

COPY

DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS AND
RESTRICTIONS
FOR
THE HAVERFORD AT SCHAUMBURG MASTER ASSOCIATION

Table of Contents

ARTICLE I DEFINITION

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Paragraph		Page
1.01	Act	2
1.02	Association	2
1.03	Association Delegate	2
1.04	Board	2
1.05	By-Laws	3
1.06	Common Elements	3
1.07	Community Area	3
1.08	Condominium Declaration	3
1.09	Declarant	3
1.10	Declaration	3
1.11	Developer	3
1.12	Dwelling Unit	3
1.13	Entrance	3
1.14	Haverford Development Area	4
1.15	Master Association	4
1.16	Member	4
1.17	Owner	4
1.18	Person	4
1.19	Premises	4
1.20	Record	4
1.21	Turnover Date	4
1.22	Unit Membership	4
1.23	Village	4

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ARTICLE II MEMBERSHIP AND VOTING RIGHTS IN THE MASTER ASSOCIATION

2.01	Membership	5
2.02	Voting Rights	5
2.03	Association Delegates	5
2.04	Method of Voting	6
2.05	Board of Directors	6
2.06	Appointment of Directors by Developer	6
2.07	First Meeting of Association Delegates	7

2.08	Informal Action by Directors	7
2.09	Liabilities	7
2.10	Governing Law	8

ARTICLE III
EASEMENTS AND PROPERTY RIGHTS

3.01	Easements to Run with Land	8
3.02	Easement of Access	8
3.03	Rights of Enjoyment	9
3.04	Delegation of Use	9
3.05	Encroachments	9
3.06	No Dedication to Public Use	10

ARTICLE IV
ASSESSMENTS

4.01	Creation of the Lien and Personal Obligation	10
4.02	Purpose of Assessments	10
4.03	Assessment Procedures	11
4.04	Special Assessments for Capital Improvements	12
4.05	Notice	12
4.06	Allocation of Assessments Among Members	13
4.07	Payment of Annual Assessment	13
4.08	Nonpayment of Assessments	14

ARTICLE V
ADMINISTRATION AND USE OF COMMUNITY AREA AND
MAINTENANCE OF SPECIFIC MONUMENTS
AND BOULEVARD AREAS

5.01	General Powers of the Board	15
5.02	Special Powers of the Board	16
5.03	Real Estate Taxes and Assessments	17
5.04	Performance of Board's Duties by Developer Pending Conveyance	17

ARTICLE VI
CERTAIN RIGHTS RESERVED TO DEVELOPER

6.01	Developer's Promotional Rights	17
6.02	Right to Engage a Manager	18
6.03	Developer's Easements	18
6.04	Retention of Title by Developer	18
6.05	Terms of Conveyance of Community Area	19
6.06	General	19

ARTICLE VII
GENERAL PROVISIONS

7.01	Binding Effect	19
7.02	Amendment	19
7.03	Enforcement	20
7.04	Title-holding Land Trust	20
7.05	Severability	21
7.06	Assignment by Developer or Declarant	21
7.07	Headings	21
7.08	Notices	21
7.09	Perpetuities and Other Invalidity	21

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DECLARATION
OF
EASEMENTS, RESTRICTIONS AND CONVENANTS
FOR
THE HAVERFORD AT SCHAUMBURG MASTER ASSOCIATION

This Declaration is made by the Haverford at Schaumburg Limited Partnership, an Illinois limited partnership, by Kimball Hill, Inc., its sole general partner (the "Declarant") on December 5, 1988.

RECITALS

A. Declarant is the legal title holder of certain real estate (the "Premises") in the Village of Schaumburg, Illinois, which comprises a proposed development area (the "Haverford Development Area"), the legal description of which area is set forth in Exhibit A attached to and made a part of this Declaration.

B. The Declarant intends to improve, or cause to improve the Haverford Development Area with condominiums and townhome condominium buildings, and single family residences on their respective properties located on the Haverford Development Area. The legal description of the real estate within the Haverford Development Area and the association names are as follows:

<u>Legal Description at Exhibit</u>	<u>Type of Association</u>	<u>Name of Association</u>
C	Condominium	Haverford at Schaumburg Country Homes Condominium Association
D	Condominium	Haverford at Schaumburg Colony Condominium Association
E	Single Family	Haverford at Schaumburg Village Neighborhood Association

C. In order to provide for the necessary ownership, administration, maintenance and common enjoyment and to implement the development, preservation and enhancement of the Premises and other improvements which Declarant may from time to time construct in the Haverford Development Area, Declarant (i) has or will cause to be formed the Haverford at Schaumburg Master Association (the "Master Association") under the Illinois General Not-for-Profit Corporation Act, which shall have the responsibility for owning, administering, and maintaining the Community Area in accordance with the provisions hereof and which shall have the responsibility of administering and maintaining certain entryway monuments and landscaping, parkways, center islands, detention and easement areas; and (ii) hereby causes the Premises to be subject to the provisions of this Declaration.

NOW, THEREFORE, Declarant hereby declares that the Premises described in Exhibit A attached hereto are and hereafter shall be transferred, held, sold, conveyed and accepted subject to this Declaration.

Declarant does hereby further declare that the following rights, easements, covenants, restrictions, conditions, burdens, uses, privileges, charges and liens shall: (1) exist at all times hereafter among all parties having or acquiring any right, title or interest in any portion of the Premises; (2) be binding upon and inure to the benefit of each Owner (as further defined in Paragraph 1.17); and (3) run with the land subject to this Declaration, to be held, sold and conveyed subject thereto.

ARTICLE I
DEFINITION

For purposes of brevity and clarity, the following words and terms when used in this Declaration shall have the following meanings unless otherwise required by the context:

1.01 Act. The Condominium Property Act of the State of Illinois, as amended from time to time.

1.02 Association. Any condominium association formed pursuant to a condominium declaration for the purposes provided in the Act or any neighborhood association, or their successors and assigns and covering real property within the Premises.

1.03 Association Delegate. An individual representing an Association on the Board of Directors of the Master Association.

1.04 Board. The Board of Directors of the Master Association, as constituted at any time or from time to time, in accordance with the applicable provisions of Article II hereof.

1.05 By-Laws. The By-Laws of the Master Association, which are attached hereto as Exhibit F.

1.06 Common Elements. The portions of any Condominium Property, as defined in the Act, constituting the Common Elements thereof pursuant to the Act.

1.07 Community Area. The portion of the Premises legally described in Exhibit B attached hereto, together with all easements, rights and appurtenances belonging thereto, and all fixtures, improvements, structures and personal property thereon intended for the mutual use, benefit or enjoyment of Members. Such term also includes: (a) all property rights, easements, leaseholds and other interests in real estate received by or created for the benefit of the Master Association (other than Condominium Property) and all fixtures and personal property thereon and appurtenances belonging thereto, intended for the mutual use, benefit or enjoyment of Members; and (b) such other real estate or interest therein, or other property, as may be added to said Community Area pursuant to Article V hereof.

1.08 Condominium Declaration. The instrument by which any Condominium Property, as defined in the Act, is submitted to the provisions of the Act, and all amendments thereof.

1.09 Declarant. The Haverford at Schaumburg Limited Partnership, an Illinois limited partnership, by Kimball Hill, Inc., an Illinois corporation, its sole general partner, and its successors and assigns.

1.10 Declaration. This instrument with all Exhibits hereto, as amended or supplemented from time to time.

1.11 Developer. The Haverford at Schaumburg Limited Partnership, an Illinois limited partnership, by Kimball Hill, Inc., an Illinois corporation, its sole general partner, and its successors and assigns.

1.12 Dwelling Unit. A condominium, townhouse, or single family residential housing unit (whether or not a unit as said term is defined in the Act) consisting of a group of rooms which is designed or intended for use exclusively as housing as constructed upon the Premises.

1.13 Entrance. Area which provides access or way for ingress to and egress from the Haverford Development Area including any structures, walls, fencing, permanent signs and landscaping located at such entrance point.

1.14 Haverford Development Area. The real estate legally described in Exhibit A attached hereto.

1.15 Master Association. The Haverford at Schaumburg Master Association, an Illinois not-for-profit corporation, and its successors and assigns.

1.16 Member. An Owner who holds membership in the Master Association pursuant to Paragraph 2.01 hereof and who is subject to assessment pursuant to Paragraph 4.01 hereof.

