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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
THE RAIL MEADOWS HOMEOWNERS ASSOCIATION

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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR

THE RAIL MEADOWS HOMEOWNERS ASSOCIATION

THIS DECLARATION is made on the date hereinafter set forth by Springfield Marine Bank as Trustee under Trust #53-0961-2 dated March 15, 1978 (hereinafter sometimes called "Declarant");

W I T N E S S E T H

WHEREAS, Declarant is the owner of the real property described in Article II, Section 1, of this Declaration; and

WHEREAS, Declarant desires to subject the real property described in Article II, Section 1, hereof to the provisions of this Declaration to create a residential community of single-family attached housing and to provide for the subjecting of other real property to the provisions of this Declaration;

NOW, THEREFORE, Declarant hereby declares that the real property described in Article II, Section 1, of this Declaration, including the improvements constructed or to be constructed thereon, is hereby subjected to the provisions of this Declaration and shall be held, sold, transferred, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to the covenants, conditions, restrictions, easements, assessments, and liens, hereinafter set forth, which are for the purpose of protecting the value and desirability of, and which shall run with the title to, the real property hereby or hereafter made subject hereto, and shall be binding on all persons having any right, title, or interest in all or any portion of the real property now or hereafter made subject hereto, their respective heirs, legal representatives, successors, successors-in-title, and assigns and shall inure to the benefit of each and every owner of all or any portion thereof.

Article I
Definitions

Unless the context shall prohibit, certain words used in this Declaration shall have the definitional meaning set forth in Exhibit "A", attached hereto and by reference made a part hereof.

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Article II
Property Subject To This Declaration

Section 1. Property Hereby Subjected To This Declaration. The real property which is, by the recording of this Declaration, subject to the covenants and restrictions hereafter set forth and which, by virtue of the recording of this Declaration, shall be held, transferred, sold, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to this Declaration is the real property described in Exhibit "B", attached hereto and by reference made a part hereof.

Section 2. Other Property. Only the real property described in Section 1 of this Article II is hereby made subject to this Declaration; provided, however, by one or more Supplementary Declarations, Declarant and the Association have the right, but not the obligation, to subject other real property to this Declaration, as hereinafter provided.

Article III
Association Membership and Voting Rights

Section 1. Membership. The Declarant and every Person who is the record owner of a fee or undivided fee interest in any Unit that is subject to this Declaration shall be deemed to have a membership in the Association. The foregoing is not intended to include Persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. No Owner, whether one or more Persons, shall have more than one (1) membership per Unit. In the event of multiple Owners of a Unit, votes and rights of use and enjoyment shall be as provided in this Declaration and in the By-Laws. Membership shall be appurtenant to and may not be separated from ownership of any Unit. The rights and privileges of membership, including the right to vote and to hold office, may be exercised by a member or the member's spouse, but in no event shall more than one (1) vote be cast nor office held for each Unit owned.

Section 2. Voting. The Association shall have two (2) classes of membership, Class "A" and Class "B", as follows:

(a) Class "A". Class "A" members shall be all Owners, with the exception of the Declarant. Class "A" members shall be entitled to one (1) vote for each Unit owned. When more than one Person holds an ownership interest in any Unit, the vote for such Unit shall be exercised as those Owners themselves determine and advise the Secretary prior to any meeting. In the absence of such advice, the Unit's vote shall be suspended in the event more than one Person seeks to exercise it.

(b) Class "B". The Class "B" member shall be the Declarant. The Class "B" member shall be entitled to one (1) vote for each Unit owned by Declarant. The Class "B" membership shall terminate and become converted to Class "A" membership upon the happening of the earlier of the following:

(i) when the Class "A" votes total one hundred twenty (120);

(ii) May 1, 1991; or

(iii) when, in its discretion, the Declarant so determines.

From and after the happening of these events, whichever occurs earlier, the Class "B" member shall be deemed to be a Class "A" member entitled to one (1) vote for each Unit it owns.

Article IV Assessments

Section 1. Purpose of Assessment. The assessments provided for herein shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and occupants of Units, including the maintenance of real and personal property, all as may be more specifically authorized from time to time by the Board of Directors.

Section 2. Creation of the Lien and Personal Obligation for Assessments. Each Owner of any Unit, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association: (a) annual assessments or charges; (b) special assessments, such assessments to be established and collected as hereinafter provided; and (c) specific assessments against any particular Unit which are established pursuant to the terms of this Declaration, including, but not limited to, reasonable fines as may be imposed in accordance with the terms of this Declaration. All such assessments, together with late charges, interest, not to exceed the maximum legal rate, costs, and reasonable attorney's fees actually incurred, shall be a charge on the land and shall be a continuing lien upon the Unit against which each assessment is made. Each such assessment, together with late charges, interest, costs, and reasonable attorney's fees actually incurred, shall also be the personal obligation of the person who was the Owner of such Unit at the time the assessment fell due. Each Owner shall be personally liable for his or her portion of each assessment coming due while he or she is the Owner of a Unit,

and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance; provided, however, the liability of a grantee for the unpaid assessments of its grantor shall not apply to any first Mortgage holder taking title through foreclosure proceedings or deed in lieu of foreclosure.

Assessments shall be paid at a uniform rate per Unit in such manner and on such dates as may be fixed by the Board of Directors, which may include, without limitation, acceleration, upon ten (10) days' written notice, of the annual assessment for delinquents. Unless otherwise provided by the Board, the assessment shall be paid in monthly installments.

Section 3. Computation. It shall be the duty of the Board to prepare a budget covering the estimated costs of operating the Association during the coming year, which shall include a capital contribution or reserve in accordance with a capital budget separately prepared. The Board shall cause the budget and the assessments to be levied against each Unit for the following year to be delivered to each member at least thirty (30) days prior to the end of the current fiscal year. The budget and the assessment shall become effective unless disapproved at a meeting by a Majority of the Owners. Notwithstanding the foregoing, however, in the event the membership disapproves the proposed budget or the Board fails for any reason so to determine the budget for the succeeding year, then and until such time as a budget shall have been determined, as provided herein, the budget in effect for the then current year shall continue for the succeeding year.

Section 4. Special Assessments. In addition to the other assessments authorized herein, the Association may levy special assessments in any year. So long as the total amount of special assessments allocable to each Unit does not exceed Five Hundred (\$500.00) Dollars in any one fiscal year, the Board may impose the special assessment. Any special assessment which would cause the amount of special assessments allocable to any Unit to exceed this limitation shall be effective only if approved by a Majority of the Class "A" members. Special assessments shall be paid as determined by the Board, and the Board may permit special assessments to be paid in installments extending beyond the fiscal year in which the special assessment is imposed.

