of this Declaration, which shall remain in full force and effect.

13.2 NOTICES: Any notice required to be sent to any Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postage prepaid, to the last known address of such Owner as it appears on the records of the Condominium Association at the time of such mailing, or upon personal delivery to the Owner's Unit.

13.3 CAPTIONS/CONFLICTS: The Article and Section headings herein are intended for convenience only and shall not be construed with any substantive effect in this Declaration. In the event of any conflict between the statements made in the recitals to this Declaration and the provisions contained in the body of this Declaration, the provisions contained in the body of this Declaration shall govern.

13.4 PERPETUITIES AND OTHER INVALIDITY: If any of the options, privileges, covenants or rights created by this Declaration would otherwise be unlawful or void for violation of (a) the rule against perpetuities or some analogous statutory provisions, (b) the rule restricting restraints on alienation, or (c) any other statutory or common law rules imposing time limits, then such provisions shall continue only until twenty-one (21) years after the death of the survivor of

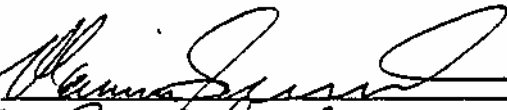
the living lawful descendants of George Bush, the former President of the United States at the time of Recording of this Declaration.

13.5 TITLE HOLDING LAND TRUST: In the event title to any Unit Ownership is conveyed to a title holding trust, under the terms of which all powers of management, operation and control of the Unit remain vested in the trust beneficiary or beneficiaries, then the beneficiaries thereunder from time to time shall be responsible for payment of all assessments, charges or payments hereunder and for the performance of all agreements, covenants and undertakings chargeable or created under this Declaration against such Unit Ownership. No claim shall be made against any such title holding trustee personally for payment of any lien or obligation hereunder created and the trustee shall not be obligated to sequester funds or trust property to apply in whole or in part against such lien or obligation. The amount of such lien or obligation shall continue to be a charge or lien upon the Unit Ownership and the beneficiaries of such trust notwithstanding any transfers of the beneficial interest of any such trust or any transfers of title to such Unit Ownership.


13.6 ASSIGNMENT BY THE DECLARANT: All rights which are specified in this Declaration to be rights of the Declarant are assignable or transferable. Any successor to, or assignee of, the rights of the Declarant hereunder (including, whether by foreclosure or deed-in-lieu of foreclosure) shall hold or be entitled to exercise the rights of Declarant hereunder as fully as if named as such party herein. No party exercising rights as Declarant hereunder shall have or incur any liability for the acts of any other party which previously exercised or subsequently shall exercise such rights.

Dated: June 30, 2000

DECLARANT:
CAPITOL HILL LOFTS, INC., an Illinois
corporation

By: 
Its: President


ATTEST:

By: 
Its: VICE PRESIDENT

STATE OF ILLINOIS)
)SS.
COUNTY OF _____)

The undersigned, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Maurice Sanderman and Steven Sanderman of Capitol Hill Lofts Inc., the President and Vice President thereof, personally known to be to be the same persons whose names are subscribed to the foregoing instrument as such President and Vice President respectively, appeared before me this day in person and acknowledged that they signed and delivered said instrument as their own free and voluntary act, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial seal this 30 day of June, 2000.



Notary Public



CONSENT OF MORTGAGEE

Corus Bank, N.A., as holder of a mortgage dated June 30, 1999, and recorded in the office of the Recorder of Deeds of Cook County, Illinois, on July 15, 1999, as Document No. 99678976, with respect to the Premises, hereby consents to the recording of this Declaration to which this Consent is attached and agrees that its mortgage shall be subject to the terms of this Declaration,

Dated: July 30, 2000

CORUS BANK, N.A.

By: _____

Its: Commercial Loan Officer

ATTEST:

By: _____

Its: Exp

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

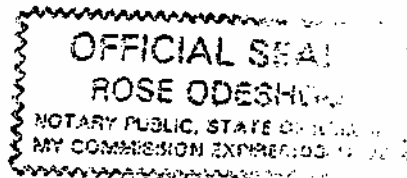
The undersigned, a Notary Public in and for said County and State, do hereby certify that Tracy S. Lappisen and Michael G. Stein respectively, of Corus Bank, N.A., as such Commercial Loan and Ex. V.P. appeared before me this day in person and acknowledged that they signed, sealed and delivered said instrument as their free and voluntary act, and as the free and voluntary act of _____, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 30 day of June 2000.