1.17 Owner. The Record owner, whether one or more persons or entities, of a fee simple title to any Dwelling Unit, including contract sellers, but excluding those other than contract sellers having such interest merely as security for the performance of an obligation. The term "Owner" shall include Declarant to the extent of the number of Dwelling Units owned by Declarant, and also includes the interest of Declarant as contract seller of any Dwelling Unit.

1.18 Person. A natural individual, corporation, partnership, trustee or other legal entity capable of holding title to real property.

1.19 Premises. The real estate legally described in Exhibit A attached hereto (including all easements appurtenant thereto) and such other real estate or interests therein.

1.20 Record. To record with the Recorder of Deeds of Cook County, Illinois.

1.21 Turnover Date. The date on which any one of the following shall first occur:

(a) the expiration of 10 years from the date of the Recording of this Declaration; or

(b) the date on which the Declarant or Developer conveys title of the Community Area to the Master Association; or

(c) the date designated in written notice from the Developer to all of the Owners as being the Turnover Date.

1.22 Unit Membership. The membership in the Master Association which is appurtenant to a Member's Dwelling Unit as provided in Paragraph 2.01 hereof.

1.23 Village. The Village of Schaumburg, Illinois, or any other political entity which may from time to time be in power to perform the functions or exercise the powers vested in the

Village of Schaumburg as of the date of the Recording of this Declaration.

ARTICLE II
MEMBERSHIP AND VOTING RIGHTS IN THE MASTER ASSOCIATION

2.01 Membership. Every Owner of a Dwelling Unit which is subject to assessment pursuant to Paragraph 4.01 hereof is hereby declared to be a Member of the Master Association. Membership is appurtenant to and shall not be separated from ownership of such Owner's Dwelling Unit. Each such Owner, by acceptance of a deed or other conveyance of a Dwelling Unit, thereby becomes a Member, whether or not this Declaration or such membership is made a part of, incorporated by reference in, or expressed in the deed of conveyance. There shall be one membership allocable to each assessable Dwelling Unit (herein called a "Unit Membership") and any Member who is the Owner of more than one such Dwelling Unit shall have the number of Unit Memberships equal to the number of such Dwelling Units. If the record ownership of a Dwelling Unit shall be in more than one person, or if an Owner of a Dwelling Unit is a trustee, corporation, partnership or other legal entity, then the individual who shall enjoy the Unit Membership and be responsible for the obligations attributable thereto, shall be designated by such Owner or Owners in writing to the Master Association at the time the Dwelling Unit becomes subject to assessment by the Master Association. Such designation may be changed from time to time thereafter by notice in writing to the Master Association. Ownership of a Dwelling Unit shall be the sole qualification for membership in the Master Association. Declarant shall be a Member of the Master Association only to the extent that Declarant owns Dwelling Units that are subject to assessment pursuant to Paragraph 4.01 hereof.

2.02 Voting Rights. Members shall not have voting rights in the Master Association, and shall be represented at Master Association meetings only through delegates selected in accordance with the provisions of Paragraph 2.03 hereof (herein called "Association Delegates").

2.03 Association Delegates. Each Association in the Haverford Development Area containing Dwelling Units which have been subjected to the provisions of this Declaration, shall be represented at Master Association Board meetings by one delegate who shall serve as a Director of the Master Association ("Association Delegate"), except as provided in Paragraph 2.06. The President of each Association shall serve as the Association Delegate. In addition, the Vice President of an Association, whose President is also elected President of the Master

Association Board, shall serve as an Association Delegate. Except for Association Delegates appointed by Developer, each such Association Delegate must be a Member of the Master Association or a spouse of a Member, except that Association Delegates appointed by the Owner of any building not submitted to the Act need not be Members of the Master Association.

2.04 Method of Voting. Each Association Delegate shall be entitled to one vote at Master Association Board meetings. Whenever a vote of the Directors of the Master Association is required pursuant to this Declaration, or is otherwise required by law, such votes shall be cast only by the Association Delegates representing their respective Members, in the same manner and with the same force and effect as though each such Member had given the Association Delegate who represents such Member's Association an irrevocable proxy coupled with an interest. Unless this Declaration or the By-Laws or any law shall specify a greater vote, all Master Association matters requiring action by the Association Delegates shall be decided by a majority of the votes cast by Association Delegates voting at a meeting of Association Delegates.

2.05 Board of Directors.

(a) The Master Association shall be governed by its Board of Directors ("Board") comprised of Association Delegates as herein above provided, which Board shall be comprised of not less than 3 nor more than 7 persons duly appointed or elected as provided herein in Paragraphs 2.03 and 2.06 and the By-Laws.

(b) Prior to the appointment of the first Board of the Master Association pursuant to Paragraph 2.06 hereof, Declarant or Developer may exercise all rights, powers and privileges of the Board and may perform all of its functions, including its functions under Article IV hereof.

2.06 Appointment of Directors by Developer. Notwithstanding any other provision of this Declaration or the By-Laws, the first and each subsequent Board of the Master Association shall consist of, and vacancies on the Board shall be filled by, such persons as Developer shall from time to time appoint, until the first to occur of any one of the following events: (i) the Turnover Date; or (ii) Developer, by written notice to the Master Association, voluntarily elects to terminate its control of the Master Association. Such right of Developer to appoint Directors shall be to the exclusion of the right of the Members or the President of an Association to do so. The Owners, Members or President of an Association shall not, without the prior written consent of Developer, have the right to amend, modify or change the By-Laws of the Master Association to in any way diminish the

authority of the Board during the period that Developer has the right to appoint any members of the Board.

Developer may, from time to time, by written notice to the Master Association, voluntarily waive its right to appoint one or more Directors, and continue to exercise its right to appoint the remaining members of the Board for the period hereinabove specified. The election by Developer to waive its right to appoint any member or members of the Board or to terminate its control of the Master Association shall not affect the right of Developer to participate in the Master Association as a Member thereof and to appoint Association Delegates.

2.07 First Meeting of Association Delegates. Upon receipt by the President of the Master Association of appropriate evidence of the waiver of Developer's right to select all the Directors of the Master Association, the President shall promptly convene a meeting of the Association Delegates for the purpose of having the first Board meeting comprised of Association Delegates serving as Directors.

2.08 Informal Action by Directors. Unless specifically prohibited by the By-Laws of the Master Association, any action required by this Declaration to be taken by the Board may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the Directors entitled to vote with respect to the subject matter thereof. Any such consent signed by all the Directors shall have the same effect as a unanimous vote.

2.09 Liabilities. None among the Developer, Declarant, their directors, officers, partners, shareholders or employees, the Board, members of the Board, officers of the Master Association, and the agents and employees of any of them (all of the above hereinafter referred to as the "Protected Parties") shall be liable to the Owners or any other person for any mistake of judgment or for any acts or omissions made in good faith as such members of the Board or officers of the Master Association or acting as the Board. The Owners hereby agree to indemnify, hold harmless, protect and defend any and all of the Protected Parties against all contractual liability to others arising out of contracts made by the Board, or acting as the Board, on behalf of the Owners unless any such contract shall have been made in bad faith or contrary to the provisions of this Declaration. It is intended that the liability of each Owner arising out of such indemnity, shall be limited to and borne by each such Owner, in the proportion that each such Owner's Dwelling Unit bears to be total number of Dwelling Units in the Premises at the time the loss, cost, damage or expense is incurred. The Board shall assess each Owner for this share of the cost of such

indemnification, and such assessment shall be collectible and enforceable in mode and manner as set forth in Article IV hereof. To the extent possible, the obligation of the Owners for indemnification hereunder shall be insured by means of appropriate contractual endorsements to the comprehensive general liability policies held from time to time by the Master Association.

2.10 Governing Law. Except as otherwise provided in this Declaration, the Master Association, its Board, officers and Members shall be governed by the Illinois General Not-for-Profit Corporation Act and the Act.

ARTICLE III EASEMENTS AND PROPERTY RIGHTS

3.01 Easements to Run with Land. All easements described herein are easements appurtenant, running with the land, and, so long as the Premises are subject to the provisions of this Declaration, shall remain in full force and effect, and shall inure to the benefit of and be binding upon Declarant, its successors and assigns, and any Owner, purchaser, mortgagee and other person having an interest in the Premises, or any part or portion thereof. Reference in any deed of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the easements and rights described in this Article III, or described in any other part of this Declaration shall be sufficient to create and reserve such easements and rights to the respective grantee and mortgagee as fully and completely as though such easements and rights were recited fully and set forth in their entirety in such document.