Section 5. Lien for Assessments. All sums assessed against any Unit pursuant to this Declaration, together with late charges, interest, costs, and reasonable attorney's fees actually incurred, as provided herein, shall be secured by a lien on such Unit in favor of the Association. Such lien shall

be superior to all other liens and encumbrances on such Unit, except for (a) liens of ad valorem taxes; or (b) liens for all sums unpaid on a first Mortgage or on any Mortgage to Declarant duly recorded in the land records of Sangamon County, Illinois, and all amounts advanced pursuant to such Mortgage and secured thereby in accordance with the terms of such instrument.

All other persons acquiring liens or encumbrances on any Unit after this Declaration shall have been recorded in such records shall be deemed to consent that such liens or encumbrances shall be inferior to future liens for assessments, as provided herein, whether or not prior consent is specifically set forth in the instruments creating such liens or encumbrances.

Section 6. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessments which are not paid when due shall be delinquent. Any assessment delinquent for a period of more than ten (10) days shall incur a late charge in an amount as the Board may from time to time determine. The Association shall cause a notice of delinquency to be given to any member who has not paid within ten (10) days following the due date. If the assessment is not paid within thirty (30) days, a lien, as herein provided, shall attach and, in addition, the lien shall include the late charge, interest, not to exceed the maximum legal rate, on the principal amount due, and all late charges from the date first due and payable, all costs of collection, reasonable attorney's fees actually incurred, and any other amounts provided or permitted by law. In the event that the assessment remains unpaid after sixty (60) days, the Association may, as the Board shall determine, institute suit to collect such amounts and to foreclose its lien. Each Owner, by acceptance of a deed or as a party to any other type of a conveyance, vests in the Association or its agents the right and power to bring all actions against him or her, personally, for the collection of such charges as a debt or to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property. The lien provided for in this Article shall be in favor of the Association and shall be for the benefit of all other Owners. The Association, acting on behalf of the Owners, shall have the power to bid on the Unit at any foreclosure sale or to acquire, hold, lease, mortgage, or convey the unit. No Owner may waive or otherwise except liability for the assessments provided for herein, including, by way of illustration, but not limitation, abandonment of the Unit.

All payments shall be applied first to costs and attorney's fees, then to late charges, then interest and then to delinquent assessments, then to any unpaid installments of the

annual assessment or special assessments which are not the subject matter of suit in the order of their coming due, and then to any unpaid installments of the annual assessment or special assessments which are the subject matter of suit in the order of their coming due.

Section 7. Capital Budget and Contribution. The Board of Directors shall annually prepare a capital budget which shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Association, as shown on the capital budget, with respect both to amount and timing by annual assessments over the period of the budget. The capital contribution required shall be fixed by the Board and included within the budget and assessment, as provided in Section 2 of this Article. A copy of the capital budget shall be distributed to each member in the same manner as the operating budget.

Section 8. Date of Commencement of Annual Assessments. The annual assessments provided for herein shall commence as to all Units then existing and subject to assessment under this Declaration on the first day of the month following the conveyance of the first Unit by the Declarant to a Class "A" member and shall be due and payable in a manner and on a schedule as the Board of Directors may provide. The first annual assessment shall be adjusted according to the number of months then remaining in that fiscal year. The date any Unit becomes subject to assessment hereunder shall be the date on which the later of the following occurs:

- (a) the Unit becomes subject to this Declaration; or
- (b) the appropriate official of Sangamon County, Illinois, or the Village of Sherman, Illinois, issues a certificate of occupancy or its equivalent stating that the Unit is substantially complete and available for occupancy.

Section 9. Assessments by Declarant.

(a) After the commencement of assessment payments as to any Unit, Declarant, if any, covenants and agrees to pay the full amount of the annual assessment for each occupied Unit it owns; notwithstanding anything contained herein to the contrary, the Declarant shall be required to pay only fifty (50%) percent of the annual assessment for unoccupied Units that it owns.

(b) Notwithstanding anything to the contrary herein, the Declarant may contribute assessments due from it in services

or materials or a combination of services and materials, rather than in money, (herein collectively called "in kind contribution"). The amount by which monetary assessments shall be decreased as a result of any in kind contribution shall be the fair market value of the contribution. If the Declarant and the Association agree as to the value of any contribution, the value shall be as agreed. If the Association and the Declarant cannot agree as to the value of any contribution, the Declarant shall supply the Association with a detailed explanation of the service performed and material furnished, and the Association shall acquire bids for performing like services and furnishing like materials from three (3) independent contractors approved by the Declarant who are in the business of providing such services and materials. If the Association and the Declarant are still unable to agree on the value of the contribution, the value shall be deemed to be the average of the bids received from the independent contractors.

Article V Maintenance

Section 1. Association's Responsibility. The Association shall maintain and keep in good repair the Common Property. This maintenance shall include, without limitation, maintenance, repair, and replacement, subject to any insurance then in effect of all landscaping and improvements situated on the Common Property. The Association shall maintain all landscaping grounds areas within the boundaries of Units, except for landscaping, if any, contained within patio areas. The Association shall maintain and keep in good repair all paved or concrete walkways, driveways, private streets, parking areas and patios, even though located partially or wholly within the boundaries of a Unit. The Association shall maintain and keep in good repair all water and sewer pipes or facilities which serve more than one (1) Unit, whether located within or without a Unit's boundaries.

The Association shall provide exterior maintenance but not repair upon Unit improvements as follows: to paint or stain gutters, downspouts, chimneys, decks, and, with the exception of entry doors, garage doors, glass and their appurtenant hardware, all exterior building surfaces, and to repair, replace and care for roof surfaces and roof systems.

The Association shall have the right, but not the obligation, to maintain property not owned by the Association where the Board has determined that such maintenance would benefit all Owners.

The foregoing maintenance shall be performed consistent with the Community-Wide Standard.