Rose Odeschko

Notary Public

My Commission Expires: _____



**EXHIBIT A TO
DECLARATION OF CONDOMINIUM OWNERSHIP FOR
CAPITOL HILL LOFTS CONDOMINIUM**

I. The Premises

PARCEL 1:

THAT PART OF LOTS 1, 4 AND THE NORTH 1/2 OF LOT 5 (EXCEPT THE SOUTH 4.92 FEET OF SAID NORTH 1/2 OF LOT 5 AND EXCEPT THE EAST 9 FEET OF ALL OF SAID LOTS TAKEN FOR ALLEY) IN BLOCK 28 IN SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

THAT PART OF LOT 5 IN THE SUBDIVISION OF BLOCK 28 OF SCHOOL SECTION ADDITION TO CHICAGO IN THE WEST 1/2 OF THE NORTHWEST 1/4 OF SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN LYING SOUTH OF THE NORTH LINE OF THE SOUTH 4.92 FEET OF THE NORTH 1/2 OF SAID LOT 5,(EXCEPT THE EAST 9.00 FEET OF SAID LOT 8 TAKEN FOR ALLEY;

ALSO

THAT PART OF LOT 8 DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF LOT 8; THENCE SOUTH ALONG THE WEST LINE OF SAID LOT, 20.23 FEET; THENCE EAST TO A POINT IN THE EAST LINE OF SAID LOT, 21.5 FEET SOUTH FROM THE NORTHEAST CORNER OF SAID LOT; THENCE NORTH ON THE EAST LINE OF SAID LOT, 21.5 FEET TO THE NORTHEAST CORNER OF SAID LOT; THENCE WEST ALONG THE NORTH LINE OF SAID LOT TO THE POINT OF THE BEGINNING, (EXCEPT THE EAST 9.00 FEET OF SAID LOT 8 TAKEN FOR ALLEY), ALL IN THE SUBDIVISION OF BLOCK 28 IN SCHOOL SECTION ADDITION TO CHICAGO IN THE WEST 1/2 OF THE NORTHWEST 1/4 OF SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

II. The Commercial Property

THAT PART OF AFORESAID LOTS 1 AND 4 DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF LOT 1; THENCE NORTH 89 DEGREES 58 MINUTES 06 SECONDS EAST ALONG THE NORTH LINE OF SAID LOT 1, 64.89 FEET; THENCE SOUTH 00 DEGREES 01 MINUTES 54 SECONDS EAST, 3.08 FEET; THENCE NORTH 89 DEGREES 58 MINUTES 06 SECONDS EAST, 1.77 FEET; THENCE SOUTH 18 DEGREES 49 MINUTES 49 SECONDS WEST, 14.46 FEET; THENCE SOUTH 89 DEGREES 58 MINUTES 06 SECONDS WEST, 4.20 FEET; THENCE SOUTH 00 DEGREES 01 MINUTES 54 SECONDS EAST, 9.90 FEET; THENCE SOUTH 89 DEGREES 58 MINUTES 06 SECONDS WEST, 12.24 FEET; THENCE SOUTH 00 DEGREES 01 MINUTES 54 SECONDS EAST, 33.15 FEET; THENCE NORTH 89 DEGREES 58 MINUTES 06 SECONDS EAST, 8.17 FEET; THENCE SOUTH 00 DEGREES 01 MINUTES 54 SECONDS EAST, 38.17 FEET; THENCE NORTH 89 DEGREES 57 MINUTES 29 SECONDS WEST, 9.30 FEET; THENCE NORTH 00 DEGREES 02 MINUTES 31 SECONDS EAST, 2.48 FEET; THENCE NORTH 89 DEGREES 57 MINUTES 29 SECONDS WEST, 5.10 FEET; THENCE