3.02 Easement of Access.

(a) Every Owner of a Dwelling Unit is hereby granted and reserved a perpetual nonexclusive easement for the purpose of reasonable ingress and egress to and from all public and private ways located within or adjoining the Community Area and through, over and across such portions of the Community Area as shall from time to time be prescribed by the Board for such purposes. The use by each Owner and by his invitees of the portions of the Community Area so prescribed shall be subject to such reasonable rules and regulations as the Board shall promulgate.

(b) The Master Association, the Declarant, and each of them is hereby granted and reserved perpetual nonexclusive easements to, through, over, under and across the Community Area for the purpose of exercising the rights, performing the

functions, and discharging the responsibilities permitted or required to be performed or discharged by any of them, pursuant to any provision of this Declaration.

(c) The Village is hereby granted the right of access in and through the Community Area for emergency and service vehicles and equipment, including, but not limited to fire, ambulance and police vehicles and equipment. Declarant has requested and does hereby permit the police department of the Village to regulate traffic on and to have access to all private streets and private common driveways within the Premises.

3.03 Rights of Enjoyment. Every Member shall have the right and easement of enjoyment in and to the Community Area and recreational facilities, which right and easement shall include but not be limited to easements for vehicular parking, pedestrian and vehicular ingress and egress, and use of open spaces and other community facilities. Such right and easement shall be appurtenant to and shall pass with the title to every Dwelling Unit, subject to the following rights:

(a) The right of the Master Association to pass reasonable rules and regulations;

(b) The right of the Master Association to limit the number of guests of Members and to establish rules and fees with respect to guest usage;

(c) The right of the Master Association to levy assessments as provided in this Declaration; and

(d) The rights of the Master Association and the Declarant reserved under this Declaration.

3.04 Delegation of Use. Any Owner of a Dwelling Unit in accordance with and subject to rules and regulations adopted by the Master Association, may delegate his rights of access to and enjoyment of the Community Area to persons in his family, his tenants, contract purchasers who reside in his Dwelling Unit.

3.05 Encroachments. In the event that, by reason of the construction, settlement or shifting of any structures located on the Premises, any improvements located on the Community Area encroach or shall hereafter encroach upon any portion of the Premises which is not owned by the Owner of the encroachment, valid easements for the maintenance of such encroachment are hereby established and shall exist for the benefit of the Owner of such encroachment, provided, however, that in no event shall a valid easement for any encroachment be created in favor of any Owner if such encroachment or use is detrimental to or materially

interferes with the reasonable use and enjoyment of the Premises burdened thereby and if it occurred due to the willful conduct of the Owner of such encroachment.

3.06 No Dedication to Public Use. Except as otherwise expressly provided in this Declaration, nothing contained in this Declaration shall be construed or be deemed to constitute a dedication, express or implied, of any part of the Premises to or for any public use or purpose whatsoever.

ARTICLE IV ASSESSMENTS

4.01 Creation of the Lien and Personal Obligation.

(a) Each Owner (excluding Declarant) of a Dwelling Unit by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance for each Dwelling Unit, hereby covenants and agrees and shall be deemed to covenant and agree to pay to the Master Association such assessments and user charges as are levied pursuant to the provisions of this Declaration and the By-Laws of the Master Association. Such assessments and user charges, together with interest thereon, and cost of collection, if any, as hereinafter provided, shall be a charge and a continuing lien upon the Dwelling Unit against which such assessment is made and upon the Unit Membership appurtenant thereto. Each such assessment and user charge, together with such interest and costs, shall also be the personal obligation of the Member who was the Owner of such Dwelling Unit at the time when the assessment fell due.

(b) Declarant shall not be a Member of the Master Association, provided, however, that to the extent that Declarant shall be an Owner of a Dwelling Unit which is leased to anyone other than the Master Association, Declarant shall as to each such leased Dwelling Unit, be deemed subject to the provisions of this Article, and to hold a Unit Membership appurtenant thereto, but only from and after the first day of the month it receives rent for such Dwelling Unit. There shall be no Unit Memberships appurtenant to any Dwelling Units owned by or operated for the benefit of the Master Association or an Association.

4.02 Purpose of Assessments. The assessments levied by the Master Association (or by Developer acting on its behalf pursuant to Paragraph 2.05(b) hereof) shall be used for the purpose of promoting the recreation, health, safety and welfare of the Members of the Master Association and in particular, without limiting the foregoing: (i) for the improvement and maintenance

of the services and facilities devoted to such purpose and related to the use and enjoyment of the Community Area, including reasonable reserves, (ii) for the payment of taxes and insurance on and the making of repairs, replacements and additions to the Community Area, defraying the cost of labor, equipment, material and office and utility space required for the management and maintenance of the Community Area, (iii) for the repair, maintenance and upkeep of entrance areas and boulevard areas, and (iv) in general for carrying out the duties of the Board as set forth in this Declaration and the By-Laws of the Master Association and for carrying out the purpose of the Master Association as stated herein (such expenses related to these activities are sometimes referred to herein as "Common Expenses").

4.03 Assessment Procedures.

(a) Preparation of Estimated Budget. Each year at least 60 days before the end of the Master Association's fiscal year, and at least 30 days before final adoption thereof, the Board shall furnish each Owner with a proposed budget for the total amount necessary to pay the cost of wages, materials, insurance, taxes, services, fees, repairs, replacements, management, supplies and other items which, in the judgment of the Board, will be required to be provided to the Master Association or be required to meet the Master Association's obligations during the ensuing fiscal year to effect the purposes of the Master Association, together with a reasonable amount considered by the Board to be necessary for a reserve for contingencies and replacements. Notice of a meeting concerning adoption of the proposed budget or any revision in such budget affecting assessments shall be given in accordance with the By-Laws. The annual budget shall also take into account any estimated net operating income or deficit which may result from the operation of the Community Area during such year and income from user charges to be received pursuant to paragraph 4.03(d) hereof. Said "estimated cash requirement" shall be allocated among and assessed to the Members in accordance with the provisions of Paragraph 4.06 hereof. On or before the first day of the first month of the ensuing fiscal year, each Member shall be personally obligated to pay, in the way prescribed by paragraphs 4.06, 4.07 and 4.08 hereof, the Member's annual assessment, together with all user charges incurred by such Member during the preceding month. If the actual expenditures paid or provided for by the Board during said fiscal year shall be more or less than said estimated cash requirement, any net shortage or excess shall be applied as an adjustment to the installments under the current year's estimate falling due after the amount of such net shortage or excess for the preceding year has been determined.

(b) Adjustments to Estimated Budget. If said "estimated cash requirement" proves inadequate for any reason (including non-payment of any Member's assessment), the Board may at any time levy a further assessment. The Board shall serve notice of such further assessment on all Members as provided for in the By-Laws. Such further assessment shall become effective immediately with the assessment payment due on the first day of the month after the meeting held to approve such further assessment. All Members shall be personally liable for and obligated to pay their respective adjusted amount.

(c) Failure to Prepare Annual Budget. The failure or delay of the Board to prepare an annual or adjusted estimated budget shall not constitute a waiver or release in any manner of any Member's obligation to pay the maintenance costs and necessary reserves, as herein provided, whenever the same shall be determined, and in the absence of any annual estimate or adjusted estimate, each Member shall continue to pay the annual maintenance charge at the then existing annual rate established for the previous period.

(d) Initial Capital Contribution. Upon the closing of the sale of each Dwelling Unit by the Declarant to a purchaser for value, the purchasing Owner shall make a capital contribution to the Master Association in an amount equal to 2 months' assessments at the annual rate in effect with respect to the Dwelling Unit as of the closing, which amount shall be held and used by the Master Association for its working capital needs.

4.04 Special Assessments for Capital Improvements. In addition to the annual assessment authorized by Paragraph 4.03, the Board may levy special assessments for the purpose of defraying, in whole or in part, the cost of construction or purchase of a specified capital improvement upon or to the Community Area, and the necessary fixtures and personal property related thereto. The provisions of this Paragraph 4.04 shall not limit the power of the Board, without such prior approval, to levy assessments upon proper notice to reconstruct, replace or restore any improvements on the Community Area to the condition as originally constructed by Developer, nor preclude the Board from financing capital improvements.

4.05 Notice. Written notice of any Board of Directors meeting called for the purpose of authorizing any proposed annual budget or any increase or establishment of an assessment under this Article shall be sent to all Members and Association Delegates not less than 10 days nor more than 30 days in advance of the Board of Directors meeting.

4.06 Allocation of Assessments Among Members. Both annual and special assessments shall be allocated collectively among all Members who are Owners of Dwelling Units within the Haverford Development Area, which amount shall be divided equally among such Members.