Section 2. Owner's Responsibility. Except as provided in Section 1, above, all maintenance and repair of the Unit shall be the responsibility of the Owner thereof. In addition, the Owner shall maintain all pipes, lines, ducts, conduits, or other apparatus which serve only the Unit, whether located within or without a Unit's boundaries (including all gas, electricity, water, sewer or air conditioning pipes, lines, ducts, conduits, chimney flues (which are to be regularly cleaned) or other apparatus serving only the Unit). Such maintenance shall be performed consistent with this Declaration and the Community-Wide Standard established pursuant hereto. In the event that the Board of Directors of the Association determines that (a) any Owner has failed or refused to discharge properly his obligations with regard to the maintenance, repair, or replacement of items for which he is responsible hereunder; or (b) that the need for maintenance, repair, or replacement, which is the responsibility of the Association hereunder, is caused through the willful or negligent act of an Owner, his or her family, guests, lessees, or invitees, and is not covered or paid for by insurance, in whole or in part, then, the Association may perform the repair, replacement or maintenance and shall, except in the event of an emergency situation, give the Owner written notice of the Association's intent to provide such necessary maintenance, repair, or replacement, at Owner's sole cost and expense. The notice shall set forth with reasonable particularity the maintenance, repairs, or replacement deemed necessary. The Owner shall have ten (10) days within which to complete such maintenance, repair, or replacement, or, in the event that such maintenance, repair, or replacement is not capable of completion within a ten (10) day period, to commence such work which shall be completed within a reasonable time. If any Owner does not comply with the provisions hereof, the Association may provide any such maintenance, repair, or replacement at Owner's sole cost and expense, and all costs shall be added to and become a part of the assessment to which such Owner is subject and shall become a lien against the Unit.

Section 3. Party Walls.

(a) General Rules of Law to Apply. Each wall built as a part of the original construction of the Units which shall serve and separate any two (2) adjoining Units shall constitute a party wall and, to the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(b) Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in equal proportions.

(c) Damage and Destruction. If a party wall is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner who has used the wall may restore it, and if the other Owner or Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in equal proportions without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

(d) Weatherproofing. Notwithstanding any other provision of this Section, to the extent that such damage is not covered and paid by the insurance provided for herein, an Owner who by his negligent or willful act causes any party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

(e) Right to Contribution Runs With Land. The right of any owner to contribution from any other owner under this Section shall be appurtenant to the land and shall pass to such owner's successors-in-title.

Article VI Use Restrictions and Rules

Section 1. General. The Board of Directors may, from time to time, without consent of the members, promulgate, modify, or delete use restrictions and rules and regulations applicable to the Units and the Common Property. Such regulations and use restrictions shall be binding upon all Owners and occupants until and unless overruled, cancelled, or modified in a regular or special meeting by the vote of Class "A" members holding a Majority of the total votes in the Association and by the vote of the Class "B" member, so long as such membership shall exist. The foregoing notwithstanding, the Association shall not, without the consent of Declarant, so long as Declarant has an unexpired option to subject property to this Declaration, adopt, modify, or delete any use restriction, rule, or regulation concerning new construction without the written consent of Declarant.

Section 2. Use of Units. All Units shall be used for single-family residential purposes exclusively. No business or

business activity shall be carried on or upon any Unit at any time except with the written approval of the Association. Leasing of a Unit shall not be considered a business or business activity.

Section 3. Signs. No sign of any kind shall be erected by an Owner within the Community without the written consent of the Board. The Board shall have the right to erect reasonable and appropriate signs.

Section 4. Parking and Garages. Owners shall park only in their garage or in the driveway serving their Unit and then subject to such reasonable rules and regulations as the Board of Directors may adopt. All commercial vehicles, tractors, mobile homes, trailers (either with or without wheels), campers, camper trailers, boats and other watercraft, and boat trailers must be parked within a garage unless otherwise permitted by the Board. No garage may be altered in such a manner that the number of automobiles which may reasonably be parked therein after the alteration is less than the number of automobiles that could have reasonably been parked in the garage as originally constructed.

Section 5. Leasing. Units may be leased for residential purposes. Units may be rented only in their entirety; no fraction or portion may be rented. There shall be no subleasing of units or assignment of leases. No transient tenants may be accommodated in a unit. All leases shall be in writing. All leases and lessees are subject to the provisions of the Declaration, By-Laws and rules and regulations adopted pursuant thereto. All rentals must be for a term of no less than one (1) year. The unit owner must make available to the tenant copies of the Declaration, By-Laws, and rules and regulations. Any violation of the Declaration, By-Laws or rules and regulations is deemed to be a violation of the terms of the lease and authorizes the owner/lessor to terminate the lease without liability and to evict the tenant/lessee in accordance with Illinois law. The owner/lessor hereby delegates and assigns to The Rail Meadows Homeowners Association, acting through the Board, the power and authority to enforce against the tenant/lessee all breaches resulting from the violation of the Declaration, By-Laws and the rules and regulations, including the power and authority to evict the tenant on behalf and for the benefit of the owner of said unit, in accordance with the terms hereof, for violations of this Declaration, By-Laws, or of the rules and regulations. In the event the Association proceeds to evict the tenant, any costs not collected from the tenant, including attorney's fees and court costs, associated with the eviction shall be specially assessed against the unit and the owner thereof, such being deemed hereby as an expense which benefits the leased unit and the owner thereof.

Section 6. Occupants Bound. All provisions of the Declaration and of any rules and regulations or use restrictions promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants of any Unit.

Section 7. Animals and Pets. No animals, livestock, or poultry of any kind may be raised, bred, kept, or permitted on any Unit, with the exception of dogs, cats, or other usual and common household pets in reasonable number, as determined by the Association; provided, however, those pets which are kept, bred, or maintained for any commercial purpose, permitted to roam free, or, in the sole discretion of the Association, endanger the health, make objectionable noise, or constitute a nuisance or inconvenience to the Owners of other Units or the owner of any property located adjacent to the Community may be removed by the Association. Dogs which are household pets shall at all times whenever they are outside a Unit be confined on a leash held by a responsible Person. Dogs shall be walked only in those areas designated by the Association.

Section 8. Nuisance. It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition of his or her Unit. No Unit shall be used, in whole or in part, for the storage of any property or thing that will cause such Unit to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept upon any Unit that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No noxious or offensive activity shall be carried on upon any Unit, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to any person using any property adjacent to the Unit. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Community.

Section 9. Unsightly or Unkempt Conditions. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken in any part of the Community.

Section 10. Architectural Standards. The Board of Directors shall have the authority and standing, on behalf of the

Association, to enforce in courts of competent jurisdictions decisions of either Committee established in subsections (a) and (b) of this Section 10. This Article may not be amended without the Declarant's written consent, so long as the Declarant owns any land subject to this Declaration or subject to annexation to this Declaration.