SOUTH 00 DEGREES 02 MINUTES 31 SECONDS WEST, 2.48 FEET; THENCE NORTH 89 DEGREES 57 MINUTES 29 SECONDS WEST, 14.61 FEET; THENCE NORTH 00 DEGREES 02 MINUTES 31 SECONDS EAST, 2.48 FEET; THENCE NORTH 89 DEGREES 57 MINUTES 29 SECONDS WEST, 5.10 FEET; THENCE SOUTH 00 DEGREES 02 MINUTES 31 SECONDS WEST, 2.48 FEET; THENCE NORTH 89 DEGREES 57 MINUTES 29 SECONDS WEST, 13.87 FEET; THENCE NORTH 00 DEGREES 02 MINUTES 31 SECONDS EAST, 1.05 FEET; THENCE NORTH 89 DEGREES 57 MINUTES 29 SECONDS WEST, 2.27 FEET; THENCE NORTH 00 DEGREES 02 MINUTES 31 SECONDS EAST, 2.44 FEET; THENCE NORTH 89 DEGREES 57 MINUTES 29 SECONDS WEST, 2.77 FEET TO A POINT ON THE WEST LINE OF SAID LOT 4; THENCE NORTH 00 DEGREES 27 MINUTES 10 SECONDS WEST ALONG THE WEST LINE OF SAID LOTS 4 AND 1, 94.43 FEET TO THE POINT OF THE BEGINNING, LYING ABOVE AN ELEVATION OF 14.28 (CITY OF CHICAGO DATUM) AND BELOW AN ELEVATION OF 25.88, IN COOK COUNTY, ILLINOIS;

ALSO

THAT PART OF AFORESAID LOTS 1 AND 4 DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON NORTH LINE OF LOT 1, 9.00 FEET WEST FROM THE NORTHEAST CORNER OF SAID LOT 1; THENCE SOUTH 00 DEGREES 26 MINUTES 49 SECONDS EAST ALONG THE WEST LINE OF THE EAST 9 FEET OF SAID LOTS 1 AND 4, 74.16 FEET; THENCE SOUTH 89 DEGREES 58 MINUTES 05 SECONDS WEST, 52.32 FEET; THENCE NORTH 00 DEGREES 01 MINUTES 54 SECONDS WEST, 17.66 FEET; THENCE NORTH 89 DEGREES 58 MINUTES 06 SECONDS EAST, 4.43 FEET; THENCE NORTH 44 DEGREES 58 MINUTES 06 SECONDS EAST, 3.60 FEET; THENCE NORTH 00 DEGREES 01 MINUTES 54 SECONDS WEST, 10.70 FEET; THENCE SOUTH 89 DEGREES 58 MINUTES 06 SECONDS WEST, 5.02 FEET; THENCE NORTH 00 DEGREES 01 MINUTES 54 SECONDS WEST, 4.80 FEET; THENCE SOUTH 89 DEGREES 58 MINUTES 06 SECONDS WEST, 17.78 FEET; THENCE NORTH 00 DEGREES 01 MINUTES 54 SECONDS WEST, 11.17 FEET; THENCE NORTH 89 DEGREES 58 MINUTES 06 SECONDS EAST, 5.03 FEET; THENCE NORTH 00 DEGREES 01 MINUTES 54 SECONDS WEST, 8.95 FEET; THENCE SOUTH 89 DEGREES 58 MINUTES 06 SECONDS WEST, 5.05 FEET; THENCE NORTH 00 DEGREES 01 MINUTES 54 SECONDS WEST, 15.36 FEET; THENCE NORTH 89 DEGREES 58 MINUTES 06 SECONDS EAST, 2.56 FEET; THENCE NORTH 00 DEGREES 01 MINUTES 54 SECONDS WEST, 2.97 FEET TO A POINT ON THE NORTH LINE OF SAID LOT 1; THENCE NORTH 89 DEGREES 58 MINUTES 06 SECONDS EAST ALONG THE NORTH LINE OF SAID LOT 1, 65.07 FEET TO THE POINT OF THE BEGINNING, LYING ABOVE AN ELEVATION OF 14.28 (CITY OF CHICAGO DATUM) AND BELOW AN ELEVATION OF 25.88, IN COOK COUNTY, ILLINOIS;

**EXHIBIT B TO
DECLARATION OF CONDOMINIUM OWNERSHIP FOR
CAPITOL HILL LOFTS CONDOMINIUM**

The Parcel

PARCEL 1:

THAT PART OF LOTS 1, 4 AND THE NORTH 1/2 OF LOT 5 (EXCEPT THE SOUTH 4.92 FEET OF SAID NORTH 1/2 OF LOT 5 AND EXCEPT THE EAST 9 FEET OF ALL OF SAID LOTS TAKEN FOR ALLEY) IN BLOCK 28 IN SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING BELOW AN ELEVATION OF 65.66 (CITY OF CHICAGO DATUM), IN COOK COUNTY, ILLINOIS,

EXCEPTING THEREFROM

EXCEPTION 1:

THAT PART OF AFORESAID LOTS 1 AND 4 DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF LOT 1; THENCE NORTH 89 DEGREES 58 MINUTES 06 SECONDS EAST ALONG THE NORTH LINE OF SATO LOT 1, 64.89 FEET; THENCE SOUTH 00 DEGREES 01 MINUTES 54 SECONDS EAST, 3.08 FEET; THENCE NORTH 89 DEGREES 58 MINUTES 06 SECONDS EAST, 1.77 FEET; THENCE SOUTH 18 DEGREES 49 MINUTES 49 SECONDS WEST, 14.46 FEET; THENCE SOUTH 89 DEGREES 58 MINUTES 06 SECONDS WEST, 4.20 FEET; THENCE SOUTH 00 DEGREES 01 MINUTES 54 SECONDS EAST, 9.90 FEET; THENCE SOUTH 89 DEGREES 58 MINUTES 06 SECONDS WEST, 12.24 FEET; THENCE SOUTH 00 DEGREES 01 MINUTES 54 SECONDS EAST, 33.15 FEET; THENCE NORTH 89 DEGREES 58 MINUTES 06 SECONDS EAST, 8.17 FEET; THENCE SOUTH 00 DEGREES 01 MINUTES 54 SECONDS EAST, 38.17 FEET; THENCE NORTH 89 DEGREES 57 MINUTES 29 SECONDS WEST, 9.30 FEET; THENCE NORTH 00 DEGREES 02 MINUTES 31 SECONDS EAST, 2.48 FEET; THENCE NORTH 89 DEGREES 57 MINUTES 29 SECONDS WEST, 5.10 FEET; THENCE SOUTH 00 DEGREES 02 MINUTES 31 SECONDS WEST, 2.48 FEET; THENCE NORTH 89 DEGREES 57 MINUTES 29 SECONDS WEST, 14.61 FEET; THENCE NORTH 00 DEGREES 02 MINUTES 31 SECONDS EAST, 2.48 FEET; THENCE NORTH 89 DEGREES 57 MINUTES 29 SECONDS WEST, 5.10 FEET; THENCE SOUTH 00 DEGREES 02 MINUTES 31 SECONDS WEST, 2.48 FEET; THENCE NORTH 89 DEGREES 57 MINUTES 29 SECONDS WEST, 13.87 FEET; THENCE NORTH 00 DEGREES 02 MINUTES 31 SECONDS EAST, 1.05 FEET; THENCE NORTH 89 DEGREES 57 MINUTES 29 SECONDS WEST, 2.27 FEET; THENCE NORTH 00 DEGREES 02 MINUTES 31 SECONDS EAST, 2.44 FEET; THENCE NORTH 89 DEGREES 57 MINUTES 29 SECONDS WEST, 2.77 FEET TO A POINT ON THE WEST LINE OF SAID LOT 4; THENCE NORTH 00 DEGREES 27 MINUTES 10 SECONDS WEST ALONG THE WEST LINE OF SAID LOTS 4 AND 1, 94.43 FEET TO THE POINT OF THE BEGINNING, LYING ABOVE AN ELEVATION OF 14.28 (CITY OF CHICAGO DATUM) AND BELOW AN ELEVATION OF 25.88, IN COOK COUNTY, ILLINOIS;

ALSO

EXCEPTING THEREFROM

EXCEPTION 2:

THAT PART OF AFORESAID LOTS 1 AND 4 DESCRIBED AS FOLLOWS:
BEGINNING AT A POINT ON NORTH LINE OF LOT 1, 9.00 FEET WEST FROM THE NORTHEAST CORNER OF SAID LOT 1; THENCE SOUTH 00 DEGREES 26 MINUTES 49 SECONDS EAST ALONG THE