Each Association shall be responsible for collecting on behalf of the Master Association all assessments due the Master Association from Members whose Dwelling Units are subject to assessment hereunder.

4.07 Payment of Annual Assessment.

(a) On or before the first day of the fiscal year, each Association shall pay the Master Association that portion of the Master Association's annual assessment attributable to all of the Members in that Association. Each Member shall pay to his Association as set forth below that portion of the annual assessment and any user fees provided for under Paragraph 4.03 (d), which are payable by such Member. The assessment allocated under Paragraph 4.06 shall be added to the assessment made by the respective Associations, against each such Member for his Association's Common Expenses. Each such Member shall pay the assessment and user fees levied by the Master Association to his respective Association for remittance to the Master Association. All funds so collected for the Master Association shall be held in trust by each Association and remitted to the Master Association without any deduction or set-off.

(b) Notwithstanding anything to the contrary herein contained, the Master Association may at any time and from time to time (whether at the commencement of or during the course of an assessment year), by notice to any Association and to the Members therein (which notice need not be given to any other Association to which such notice does not apply), terminate permanently or for any period of time the right of such Association to collect any user charges or assessment installments falling due after the date of such notice. In such event the Master Association shall perform the collection functions theretofore performed on its behalf by the terminated Association, and Members shall be required to pay user charges and assessments directly to the Master Association rather than to such Association. The Master Association may exercise its aforesaid rights as frequently as it deems necessary.

(c) Upon written demand of an Owner or his mortgagee at any time, the Master Association shall furnish such Owner or his mortgagee a written dated certificate signed by an officer of the Master Association setting forth whether there are any then unpaid annual or special assessments or user fees levied against

such Owner's Dwelling Unit. Such certificate shall be conclusive evidence of payment of any annual or special assessments or user fees theretofore levied and not stated therein as unpaid.

4.08 Nonpayment of Assessments.

(a) Any user charge or installment of an assessment which is not paid when due shall be delinquent. If said charge or installment is not paid within 30 days after the due date, the Board may, upon notice to such Member of such delinquency, may direct that the total amount shall commence to bear interest from the date of the notice at the highest legal rate permitted in Illinois but not to exceed 18% per annum. The Master Association may bring an action against the Owner or Member personally obligated to pay assessments and charge and recover the same, including interest costs and reasonable attorneys' fees for any such action, which shall be added to the amount of such assessment and charges, and be included in any judgment rendered in such action; and the Master Association may enforce and foreclose any lien it has or which may exist for its benefit. In addition, the Board may add a reasonable late fee to any installment of an assessment or charge which is not paid within 15 days of its due date.

(b) If any Association shall fail to collect and to remit the assessments and user charges allocated to it within the time fixed herein or by the Board for such collection and remittance, whether or not such assessments or charges have been collected from a Member, the Master Association shall have, in addition to the rights described in subparagraph (a) above, the right to collect such assessment and charges directly from the Association, and may bring an action for such purpose directly against the Association and shall recover from the Association all sums which should have been collected by the Association from the Members of the Master Association.

(c) No Member shall be relieved of personal liability or may waive or otherwise escape liability for the assessment and for other amounts due as provided herein by nonuse of the Community Area or abandonment or transfer of ownership or nonuse of his Dwelling Unit.

(d) The lien of the assessments provided for in Paragraph 4.01 hereof shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon the Dwelling Units subject to assessment; provided, however, that such subordination shall apply only to the assessments and charges which have become due and payable prior to a sale or transfer of such Dwelling Unit pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve

such Dwelling Unit from liability for any assessments and charges thereafter becoming due, nor from the lien of any such subsequent assessment or charge.

ARTICLE V
ADMINISTRATION AND USE OF COMMUNITY AREA AND
MAINTENANCE OF SPECIFIC MONUMENTS AND BOULEVARD AREAS

5.01 General Powers of the Board. The Board shall have the following general powers:

(a) To adopt rules and regulations governing the use, maintenance and administration of the Community Area and for the health, comfort, safety and general welfare of persons using the Community Area. Such rules and regulations may include a restriction or absolute prohibition against access by pets to specified portions of the Community Area.

(b) To repair, maintain, improve and replace the Community Area and all facilities and improvements located thereon; and to have such rights of ingress and egress over and upon the Premises as may be required to exercise such rights.

(c) To provide all necessary maintenance and services with respect to the Community Area, including: (i) maintenance, repair and replacement of roadways, driveways, parking areas, walkways and sidewalks; (ii) snow removal from driveways, parking areas, sidewalks and roadways; (iii) maintenance, repair, replacement, improvement and care of all trees, shrubs, grass and landscaped areas, including entering onto the Village at Haverford Neighborhood area, as legally described in Exhibit E, for the purpose of connecting water spigots of the Master Association located in such area in connection with watering and maintaining landscaping in the Community Area; and (iv) maintenance, repair and replacement of those public utilities or portions thereof which are not maintained by the Village or a public or quasi-public utility or authority or by an Association.

(d) To pay for out of the assessment funds provided for in Article IV hereof all taxes and assessments and other liens and encumbrances which shall properly be assessed or charged against the Community Area.

(e) To retain and compensate a person or firm to manage the Master Association and the Community Area or any separate portion thereof, and provide the services for such other personnel as the Board shall determine to be necessary or proper for the operation of the Master Association, whether such personnel are employed

directly by the Board or by such manager.

(f) To provide any material, supplies, insurance, furniture, equipment, fixtures, labor, services, maintenance, repairs, taxes or assessments which the Board is required to obtain or pay for pursuant to the terms of this Declaration or by law, or which in its opinion shall be necessary or proper for the operation or protection of the Master Association and its Members or for the enforcement of this Declaration or by law.

(g) To maintain and provide upkeep for the Entrances, which will or may include any monuments, structures, walls, fencing, permanent signs and landscaping.

5.02 Special Powers of the Board. The Board shall have the following additional rights and powers, and shall pay the costs and expenses of exercising the same out of the assessment funds:

(a) To execute, on behalf of all Owners all divisions of ownership for tax assessment purposes with regard to the Community Area, or any portion thereof.

(b) To borrow funds to pay costs of operation secured by an assignment or pledge of rights against delinquent Owners, if the Board sees fit.

(c) To enter into contracts; to maintain one or more bank accounts, granting authority as the Board shall desire to one or more persons (including the managing agent of the Community Area) to draw upon such accounts; to invest surplus funds of the Master Association in U.S. Government securities, in passbook savings accounts or in Certificates of Deposit insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation; and generally to have all the powers necessary or incidental to the operation and management of the Master Association.

(d) To protect or defend the Community Area from damage by suit or otherwise, and to provide adequate reserves for replacements.

(e) To adjust the amount of, collect and use any insurance proceeds to repair or replace damaged or lost property; to join with the Board of Directors of any Association, or with Declarant acting on its behalf, in the creation of any insurance trust authorized to be created by a declaration for the purpose of collecting and disbursing insurance proceeds; and if proceeds are insufficient to repair or replace damaged or lost property, to assess Members to cover the deficiency.

(f) To transfer any part of the Community Area to any title-holding land trust in exchange for the entire beneficial interest therein, or to any corporation in which the Master Association is the sole shareholder.

(g) To enforce the provisions of this Declaration and the By-Laws made hereunder and to enjoin and seek damages from any Owner for violation of such provisions or rules.

5.03 Real Estate Taxes and Assessments. Notwithstanding anything to the contrary contained herein, the Master Association shall pay and discharge all general and special real estate taxes and assessments levied by any public authority with respect to the Community Area, whether or not Developer shall have conveyed to the Master Association title to the Community Area pursuant to Paragraph 6.05 hereof.

5.04 Performance of Board's Duties by Developer Pending Conveyance. Without limiting the generality of the provisions of Paragraph 2.05(b) or of Article VI hereof, until such time as Developer, has conveyed all the Community Area as described on Exhibit B to the Master Association, Developer may, at its election, discharge all or any of the duties of the Board with respect to the Community Area, in which event the Board shall reimburse Developer for all costs and expenses from which the Master Association has been thereby relieved, and shall levy all assessments required to make such reimbursement. The Master Association shall rely on a certificate executed and delivered by Developer with respect to all reimbursements claimed under this Paragraph 5.04.