No construction, which term shall include within its definition staking, clearing, excavation, grading, and other site work, and no plantings or removal of plants, trees, or shrubs shall take place except in strict compliance with this Section, until the requirements thereof have been fully met, and until the approval of the appropriate Committee has been obtained.

(a) New Construction Committee. The New Construction Committee (NCC) shall have exclusive jurisdiction over all original construction on any portion of the Properties. The NCC shall prepare and, on behalf of the Board of Directors, shall promulgate design guidelines and application procedures. The standards and procedures shall be those of the Association, and the NCC shall have sole and full authority to prepare and to amend the standards and procedures. It shall make both available to Owners, builders, and developers who seek to engage in development of or construction upon all or any portion of the Properties and who shall conduct their operations strictly in accordance therewith. Until all of the Properties contained in Exhibits "B" and "C" have been conveyed to purchasers in the normal course of development and sale, or until the right of the Declarant to submit such properties expires, the Declarant retains the right to appoint all members of the NCC, which shall consist of at least three (3), but no more than five (5), persons. There shall be no surrender of this right prior to that time, except in a written instrument in recordable form executed by Declarant. Upon the expiration of such right, the Board of Directors shall appoint the members in the same manner as provided in subsection (b) for the Modifications Committee.

(b) Modifications Committee. The Modifications Committee (MC) shall consist of at least three (3) and no more than five (5) members, all of whom shall be appointed by the Board of Directors. At the time when thirty-eight (38) units have been sold, the MC shall be turned over to The Rail Meadows Homeowners Association. The MC shall have exclusive jurisdiction over modifications, additions, or alterations made on or to existing Residential Units or structures containing Residential Units and the open space, if any, appurtenant thereto; provided, however, the MC may delegate this authority to the appropriate board or committee of any residential association subsequently created or subsequently subjected to this Declaration so long as the MC

has determined that such board or committee has in force review and enforcement practices, procedures and appropriate standards at least equal to those of the MC. Such delegation may be revoked and jurisdiction reassumed at any time by written notice.

The MC shall promulgate detailed Standards and Procedures governing its area of responsibility and practice. In addition thereto, the following shall apply. Plans and specifications showing the nature, kind, shape, color, size, materials, and location of such modifications, additions, or alterations, shall be submitted to the Modifications Committee for approval as to quality of workmanship and design and harmony of external design with existing structures, and as to location in relation to surrounding structures, topography, and finish grade elevation. No permission or approval shall be required to repaint in accordance with an originally approved color scheme, or to rebuild in accordance with originally approved plans and specifications. Nothing contained herein shall be construed to limit the right of an owner to remodel the interior of his residence, or to paint the interior of his residence any color desired. In the event the MC fails to approve or to disapprove such plans or to request additional information reasonably required within forty-five (45) days after submission, the plans shall be deemed approved.

Section 11. Antennas. No exterior television or radio antennas of any kind shall be placed, allowed, or maintained upon any portion of the Community, including any Unit, without the prior written consent of the Board or its designee. The Association may erect an aerial for a master antenna system, should any such master system or systems be utilized by the Association and require any such exterior antenna.

Section 12. Golf Course Access. Access to The Rail Golf Club and its course is strictly subject to the rules and procedures of The Rail. No Owner or occupant gains any rights to enter or to use the facilities by virtue of such ownership or occupancy.

Section 13. Refuse Collection.

(a) With respect to Residential Units for which common refuse collection facilities are not provided, refuse shall be deposited in closed garbage cans or sealed garbage bags and taken to the curb for scheduled collection no more than twelve (12) hours before such collection is scheduled to occur. Empty cans shall be removed from the curb as soon as practicable following such collection. Except when temporarily placed at the curb for scheduled collection, all garbage cans and other refuse containers shall be kept in a suitable storage area, not visible from any street, Common Areas, or neighboring property.

(b) With respect to Residential Units for which common refuse collection facilities are provided, all refuse shall be deposited in such facilities in sealed garbage bags. No refuse shall be stored or deposited in or around such Residential Unit Lot except in a designated common refuse collection facility.

Article VII
Insurance and Casualty Losses

Section 1. Insurance. The Association's Board of Directors or its duly authorized agent shall have the authority to and shall obtain insurance for all insurable improvements on the Common Property and for all buildings containing Units. This insurance shall cover loss or damage by fire or other hazards, including extended coverage, vandalism, and malicious mischief and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard.

The Board shall obtain a public liability policy applicable to the Common Property covering the Association and its members for all damage or injury caused by the negligence of the Association or any of its members or agents, and, if reasonably available, directors' and officers' liability insurance. The public liability policy shall have a combined single limit of at least One Million (\$1,000,000.00) Dollars.

Premiums for all insurance shall be common expenses of the Association. The policies may contain a reasonable deductible, and the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost. The deductible shall be paid by the party who would be responsible for the repair in the absence of insurance and in the event of multiple parties shall be allocated in relation to the amount each party's loss bears to the total. Deductibles on damage caused by errant golf balls shall be allocated either to the Owner or golfer as provided by law, but under no circumstances shall the Association be responsible.

All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association, as trustee, for the respective benefitted parties, as further identified in subparagraph (b), below. Such insurance shall be governed by the provisions hereinafter set forth:

(a) All policies shall be written with a company licensed to do business in Illinois and holding a rating of XI or better in the Financial Category as established by A. M. Best

Company, Inc., if available, or, if not available, the most nearly equivalent rating.

(b) All policies shall be for the benefit of the Unit Owners and their Mortgagees, as their interests may appear.

(c) Exclusive authority to adjust losses under policies obtained by the Association shall be vested in the Association's Board of Directors; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

(d) In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their Mortgagees, and the insurance carried by the Association shall be primary.

(e) All casualty insurance policies shall have an inflation guard endorsement and an agreed amount endorsement if these are reasonably available and all insurance policies shall be reviewed annually by one or more qualified persons, at least one of whom must be in the real estate industry and familiar with construction in the Sangamon County, Illinois, area.

(f) The Association's Board of Directors shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

(i) a waiver of subrogation by the insurer as to any claims against the Association's Board of Directors, its manager, the Owners and their respective tenants, servants, agents, and guests;

(ii) a waiver by the insurer of its rights to repair and reconstruct instead of paying cash;

(iii) that no policy may be cancelled, invalidated, or suspended on account of any one or more individual Owners;

(iv) that no policy may be cancelled, invalidated, or suspended on account of any defect or the conduct of any director, officer, or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect or to cease the conduct and the allowance of a reasonable time thereafter within which a cure may be effected by the Association, its manager, any Owner or Mortgagee;

(v) that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and

(vi) that no policy may be cancelled or substantially modified without at least ten (10) days' prior written notice to the Association.

In addition to the other insurance required by this Section, the Board shall obtain workmen's compensation insurance, if and to the extent necessary, to satisfy the requirements of applicable laws, and a fidelity bond or bonds on directors, officers, employees, and other persons handling or responsible for the Association's funds. The amount of fidelity coverage shall be determined in the directors' best business judgment. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and may not be cancelled or substantially modified without at least ten (10) days' prior written notice to the Association. The Association shall also obtain construction code endorsements, steam boiler coverage, and flood insurance, if and to the extent necessary to satisfy the requirements of The Mortgage Corporation or the Federal National Mortgage Association.

Section 2. Damage and Destruction.

(a) In General. Immediately after the damage or destruction by fire or other casualty to all or any improvement covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the same condition and location that existed prior to the fire or other casualty.

(b) Repair and Reconstruction. Any damage or destruction shall be repaired or reconstructed unless, within sixty (60) days after the casualty, at least seventy-five (75%) percent of the Class "A" members and the Class "B" member, so long as such membership shall exist, shall otherwise agree. If the damage includes damage to a Unit, the written consent of the Owner or Owners of the affected Unit(s) must be obtained as part of the seventy-five (75%) percent. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within such period, then the period

shall be extended until such information shall be made available; provided, however, such extension shall not exceed sixty (60) days. No Mortgagee shall have the right to participate in the determination of whether damage or destruction shall be repaired or reconstructed.

If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Association's members, levy a special assessment against all Owners in proportion to the number of Units owned by such Owners. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction. If the funds available from insurance exceed the costs of repair or reconstruction or if the improvements are not repaired or reconstructed, such excess shall be deposited to the benefit of the Association; provided that the Owner and Mortgagee of any Unit for which proceeds are received agree to the distribution as their interest may appear.

In the event that it should be determined by the Association in the manner described above that the damage or destruction shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the property shall be restored to its natural state and maintained as an undeveloped portion of the Common Property by the Association in a neat and attractive condition.

Article VIII Condemnation

Section 1. Common Property. If the taking involves a portion of the Common Property on which improvements have been constructed, then, unless within sixty (60) days after such taking, the Class "B" member (if such membership shall then exist) and at least seventy-five (75%) percent of the Class "A" members of the Association shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Property to the extent lands are available therefor. The provisions of Article VII, Section 2, above, applicable to Common Property improvements damage, shall govern replacement or restoration and the actions to be taken in the event that the improvements are not restored or replaced.

Section 2. Units. If the taking includes one or more Units, or any part or parts thereof, whether or not there is included in the taking any part of the Common Property, then the award shall be disbursed and all related matters shall be handled pursuant to and in accordance with the consent of no less

than fifty (50%) percent of all Owners expressed in a duly recorded amendment to this Declaration; provided that the consent of the Owner or Owners of the Unit or Units so taken must first be obtained. If such consent cannot be obtained, the funds shall be disbursed as the court may determine.

Article IX
Annexation of Additional Property

Section 1. Annexation Without Approval of Class "A" Membership.

(a) As the owner thereof or, if not the owner, with the consent of the owner thereof, Declarant shall have the unilateral right, privilege, and option from time to time at any time until June 1, 1999, to subject all or any portion of the real property described in Exhibit "C", attached hereto and by reference made a part hereof to the provisions of this Declaration and the jurisdiction of the Association by filing for record in the Office of the Recorder of Deeds of Sangamon County, Illinois an amendment or supplementary declaration in respect to the property being annexed. Any such annexation shall be effective upon the filing for record of such supplementary declaration unless otherwise provided therein.

(b) The rights reserved unto Declarant to subject additional land to the Declaration shall not be implied or construed so as to impose any obligation upon Declarant to subject any of such additional land to this Declaration or to the jurisdiction of the Association nor any obligation, if subjected, to build housing of the same type, design, or materials. If such additional land is not subjected to this Declaration, Declarant's reserved rights shall not impose any obligation on Declarant to impose any covenants and restrictions similar to those contained herein upon such additional land nor shall such rights in any manner limit or restrict the use to which such additional land may be put by Declarant or any subsequent owner thereof, whether such uses are consistent with the covenants and restrictions imposed hereby or not.

Section 2. Annexation With Approval of Class "A" Membership. Subject to the consent of the Owner thereof, upon the affirmative vote of a majority of the Class "A" members of the Association present or represented by proxy at a meeting duly called for such purpose, the Association may annex other real property to the provisions of this Declaration and the jurisdiction of the Association by filing for record in the Office of the Recorder of Deeds of Sangamon County, Illinois, an

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amendment or supplementary declaration in respect to the property being annexed. Any such amendment or supplementary declaration shall be signed by the President and Secretary of the Association, and any such annexation shall be effective upon the filing for record of such amendment or supplementary declaration unless otherwise provided therein. The time within which and the manner in which notice of any such meeting of the Class "A" members of the Association called for the purpose of determining whether additional property shall be annexed, and the quorum required for the transaction of business at any such meeting, is specified in the By-Laws of the Association.

Article X Mortgagee Provisions

The following provisions are for the benefit of holders of first Mortgages on Units in the Community. The provisions of this Article apply to both this Declaration and to the By-Laws, notwithstanding any other provisions contained therein.

Section 1. Notices of Action. An institutional holder, insurer, or guarantor of a first Mortgage, who provides written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the Unit number), (therefore becoming an "eligible holder"), will be entitled to timely written notice of:

(a) any condemnation loss or any casualty loss which affects a material portion of the Community or which affects any Unit on which there is a first Mortgage held, insured, or guaranteed by such eligible holder;

(b) any delinquency in the payment of assessments or charges owed by an Owner of a Unit subject to the Mortgage of such eligible holder, where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a first Mortgage, upon request, is entitled to written notice from the Association of any default in the performance by an Owner of a Unit of any obligation under the Declaration or By-Laws of the Association which is not cured within sixty (60) days;

(c) any lapse, cancellation, or material modification of any insurance policy maintained by the Association; or

(d) any proposed action which would require the consent of a specified percentage of Mortgage holders.