ARTICLE VI
CERTAIN RIGHTS RESERVED TO DEVELOPER

6.01 Developer's Promotional Rights. The right is reserved by Developer, or its agents, to place and maintain on the Premises all models, sales offices, advertising signs and banners and lighting in connection therewith and other promotional facilities at such locations and in such forms as shall be determined by Developer. There is also reserved unto Developer, its agents and prospective purchasers and tenants, the right of ingress, egress and transient parking in and through the Premises for such sales or leasing purposes. Developer also reserves the right to maintain on the Premises without charge (a) a general office for the purpose of exercising the development and management rights reserved in Paragraph 6.02 hereof, (b) a general construction office for Developer's contractors and (c) appropriate parking facilities for the employees of Developer's agents and contractors. Developer's aforesaid reserved rights

shall exist at any time Developer is engaged in the construction of the improvements at the Community Area, and no charge shall be made with respect thereto.

6.02 Right to Engage a Manager. Developer reserves the right to engage the initial manager for the Master Association, and in furtherance of such right to enter into a contract with a person, firm or corporation for such purposes, provided said contract has a term not to exceed 2 years and shall be terminable for cause by the Master Association on 30 days written notice and without cause or payment of a termination fee by either party on 90 days written notice, which contract shall be binding upon and inure to the benefit of the Master Association and be paid for out of the assessment fund.

6.03 Developer's Easements. Developer hereby reserves for the benefit of Developer a nonexclusive easement to, through, over, under and across the Community Area for the purpose of exercising the rights reserved to Developer pursuant to this Declaration, and for the purpose of implementing the overall development of the Haverford Development Area, including, without limitation, the planning, construction, marketing, leasing, management and maintenance of improvements in any portion of said Area. Said rights of Developer shall continue for a period of 10 years from the date of recording this Declaration unless Developer, by written notice to the Master Association elects to terminate such rights prior to such date. All rights and easements created by this Declaration are subject and subordinate to the aforescribed development rights of Developer, whether or not inconvenience to any Owner shall result therefrom.

6.04 Retention of Title by Developer. Developer may retain title to all or any portion of the Community Area until such time as Developer has completed such improvements thereon as it elects to make and until such time as, in the opinion of Developer, the Master Association is able to maintain the same, but covenants, for itself, its successor and assigns, that it shall convey and quitclaim to the Master Association all Community Area not later than the date specified in Paragraph 2.06 hereof, upon which Developer shall cease to have the right to appoint Directors of the Master Association.

The Master Association shall not be relieved of any of its obligations under this Declaration by reason of Developer's retention of title to all or any portion of the Community Area, including without limitation the obligation to pay all general and special real estate taxes and assessments levied with respect to the Community Area as provided in Paragraph 5.03 of this Declaration, and including further, the obligation to maintain, repair and reconstruct the Community Area and to defray the cost

thereof by Member assessments.

6.05 Terms of Conveyance of Community Area. Upon any conveyance or assignment of the Community Area to the Master Association, Developer shall be entitled to a proration credit for all expenses of the Master Association defrayed by Developer (including insurance and real estate taxes) which have not theretofore been reimbursed to Developer. Title to the Community Area may be subject to all general and special title exceptions contained in any owner's title insurance policy covering the Community Area which Developer shall deliver to the Master Association in connection with such conveyance. If any Community Area shall be held in any title holding trust, Developer may assign the beneficial interest in such trust to the Master Association in lieu of causing the trustee to convey the same by trustee's deed. The Community Area shall be conveyed or assigned without any express or implied warranties, which warranties are expressly disclaimed by Developer.

6.06 General. Notwithstanding any provisions herein to the contrary, the rights and easements created under this Declaration are subject to the right of Developer to execute or to cause to be executed all documents and do all other acts and things affecting the Premises which, in the Developer's opinion, are required to implement Developer's reserved rights hereunder including making of any dedications to public use, provided any such document or act or thing is not inconsistent with the then existing property rights of any Owner.

ARTICLE VII GENERAL PROVISIONS

7.01 Binding Effect. The easements created by this Declaration shall be of perpetual duration. The covenants, conditions and restrictions of this Declaration shall run with and bind the Premises and shall inure to the benefit of and be enforceable by the Master Association and/or the owner of any real property subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of 5 years from the date that this Declaration is recorded, after which time the same shall be automatically extended for successive periods of 10 years each.

7.02 Amendment.

(a) For a period of 10 years from the date of the Recording of the Declaration, no provision of this Declaration may be changed, modified or rescinded and no provision may be added

without the written consent of Developer, unless Developer waives such consent in writing. This Declaration may be amended by Developer prior to the conveyance by Developer of the Community Area.

(b) Except as provided in the previous sentence, the provisions of this Declaration may be changed, modified or rescinded by an instrument in writing setting forth such change, modification or rescission, signed and acknowledged by the President and Secretary of the Board, and certifying that at least 2/3 of the Directors of the Board have approved such amendment at a meeting of the Board duly called for such purpose, and containing an affidavit by an officer of the Board certifying that a copy of the change, modification or rescission has been mailed by certified mail to all mortgagees having bona fide liens of record against any Dwelling Unit, no less than 10 days prior to the date of such affidavit. Paragraph 4.08(d) of this Declaration may not be amended without the written consent of all such mortgagees. No such amendment shall be effective unless written approval is given by the Village and Recorded in the office of the Recorder of Deeds of Cook County, Illinois.

7.03 Enforcement. Enforcement by the Master Association or any owner of real property in the Haverford Development Area of the covenants and restrictions contained in this Declaration may be had by a proceeding at law or in equity against any person or persons violating or attempting to violate any such covenant or restriction, either to restrain violation or to recover damages or both, and against the land to enforce any lien created by this Declaration. Failure of the Master Association or any such owner to enforce any covenant or restriction shall in no event be deemed a waiver of the right to do so thereafter.

7.04 Title-holding Land Trust. In the event title to any Dwelling Unit is conveyed by Declarant to a title holding trust, under the terms of which all powers of management, operation and control of the real property in the Haverford Development Area 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 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 ownership and the beneficiaries of such trust, notwithstanding any transfers of the beneficial interest in any such trust.

7.05 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 liens, charges, rights, benefits and privileges and other provisions of this Declaration which shall remain in full force and effect.

7.06 Assignment by Developer or Declarant. All rights which are specified in this Declaration to be rights of the Developer or Declarant are assignable or transferable. Any successor to, or assignee of, the rights of the Developer or Declarant hereunder shall hold or be entitled to exercise the rights of Developer or Declarant hereunder as fully as if named as such party herein. No party exercising rights as Developer or Declarant hereunder shall have or incur any liability for the acts of any other party which previously exercised or subsequently shall exercise such rights.

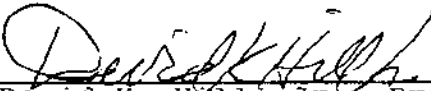
7.07 Headings. The headings contained in this Declaration are for reference purposes only and shall not in any way affect the meaning or interpretation of this Declaration.

7.08 Notices. Any notice required or desired to be given under the provisions of this Declaration to any Member, Owner or any other person entitled to use the Community Area, or any part thereof, shall be deemed to have been properly delivered when deposited in the United States mail, postage prepaid, directed to the last known person who appears as a Member, Owner or other person entitled to notice, at the last known address for each such person, all as shown on the books and records of the Master Association at the time such notice is given.

7.09 Perpetuities and Other Invalidity. If any of the 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 21 years after the death of the survivor of the now living lawful descendants of the President of the United States as of the date of the Recording of this Declaration.

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed by and sealed by its respective officers thereunto duly authorized as of the day and year first above written.

Haverford at Schaumburg Limited
Partnership, an Illinois limited
partnership, by Kimball Hill, Inc.

By: 
David K. Hill, Jr., President

ATTEST:


Barbara G. Cooley, Secretary

EXHIBIT "A"
TO
DECLARATION
OF
EASEMENTS, RESTRICTIONS AND COVENANTS
FOR
HAVERFORD AT SCHAUMBURG MASTER ASSOCIATION

The "Haverford Development Area" and the "Premises" as defined in the Declaration are legally described as follows:

Lots 10-13, inclusive, Lots 13-1 to 32, inclusive, and Lot 16, Out-Lots A-M, inclusive in Haverford at Schaumburg being a subdivision in the West 1/2 of the Northeast 1/4 of Section 24, Township 41 North, Range 10, East of the Third Principal Meridian in Cook County, Illinois recorded on August 30, 1988 as document No. 88394420.