Section 2. Special FHLMC Provision. So long as required by the Federal Home Loan Mortgage Corporation (The

Mortgage Corporation), the following provisions apply in addition to and not in lieu of the foregoing. Unless two-thirds (2/3) of the first Mortgagees or Owners give their consent, the Association shall not:

(a) by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Property which the Association owns, directly or indirectly (the granting of easements for public utilities or other similar purposes consistent with the intended use of the Common Property shall not be deemed a transfer within the meaning of this subsection);

(b) change the method of determining the obligations, assessments, dues, or other charges which may be levied against an Owner;

(c) by act or omission change, waive, or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of Units and of the Common Property (The issuance and amendment of architectural standards, procedures, rules, and regulations or use restrictions shall not constitute a change, waiver, or abandonment within the meaning of this subsection.);

(d) fail to maintain fire and extended coverage insurance, as required by this Declaration; or

(e) use hazard insurance proceeds for any Common Property losses for other than the repair, replacement, or reconstruction of such property.

Nothing contained in Article X, Section 2, of this Declaration shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration for any of the acts set out in this Section 2.

First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Property and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and first Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

Section 3. No Priority. No provision of this Declaration or the By-Laws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Property.

Section 4. Notice to Association. Upon request, each Unit Owner shall be obligated to furnish to the Association the name and address of the holder of any mortgage encumbering such Owner's Unit.

Article XI
Easements

Section 1. Easements for Encroachment and Overhang. There shall be reciprocal appurtenant easements for encroachment and overhang as between each Unit and such portion or portions of the Common Property adjacent thereto or as between adjacent Units due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of this Declaration) to a distance of not more than five (5) feet, as measured from any point on the common boundary between each Unit and the adjacent portion of the Common Property or as between adjacent Units, as the case may be, along a line perpendicular to such boundary at such point; provided, however, in no event shall an easement for encroachment exist if such encroachment occurred due to willful conduct on the part of an Owner, tenant, or the Association.

Section 2. Easements for Use and Enjoyment.

(a) Every Owner of a Unit shall have a right and easement of ingress and egress, use and enjoyment in and to the Common Property which shall be appurtenant to and shall pass with the title to his Unit, subject to the following provisions:

(i) the right of the Association to charge reasonable admission and other fees for the use of any portion of the Common Property and to limit the number of guests of Unit Owners and tenants who may use the Common Property;

(ii) the right of the Association to suspend the voting rights of a Unit Owner and the right of an Owner to use the recreational facilities in the Community, if any, for any period during which any assessment against his Unit which is hereby provided for remains unpaid; and, for a reasonable period of time for an infraction of the Declaration, By-Laws, or rules and regulations;

(iii) the right of the Association to borrow money for the purpose of improving the Common Property, or any portion thereof, or for construction, repairing or improving any facilities located or to be located thereon, and give as security for the payment of any such loan a mortgage conveying all or any portion of the Common Property; provided, however, the

lien and encumbrance of any such mortgage given by the Association shall be subject and subordinate to any rights, interests, options, easements and privileges herein reserved or established for the benefit of Declarant, or any Unit or Unit Owner, or the holder of any Mortgage, irrespective of when executed, given by Declarant or any Unit Owner encumbering any Unit or other property located within the Community (Any provision in this Declaration or in any such Mortgage given by the Association to the contrary notwithstanding, the exercise of any rights therein by the holder thereof in the event of a default thereunder shall not cancel or terminate any rights, easements or privileges herein reserved or established for the benefit of Declarant, or any Unit or Unit Owner, or the holder of any mortgage, irrespective of when executed, given by Declarant or any Unit Owner encumbering any Unit or other property located within the Community.); and

(iv) the right of the Association to dedicate or transfer all or any portion of the Common Property subject to such conditions as may be agreed to by the members of the Association. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer has been approved by at least a Majority of the votes which the Class "A" members of the Association present, or represented by proxy, are entitled to cast at a meeting duly called for such purpose and by the Class "B" member of the Association, so long as such membership shall exist.

(v) the right of golf balls unintentionally to come upon the Common Property or any Unit and for golfers at reasonable times and in a reasonable manner to come upon the Common Property and upon the exterior areas of any Unit to retrieve errant golf balls.

(b) Any Unit Owner may delegate his or her right of use and enjoyment in and to the Common Property and facilities located thereon to the members of his family, his tenants and guests and shall be deemed to have made a delegation of all such rights to the occupants of any leased Unit.

Section 3. Easements for Utilities. There is hereby reserved to the Association blanket easements upon, across, above and under all property within the Community for access, ingress, egress, installation, repairing, replacing, and maintaining all utilities serving the Community or any portion thereof, including, but not limited to, gas, water, sanitary sewer, telephone and electricity, as well as storm drainage and any other service such as, but not limited to, a master television antenna system, cable television system, or security system which the Association might decide to have installed to serve

the Community. It shall be expressly permissible for the Association or its designee, as the case may be, to install, repair, replace, and maintain or to authorize the installation, repairing, replacing, and maintaining of such wires, conduits, cables and other equipment related to the providing of any such utility or service. Should any party furnishing any such utility or service request a specific license or easement by separate recordable document, the Board shall have the right to grant such easement.

Section 4. Easement for Entry. The Association shall have an easement to enter into any Unit for emergency, security, safety, and for other purposes reasonably necessary for the proper maintenance and operation of the Community, which right may be exercised by the Association's Board of Directors, officers, agents, employees, managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Association to enter a Unit to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition upon request by the Board.

Article XII General Provisions

Section 1. Enforcement. Each Owner and every occupant of a Unit shall comply strictly with the By-Laws, the rules and regulations, the use restrictions, as they may be lawfully amended or modified from time to time, and with the covenants, conditions, and restrictions set forth in this Declaration and in the deed to his or her Unit, if any. The Board of Directors may impose fines or other sanctions, which shall be collected as provided herein for the collection of assessments. Failure to comply with this Declaration, the By-Laws or the rules and regulations shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable by the Board of Directors, on behalf of the Association, or, in a proper case, by an aggrieved Owner. Failure by the Association or any Owner to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Self-Help. In addition to any other remedies provided for herein, the Association or its duly authorized agent shall have the power to enter upon a Unit or any portion of the Common Property to abate or remove, using such force as may be reasonably necessary, any erection, thing or condition

which violates this Declaration, the By-Laws, the rules and regulations, or the use restrictions. Unless an emergency situation exists, the Board shall give the violating Unit Owner ten (10) days' written notice of its intent to exercise self-help. All costs of self-help, including reasonable attorney's fees actually incurred shall be assessed against the violating Unit Owner and shall be collected as provided for herein for the collection of assessments.