EXHIBIT "B"
TO
DECLARATION
OF
EASEMENTS, RESTRICTIONS AND COVENANTS
FOR
HVERFORD AT SCHAUMBURG MASTER ASSOCIATION

The "Community Area" as defined in the Declaration is legally described as follows:

Easement and Detention Areas

Out-Lots J, K, L, and M, inclusive, in Haverford at Schaumburg being a subdivision in the West 1/2 of the Northeast 1/4 of Section 24, Township 41 North, Range 10, East of the Third Principal Meridian in Cook County, Illinois recorded on August 30, 1988 as document No. 88394420.

Court Islands

Out-Lots A to I, inclusive, in Haverford at Schaumburg being a subdivision in the West 1/2 of the Northeast 1/4 of Section 24, Township 41 North, Range 10, East of the Third Principal Meridian in Cook County, Illinois recorded on August 30, 1988 as document No. 88394420.

EXHIBIT "C"
TO
DECLARATION
OF
EASEMENTS, RESTRICTIONS AND COVENANTS
FOR
HVERFORD AT SCHAUMBURG MASTER ASSOCIATION

The Haverford at Schaumburg Country Homes Condominium Association area as defined in the Declaration is legally described as follows:

Lot 11 in Haverford at Schaumburg being a subdivision in the West 1/2 of the Northeast 1/4 of Section 24, Township 41 North, Range 10, East of the Third Principal Meridian in Cook County, Illinois recorded on August 30, 1988 as document No. 88394420.

EXHIBIT "D"
TO
DECLARATION
OF
EASEMENTS, RESTRICTIONS AND COVENANTS
FOR
HAVERFORD AT SCHAUMBURG MASTER ASSOCIATION

The Haverford at Schaumburg Colony Condominium Association area as defined in the Declaration is legally described as follows:

Lots 10, 12 and 16 in Haverford at Schaumburg being a subdivision in the West 1/2 of the Northeast 1/4 of Section 24, Township 41 North, Range 10, East of the Third Principal Meridian in Cook County, Illinois recorded on August 30, 1988 as document No. 88394420.

EXHIBIT "E"
TO
DECLARATION
OF
EASEMENTS, RESTRICTIONS AND COVENANTS
FOR
HAVERFORD AT SCHAUMBURG MASTER ASSOCIATION

The Haverford at Schaumburg Village Neighborhood Association Area as defined in the Declaration is legally described as follows:

Lot 13 and Lots 13-1 to 32, inclusive, in Haverford at Schaumburg being a subdivision in the West 1/2 of the Northeast 1/4 of Section 24, Township 41 North, Range 10, East of the Third Principal Meridian in Cook County, Illinois recorded on August 30, 1988 as document No. 88394420.

XII

EXHIBIT F

THE BY-LAWS OF THE HAVERFORD AT SCHAUMBURG MASTER ASSOCIATION
AN ILLINOIS NOT-FOR-PROFIT CORPORATION

ARTICLE I
NAME OF CORPORATION

The name of this corporation is the HAVERFORD AT SCHAUMBURG MASTER ASSOCIATION.

ARTICLE II
PURPOSE AND POWERS

2.01 PURPOSES: The purposes of this Master Association are to act on behalf of its members collectively, as their governing body for civic functions and other purposes, with respect to the preservation, care, maintenance, replacement, improvement, enhancement, operation and administration of both real and personal property and for the promotion of the health, safety and welfare of the members of the Master Association, all on a not-for-profit basis. These By-Laws are attached as Exhibit F to the Declaration of Easements, Restrictions and Covenants for the Haverford at Schaumburg Master Association ("Declaration"). All terms used herein shall have the meanings set forth in the Declaration.

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

2.03 PERSONAL APPLICATION: All present or future Owners, tenants, future tenants, and their agents and employees, and any other person that might use the facilities of the Community Area in any manner, shall be subject to the provisions of the Declaration and these By-Laws. The mere acquisition or rental of a Dwelling Unit or the mere act of occupancy of a Dwelling Unit will signify that the Declaration and these By-Laws are accepted, ratified and will be complied with.

ARTICLE III
OFFICES

3.01 REGISTERED OFFICE: The Master Association shall have and continuously maintain in this state a registered office and a registered agent whose office is identical with such

registered office, and may have other offices within or without the State of Illinois as the Board may from time to time determine.

3.02 PRINCIPAL OFFICE: The Master Association's principal office shall be maintained on the Community Area or at the office of a managing agent engaged by the Master Association.

ARTICLE IV
VOTING RIGHTS AND REPRESENTATION OF MEMBERS

4.01 VOTING RIGHTS AND REPRESENTATION: Members of the Master Association shall not have voting rights in the Master Association, and shall be represented at Master Association meetings only through a Master Association Delegate who shall serve as Director on the Board of Directors of the Master Association for a term of one year. Each Association in the Haverford Development Area shall be represented at Master Association Board meetings by one delegate, who shall serve as a Director and who shall be the President of such Association. In addition, as hereinafter provided, the Vice President of an Association whose President is elected President of the Master Association Board shall serve as a Master Association Delegate. Except for Master Association Delegates appointed by Developer, each such Master Association Delegate must be a Member of the Master Association or a spouse of a Member, except that Master Association Delegates appointed by the owner of any building not submitted to the Act need not be Members of the Master Association.

ARTICLE V
BOARD OF DIRECTORS

5.01 IN GENERAL: The affairs of the Master Association and the direction and administration of the Community Area shall be vested in the Board, which (after the Turnover Date or after Developer elects to voluntarily terminate its control of the Master Board) shall consist of at least 3 and not more than 7 persons ("Directors"). The Board shall have all of the powers granted to it under the Act, the Declaration, these By-Laws and the General Not-For-Profit Corporation Act of the State of Illinois.

5.02 DEVELOPER DESIGNATED BOARDS: Anything herein to the contrary notwithstanding, until the first meeting of the Master Association Delegates, the Board shall consist of 3 individuals from time to time designated by the Developer. Such individuals may, but need not, be Owners and shall serve at the discretion of the Developer.

5.03 INFORMAL MEETINGS: Within 12 months after the issuance of a certificate of occupancy by the Village for a Dwelling Unit in the Haverford Development Area, all Unit Owners in the Haverford Development Area shall have an informal meeting. Unit Owners will select individuals to serve on an informal board, which shall meet semi-annually. Individuals selected for the informal board shall be chosen based on potential to serve as members of the Master Board of Directors.

5.04 INITIAL ANNUAL MEETING: The initial meeting of the Master Association Delegates who shall comprise the Board of Directors shall be held upon not less than 21 nor more than 30 days' written notice given by the Developer. If not called earlier by the Developer, the initial meeting of the Board shall be held not more than 30 days after the first to occur of any of the following events: (i) the Turnover Date; or (ii) Developer, by written notice to the Master Association, voluntarily elects to terminate its control of the Master Association. From and after such meeting, each member of the Board shall be an Owner (or spouse of an Owner). Within 60 days after the initial meeting the Developer shall deliver to the Board:

(a) All original documents as recorded or filed pertaining to the Community Area, its administration and the Master Association, such as the Declaration, the By-Laws, Articles of Incorporation, other corporate documents, annual reports, minutes and rules and regulations, contracts, leases, or other agreements entered into by the Master Association. If any original documents are unavailable, a copy may be provided if certified by affidavit of the Developer, or an officer or agent of the Developer, as being a complete copy of the actual document as recorded or filed.

(b) An accounting of all receipts and expenditures made or received on behalf of the Master Association by the Developer designated Boards and copies of all insurance policies and a list of any loans or advances to the Master Association which are outstanding.

(c) All Master Association funds and bank accounts.

(d) A schedule of all real or personal property, equipment and fixtures belonging to the Master Association including documents transferring the property to the Master Association, warranties, if any, for all real or personal property and equipment, deeds, title insurance policies and all tax bills.

(e) A list of all litigation, administrative action and arbitrations involving the Master Association, any notices of governmental bodies involving actions taken or which may be taken by the Master Association, engineering by any governmental authority, all other documents filed with any other governmental authority, all governmental certificates, correspondence involving enforcement of any Master Association requirements, copies of any documents relating to disputes involving Owners, originals of all documents relating to everything listed in this subparagraph.

5.05 PLACE OF MEETING; QUORUM: Meetings of the Board of Directors shall be held on the Community Area or at such other place in the Village convenient to the Directors as may be designated in any notice of a meeting. All meetings shall be conducted in accordance with the rules and provisions set forth in Roberts Rules of Order, as from time to time published. Directors holding 35% of the votes, represented in person or by proxy, shall constitute a quorum. The vote of a majority of the votes entitled to be cast by the Directors present or represented by proxy at a meeting at which a quorum is present, shall be necessary for the adoption of any matter voted upon by the Directors. The unanimous vote of all Directors shall be required for the following action:

(a) Sale, lease, exchange, mortgage, pledge or other disposition of real or personal property and assets of the Master Association having a value of over \$10,000; and

(b) Major change in the service level offered by the Master Association to Owners which change would affect the quality or type services offered by the Master Association; and

(c) Change in the percentage allocation of assessments among the Master Associations comprising the Master Association; and

(d) Any change in the voting rights set forth at Paragraph 4.01 of these By-Laws, the voting or quorum rights under this Paragraph 5.04, or notice provisions of 5.05 of these By-Laws; and

(e) Any major change which may be disadvantageous to Members of the Master Association.

The affirmative vote of 66-2/3% of the votes entitled to be cast at a meeting of Directors shall be necessary with regard to Rules and Regulations governing the Community Area or other areas for which the Master Association has the obligation to maintain.

5.06 NOTICE OF MEETINGS: Notice of each meeting of the Board shall be mailed or personally delivered to each Director at least 48 hours prior to the meeting and shall be posted at the Community Area, and in a common area of each Association in the Haverford Development Area at least 48 hours prior to such meeting. Written notice of any meeting of the Board of Directors concerning the adoption of the proposed budget or any increase or establishment of an assessment shall be mailed or personally delivered to the Owners and posted conspicuously at each Association in the Haverford Development Area and the Community Area, giving Master Association Delegates and Owners not less than 10 nor more than 30 days notice of the time, place, and purpose of the meeting; unless a written waiver of such notice is signed by the person or persons entitled to such notice before the meeting is convened.

5.07 ANNUAL MEETINGS: The Board shall hold an annual meeting within 30 days from the anniversary date of the initial annual meeting at such time, on such date, and at such place within the Village as shall be fixed by the Directors.

5.08 REGULAR MEETINGS: Regular meetings of the Board shall be held at such time and place as shall be determined at the annual meeting or, from time to time, by a majority of the Directors, provided that from and after the Turnover Date, not less than four such meetings shall be held during each fiscal year, and at such place within the Village as shall be fixed by the Directors.

5.09 SPECIAL MEETINGS: Special meetings of the Board may be called by the President or by at least one-third (1/3) of the Directors then serving.

5.10 OPEN MEETINGS: Each meeting of the Board shall be open to any Owner except for the portion of any meeting held (i) to discuss litigation when an action against or on behalf of the Master Association has been filed and is pending in a court or administrative tribunal, or when the Board finds that such an action is probable or imminent, (ii) to consider information regarding appointment, employment or dismissal of an employee, or (iii) to discuss violations of rules and regulations of the Master Association or an Owner's unpaid share of common expenses or assessments. Any vote taken on any of the matters set forth in subparagraphs (i), (ii) or (iii) above shall be taken at a meeting or portion thereof open to any Owner. If required by the Board, notice of such meeting shall be mailed or personally delivered and posted at the Community Area at least 48 hours prior thereto, unless a written waiver of such notice is signed by the person or persons entitled to such notice before the

meeting is convened. The Board may adopt reasonable rules governing the conduct of Owners who attend meetings and Owners who do not comply with such rules may be removed from the meeting. Any Owner may record the proceedings at a meeting required to be open by tape, film or other means and the Board may prescribe reasonable rules and regulations to govern the right to make such recordings.

5.11 QUORUM: A majority of the Directors serving from time to time shall constitute a quorum for the election of officers and for the transaction of business at any meeting of the Board. Except as otherwise expressly provided herein or in the Declaration, any action may be taken upon the affirmative vote of a majority of the Directors present at a meeting at which a quorum is present.

5.12 COMPENSATION/REIMBURSEMENT FOR EXPENSES: No Director shall be compensated by the Master Association for services rendered to the Master Association, except as expressly provided in a resolution duly adopted by the Board. Upon the presentation of receipts or other appropriate documentation, a Director shall be reimbursed by the Master Association for reasonable out-of-pocket expenses incurred in the course of the performance of his duties as a Director.

5.13 REMOVAL OR RESIGNATION OF DIRECTOR: Any Director may be removed from office, with or without cause, by action of the Board at any annual meeting or at a special meeting called for such purpose. Any Director whose removal has been proposed by the Board shall be given an opportunity to be heard at the meeting. Any Director may resign at any time by submitting his written resignation to the Board. If a Director ceases to be an Owner or an Master Association Delegate, he shall be deemed to have resigned as of the date of such cessation.

A successor to fill the unexpired term of a Director who resigns or is removed shall be filled by the Association who was represented by the resigned or removed Director.

5.14 POWERS AND DUTIES OF THE BOARD: The Board shall have all of the powers and duties granted to it or imposed upon it by the Act, Declaration, these By-Laws, and the Illinois General Not-For-Profit Corporation Act, including, without limitation, the following powers and duties:

(a) To procure insurance as provided for in the Declaration;

(b) To engage the services of a manager or managing agent to assist the Master Association in performing and

providing such services as the Master Association is required to provide to its members under the Declaration;

(c) To provide for the designation, hiring and removal of such employees and such other personnel, including attorneys and accountants, as the Board may, in its discretion, deem necessary or proper for the effective administration of the Master Association;

(d) To provide for any maintenance, repair, alteration, addition, improvement or replacement of the Community Area for which the Master Association is responsible under the Declaration and these By-Laws;

(e) To estimate and provide each Owner and Master Association Delegate with an annual budget as provided for in the Declaration;

(f) To set, give notice of, and collect assessments from the Owners as provided in the Declaration;

(g) To pay the Common Expenses;

(h) To adopt rules and regulations as provided in the Declaration;

(i) To delegate the exercise of its power to committees appointed pursuant to paragraph 7.01 of these By-Laws;

(j) To own, convey, encumber, lease or otherwise deal with the Community Area or other real property conveyed to or purchased by the Master Association;

(k) To keep detailed, accurate records of the receipts and expenditures affecting the use and operation of the Community Area;

(l) To pay real property taxes, special assessments, and any other special taxes or charges of the State of Illinois or of any political subdivision thereof, or other lawful taxing or assessing body, which are authorized by law to be assessed and levied upon the real property of the Master Association;

(m) To impose charges for late payments of an Owner's proportionate share of the Common Expenses, or any other expenses lawfully agreed upon, and after notice and an opportunity to be heard, levy reasonable fines for violation of the Declaration, By-Laws, and rules and regulations of the Master Association;

(n) To assign the Master Association's right to future income, including the right to receive assessments; and

(o) To act in a representative capacity in relation to matters involving the Community Area or more than one Dwelling Unit, on behalf of the Owners as their interests may appear.

ARTICLE VI OFFICERS

6.01 OFFICERS: The officers of the Master Association shall be a President, one or more Vice Presidents, a Secretary, a Treasurer, and such assistance to such officers as the Board may deem appropriate. All officers shall be elected at each annual meeting of the Board and shall hold office at the discretion of the Board. Officers may succeed themselves in office. The President, Secretary and Treasurer shall be Directors and all other officers may, but need not be, Directors.

6.02 VACANCY OF OFFICE: Any officer may be removed at any meeting of the Board by the affirmative vote of the majority of the Directors in office, either with or without cause, and any vacancy in any office may be filled by the Board at any meeting thereof.

6.03 POWERS OF OFFICERS: The respective officers of the Master Association shall have such powers and duties as are from time to time prescribed by the Board and as are usually vested in such officers of an Illinois Not-For-Profit Corporation including without limitation, the following:

(a) The President shall be the Chief Executive Officer of the Master Association and shall preside at all meetings of the Owners and at all meetings of the Board and shall execute amendments to the Declaration and these By-Laws, as provided for in the Act, the Declaration and these By-Laws;

(b) The Vice President shall, in the absence or disability of the President, perform the duties and exercise the powers of such office and other duties assigned by the Board. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to act in the capacity of President on an interim basis;

(c) The Secretary shall keep minutes of all meetings of the Master Association Delegates and of the Board and shall have custody of the Master Association Seal and have charge of such other books, papers and documents as the Board may prescribe, and shall be responsible for giving and receiving all

notices to be given to or by the Master Association under the Act, the Declaration or these By-Laws;

(d) The Treasurer shall be responsible for Master Association funds and securities and for keeping full and accurate accounts of all receipts and disbursements in the Master Association books of accounts kept for such purpose. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Master Association in such depositories as may from time to time be designated by the Board.

6.04 OFFICERS' COMPENSATION: The officers shall receive no compensation for their services except as expressly provided by a resolution duly adopted by the Directors.