Section 3. Duration. The provisions of this Declaration shall run with and bind the land and shall be and remain in effect perpetually to the extent permitted by law; provided, however, so long as Illinois law limits the period during which covenants restricting lands to certain uses may run, and provisions of this Declaration affected thereby shall run with and bind the land so long as permitted by such law, and such provisions may be renewed or extended, in whole or in part, beyond the initial period permitted by such law for successive periods not to exceed the period permitted by such law, provided such renewal or extension is approved by at least a Majority of the votes which the Class "A" members of the Association present or represented by proxy are entitled to cast at a meeting duly called for such purpose. Further, no such renewal or extension shall be effective unless there is filed for record in the Office of the Recorder of Deeds of Sangamon County, Illinois, on or before the effective date thereof an instrument executed by the President and Secretary of the Association which shall state the terms of such renewal or extension and which shall contain a certification by such Secretary that such extension and renewal was duly approved by the Class "A" members of the Association. Every purchaser or grantee of any interest in any real property subject to this Declaration, by acceptance of a deed or other conveyance therefor, thereby agrees that such provisions of this Declaration may be extended and renewed as provided in this Section.

Section 4. Amendment. This Declaration may be amended unilaterally at any time and from time to time by Declarant (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (b) if such amendment is reasonably necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Units subject to this Declaration; (c) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Units

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subject to this Declaration; or (d) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Units subject to this Declaration; provided, however, any such amendment shall not adversely affect the title to any Owner's Unit unless any such Unit Owner shall consent thereto in writing. Further, so long as the Class "B" membership exists, Declarant may unilaterally amend this Declaration for any other purpose; provided, however, any such amendment shall not materially adversely affect the substantive rights of any Unit Owner hereunder, nor shall it adversely affect title to any Unit without the consent of the affected Unit Owner.

In addition to the above, this Declaration may be amended upon the affirmative vote or written consent, or any combination thereof, of at least a majority of the Class "A" members and the consent of the Declarant, so long as Declarant has an unexpired option to subject property to this Declaration. Amendments to this Declaration shall become effective upon recordation in the Sangamon County, Illinois records, unless a later effective date is specified therein.

Section 5. Partition. The Common Property shall remain undivided, and no Person shall bring any action for partition or division of the whole or any part thereof without the written consent of all Owners of all portions of the property located within the Community and without the written consent of all holders of all Mortgages encumbering any portion of the property, including, but not necessarily limited to, the Units located within the Community.

Section 6. Gender and Grammar. The singular, wherever used herein, shall be construed to mean the plural, when applicable, and the use of the masculine pronoun shall include the neuter and feminine.

Section 7. Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and, to this end, the provisions of this Declaration are declared to be severable.

Section 8. Captions. The captions of each Article and Section hereof, as to the contents of each Article and Section, are inserted only for convenience and are in no way to be

construed as defining, limiting, extending, or otherwise modifying or adding to the particular Article or Section to which they refer.

Section 9. Preparer. This Declaration was prepared by Wayne S. Hyatt, Hyatt & Rhoads, P.C., 2200 Peachtree Center Harris Tower, 233 Peachtree Street, N.E., Atlanta, Georgia, 30303.

Section 10. Conveyances of Common Property. The Association shall accept such conveyances of Common Property as are made from time to time to the Association by Declarant.

Section 11. Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth, Queen of England.

Section 12. Indemnification. The Association shall indemnify every officer and director against any and all expenses, including attorney's fees, imposed upon or reasonably incurred by any officer or director in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer or director. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. The Association shall maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

Section 13. Construction and Sale Period. Notwithstanding any provisions contained in this Declaration to the contrary, Declarant hereby expressly reserves unto itself and its successors and assigns a non-exclusive, perpetual right,

privilege, and easement with respect to the Community for the benefit of Declarant, its successors, and assigns over, under, in, and/or on the Community, without obligation and without charge to Declarant, for the purposes of construction, installation, relocation, development, sale, maintenance, repair, replacement, use and enjoyment, and/or otherwise dealing with the Community and any other property now owned or which may in the future be owned by Declarant, (such other property is hereinafter referred to as "Additional Property"). The reserved easement shall constitute a burden on the title to the Community and specifically includes, but is not limited to:

(a) the right of access, ingress, and egress for vehicular and pedestrian traffic over, under, on, or in the Community; and the right to tie into any portion of the Community with driveways, parking areas, and walkways; and the right to tie into and/or otherwise connect and use (without a tap-on or any other fee for so doing), replace, relocate, maintain, and repair any device which provides utility or similar services, including, without limitation, electrical, telephone, natural gas, water, sewer, and drainage lines and facilities constructed or installed in, on, under, and/or over the Community; and

(b) the right to construct, install, replace, relocate, maintain, repair, use, and enjoy signs, model residences, and sales offices in the Community.

(c) No rights, privileges, and easements granted or reserved herein shall be merged into the title of any property, including, without limitation, the Community, but shall be held independent of such title, and no such right, privilege, or easement shall be surrendered, conveyed, or released unless and until and except by delivery of a quit-claim deed from Declarant releasing such right, privilege, or easement by express reference thereto.

(d) If these reserved easements are exercised without annexing any Additional Property to the Community, the Owners of the affected Additional Property shall share the costs, if any, of using and maintaining utility and similar facilities, including, without limitation, electrical, telephone, natural gas, water, sewer, and drainage lines and facilities with the Owners in the Community in the proportion that the number of completed dwellings on the affected Additional Property bears to the total number of completed dwellings upon the affected Additional Property and the number of Units in the Community. The costs of maintenance and repair of Community roads and driveways shall likewise be apportioned to the affected Additional Property if the only means of vehicular access to the affected Additional Property is across the Community. For the purposes of this provision, a dwelling on the affected Additional Property shall be

considered completed when a certificate of occupancy has been granted or would be granted upon request. The allocation of expenses and the collection therefor may be done on a monthly, quarterly, or annual basis as may reasonably be determined by the Association in accordance with this Declaration. If any of the Additional Property is added to the Community, from the time of the annexation, the sharing of costs and expenses and the use of any property so added shall be governed by this Declaration, rather than by these reserved easements.

Section 14. Contracts Executed During Declarant Control. All contracts or leases executed by or on behalf of the Association prior to extinguishment of the Declarant's veto power shall contain a termination clause permitting the Association to terminate the contract or lease at any time after extinguishment of the Declarant's veto power, without cause and without penalty, upon not more than ninety (90) days' written notice.

Section 15. Books and Records.