ARTICLE VII COMMITTEES DESIGNATED BY BOARD

7.01 BOARD COMMITTEES: The Board, by resolution adopted by a majority of the Directors in office, may designate one or more committees, each of which shall consist of two or more Directors, which committees, to the extent consistent with law and as provided in said resolution, shall have and exercise the authority of the Board in the management of the Master Association; but the designation of such committees and delegation thereto of authority shall not operate to relieve the Board, or any individual Director, of any responsibility imposed upon it or him by law.

7.02 SPECIAL COMMITTEES: Other committees not having and exercising the authority of the Board in the management of the Master Association may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, members of each such committee shall be Owners and the President of the Master Association shall appoint the members thereof. Any member thereof may be removed by the Board whenever in their judgment the best interest of the Master Association shall be served by such removal.

7.03 TERM: Each member of a committee shall continue as such until the next annual meeting of the Board and until his successor is appointed, unless the committee shall be sooner terminated, or unless such member shall be removed from such committee, or unless such member shall cease to qualify as a member thereof.

7.04 CHAIRMAN: One member of each committee shall be appointed chairman.

7.05 VACANCIES: Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

7.06 QUORUM: Unless otherwise provided in the resolution of the Board designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

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

ARTICLE VIII
INSTRUMENTS, CHECKS, DEPOSITS AND FUNDS

8.01 EXECUTION OF INSTRUMENTS: The Board may authorize any officer or officers, agent or agents of the Master Association, in addition to the officers so authorized by the By-Laws, to enter into any contract or execute and deliver any instrument (including amendments to the Declaration or these By-Laws which must be executed by the Master Association) in the name of and on behalf of the Master Association and such authority may be general or confined to specific instances. In the absence of any such authorization by the Board, any such contract or instrument shall be executed by the President or a Vice President and attested to by the Secretary or an Assistant Secretary of the Master Association.

8.02 PAYMENTS: All checks, drafts, vouchers or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Master Association shall be signed by such officer or officers, agent or agents of the Master Association, and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instruments shall be signed by the Treasurer or an Assistant Treasurer and countersigned by the President or a Vice President of the Master Association.

8.03 BANK ACCOUNTS: All funds of the Master Association not otherwise employed shall be deposited from time to time to the credit of the Master Association in such banks, trust companies or other depositaries as the Board shall elect.

8.04 SPECIAL RECEIPTS: The Board may accept on behalf of the Master Association any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Master Association.

ARTICLE IX
FISCAL MANAGEMENT

9.01 FISCAL YEAR: The fiscal year of the Master Association shall be determined by the Board and may be changed from time to time, as the Board deems advisable.

9.02 ANNUAL STATEMENT: Within a reasonable time after the close of each fiscal year, the Board shall furnish each Owner with an itemized accounting of the assessments and charges as well as payment for Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the annual assessment budget, and showing the net excess or deficit of income over expenditures plus reserves.

9.03 ASSESSMENT PROCEDURE: Annual assessments and special assessments shall be made and collected as provided in Article IV of the Declaration, and the provisions of Article IV are incorporated herein by reference.

Neither the Master Association nor the Board shall have authority to forebear the payment of assessments by any Owner.

ARTICLE X
BOOKS AND RECORDS

The Master Association shall keep correct and complete book and records of account and shall also keep minutes of the proceedings of its members, the Board, and committees having any of the authority of the Board, and shall keep at the registered agent's or principal office of the Master Association a record giving the names and addresses of the members. All books and records of the Master Association may be inspected by any Owner, or his agent, mortgagee or attorney, for any proper purpose at any reasonable time.

ARTICLE XI
SEAL

The Board may provide for a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the Master Association and the words "Corporate Seal, Illinois".

ARTICLE XII
AMENDMENTS

These By-Laws may be amended or modified at any time from time to time in the same manner as provided in the Declaration; provided, that no provision of these By-Laws may be amended or modified so as to conflict with the provisions of the Act, the Illinois General Not-For-Profit Act and the Declaration. No amendment to these By-Laws shall become effective until approved in writing by the Village and Recorded.

FIRST AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS
FOR THE
HAVERFORD AT SCHAUMBURG MASTER ASSOCIATION

This First Amendment to Declaration is made this February 1, 1989 by Haverford at Schaumburg Limited Partnership, an Illinois limited partnership, by Kimball Hill, Inc., its sole general partner (sometimes referred to herein as "Declarant" or "Developer").

R E C I T A L S :

WHEREAS, by the Declaration of Covenants, Conditions, Easements and Restrictions for the Haverford at Schaumburg Master Association dated December 5, 1988 and recorded in the office of the Recorder of Deeds of Cook County, Illinois as Document No. 88586737 (the "Declaration") on December 20, 1988, certain real estate was made subject to the provisions of the Declaration; and

WHEREAS, the Village of Schaumburg (the "Village") has advised Developer that it is necessary to locate a sanitary sewer at an Entrance, as defined in Paragraph 1.13 of the Declaration, located at Spring Creek Circle on real estate described on Exhibit A, attached hereto and made a part hereof; and

WHEREAS, the sanitary sewer is located beneath certain entryway monuments and landscaping at the Entrance and the Village desires the Master Association to undertake and the Master Association desires to accept, the duty of restoring the landscaping and improvements, including but not limited to any bushes, fences or brick entryway structures located at the Entrance which may be damaged or destroyed if the Village removes the landscaping and improvements to repair or replace the sanitary sewer; and

WHEREAS, under Paragraph 7.02 Developer has the power to amend the Declaration and Developer wishes to hereby amend the Declaration to provide for the restoration of the entryway improvements.

NOW THEREFORE, Declarant for the purposes above set forth, hereby declares that the Declaration be and hereby is amended as follows:

1. The Recitals set forth above are incorporated herein and made a part hereof.


2. The following subparagraph (h) shall be added after subparagraph (g) of Paragraph 5.01 of Article V of the Declaration:

(h) To restore and replace, as necessary, the entryway landscaping and improvements located at Spring Creek Circle and the interconnector road between the Haverford Development Area and Martingale Road, if the Village damages or displaces such landscaping and improvements in connection with the repair or replacement of the sanitary sewer located on the real estate described at Exhibit A. The Board shall have the duty to replace and restore such entryway landscaping and improvements to the condition existing prior to the repair or replacement work completed for the sanitary sewer; provided, however, that the Village shall be responsible for returning the condition of the soil to grade level after making such repairs or replacements to the sanitary sewer.

3. Except as expressly set forth herein, the Declaration shall remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the Declarant has caused its name to be signed and attested by its Secretary on the date first above written.

Haverford at Schaumburg Limited Partnership,
an Illinois limited partnership,
by Kimball Hill, Inc.,
its sole general partner

By: 
Larry D. Johannesen, Sr. Vice President

ATTEST:


Barbara G. Cooley

EXHIBIT A

TO FIRST AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS
FOR THE
HAVERFORD AT SCHAUMBURG MASTER ASSOCIATION

Legal description of Entrance property

EASEMENT PREMISES

THAT PART OF LOT 11 IN HAVERFORD AT SCHAUMBURG, BEING A SUBDIVISION IN THE WEST 1/2 OF THE NORTHEAST 1/4 OF SECTION 24, TOWNSHIP 41 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED AUGUST 30, 1988 AS DOCUMENT NO. 8839420, DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHEAST CORNER OF SAID LOT 11; THENCE NORTH 89 DEGREES 16 MINUTES 25 SECONDS WEST ALONG THE NORTH LINE OF SAID LOT 11, 20.00 FEET; THENCE SOUTH 00 DEGREES 43 MINUTES 35 SECONDS WEST PARALLEL WITH THE EAST LINE OF SAID LOT 11, 8.26 FEET TO A POINT FOR A PLACE OF BEGINNING;

THENCE SOUTH 45 DEGREES 31 MINUTES 41 SECONDS EAST, 23.63 FEET;
" SOUTH 44 " 28 " 19 " WEST, 10.00 " ;
" NORTH 45 " 31 " 41 " WEST, 14.06 "

TO AN INTERSECTION WITH A LINE 20.00 FEET, AS MEASURED AT RIGHT ANGLES, WEST OF AND PARALLEL WITH THE EAST LINE OF SAID LOT 11; THENCE NORTH 00 DEGREES 43 MINUTES 35 SECONDS EAST ALONG SAID LAST DESCRIBED PARALLEL LINE, 13.84 FEET TO THE PLACE OF BEGINNING, IN COOK COUNTY, ILLINOIS.

DOCUMENT.012