(a) Inspection by Members and Mortgagees. This Declaration, the By-Laws, copies of rules and use restrictions, membership register, books of account, and minutes of meetings of the members of the Board and of committees shall be made available for inspection and copying by any member of the Association or by his duly appointed representative and by holders, insurers, or guarantors of any first Mortgage at any reasonable time and for a purpose reasonably related to his or her interest as a member or holder, insurer, or guarantor of a first Mortgage at the office of the Association or at such other reasonable place as the Board shall prescribe.

(b) Rules for Inspection. The Board shall establish reasonable rules with respect to:

(i) notice to be given to the custodian of the records;

(ii) hours and days of the week when such an inspection may be made; and

(iii) payment of the cost of reproducing copies of documents.

(c) Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extra copies of documents at the reasonable expense of the Association.

Section 16. Audit. An audit of the accounts of the Association shall be made annually in the manner as the Board of Directors may decide; provided, however, after having received the Board's audit at the annual meeting, the Class "A" members, by a majority vote, may require that the accounts of the Association be audited as a common expense by a public accountant. Upon written request of any institutional holder of a first Mortgage and upon payment of all necessary costs, such holder shall be entitled to receive a copy of the annual audited financial statement within ninety (90) days after the end of each fiscal year.

Section 17. Notice of Sale or Lease. In the event an Owner sells or leases his or her Unit, the Owner shall give to the Association, in writing, the name of the purchaser or lessee of the Unit and such other information as the Board may reasonably require.

Section 18. Title-holding Trust. In the event title to any Unit is conveyed to a title-holding trust, under the terms of which trust the powers of management, operation and control of said Unit remain vested in the trust beneficiary or beneficiaries, then said beneficiary or beneficiaries thereunder from time to time shall be deemed the Owner or Owners of said Unit and subject to all of the terms and provisions of this Declaration and the By-Laws of the Association. No claims shall be made against any such title-holding trustee personally for payment of any entering membership fee, assessment, lien or other charge created by this Declaration or said By-Laws, and the trustee shall not be obligated to sequester funds or trust property to apply in whole or in part against such entering membership fee, assessment, lien or other charge; provided, however, the amount of such entering membership fee, assessment, lien or other charge shall continue to be a charge and lien upon each Unit conveyed to said title-holding trust, and the joint and several personal obligation of the beneficiaries of said trust at the time any entering membership fee, assessment, lien or other charge with respect to any such Unit became due and payable, notwithstanding any transfers of the beneficial interest of said trust, or any transfers of title to any such Unit.

Section 19. Exculpatory Clause. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, covenants, undertakings and agreements herein made on the part of the Trustee while in form purporting to be the representations, covenants, undertakings and agreements of said Trustee are nevertheless each and every one of them, made and intended not as personal representations, covenants, undertakings and agreements by the Trustee or for the purpose or

with the intention of binding said Trustee personally, but are made and intended for the purpose of binding only that portion of the trust property specifically described herein, and this instrument is executed and delivered by said Trustee not in its own right, but solely in the exercise of the powers conferred upon it as such Trustee; and that no personal liability or personal responsibility is assumed by nor shall at any time be asserted or enforceable against the Trustee or any of the beneficiaries under said Trust Agreement, on account of this instrument or on account of any representation, covenant, undertaking or agreement of the said Trustee in this instrument contained, either expressed or implied, all such personal liability, if any, being expressly waived and released.

IN WITNESS WHEREOF, the undersigned, being the duly appointed officers of Declarant herein, have executed this instrument, and affixed the corporate seal this 9th day of August, 1978.

SPRINGFIELD MARINE BANK as
Trustee under Trust #53-0961-2
dated March 15, 1978

By: *R. A. Alexander*

Attest: *Walter J. ...*

[CORPORATE SEAL]

Signed, sealed, and delivered
in the presence of:

Walter J. ...
WITNESS

Dorothy A. Tait
NOTARY PUBLIC

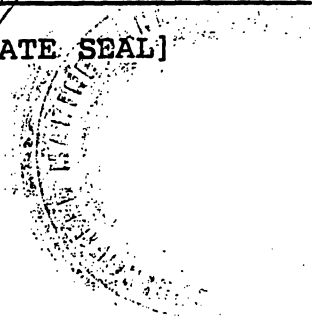
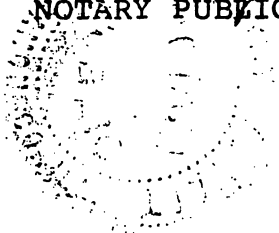


EXHIBIT "A"

Definitions

The following words, when used in this Declaration or in any Supplementary Declaration (unless the context shall prohibit), shall have the following meanings:

(a) "Association" shall mean and refer to The Rail Meadows Homeowners Association, a nonprofit Illinois corporation, its successors and assigns.

(b) "By-Laws" shall refer to the By-Laws of The Rail Meadows Homeowners Association, attached to this Declaration as Exhibit "D" and incorporated therein by this reference.

(c) "Common Property" shall mean any and all real and personal property and easements and other interests therein, together with the facilities and improvements located thereon, now or hereafter owned by the Association for the common use and enjoyment of the Owners.

(d) "Community" shall mean and refer to that certain real property and interests therein described in Exhibit "B", attached hereto, and (i) such additions thereto as may be made by Declarant (or its Mortgagee or transferee, as provided in the Declaration) by amendment or supplementary declaration of all or any portion of the real property described in Exhibit "C", attached hereto; and (ii) such additions thereto as may be made by the Association by amendment or supplementary declaration of other real property.

(e) "Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing in the Community. Such standard may be more specifically determined by the Board of Directors of the Association.

(f) "Declarant" shall mean and refer to Springfield Marine Bank as Trustee under Trust #53-0961-2 dated March 15, 1978, and the successors-in-title and assigns of Springfield Marine Bank as Trustee under Trust #53-0961-2 dated March 15, 1978, provided any such successor-in-title or assign shall acquire for the purpose of development or sale all or any portion of the remaining undeveloped or unsold portions of the real property described in Exhibit "B", attached hereto or in Exhibit "C", attached hereto, and provided further, in the instrument of conveyance to any such successor-in-title or assign, such successor-in-title or assign is designated as the "Declarant" hereunder by the grantor of such conveyance, which grantor shall be the "Declarant" hereunder at the time of such conveyance; provided, further, upon such designation of such successor Declarant, all rights of the former Declarant in and

to such status as "Declarant" hereunder shall cease, it being understood that as to all of the property described in Exhibit "B", attached hereto, and in Exhibit "C", attached hereto, which is now or hereafter subjected to this Declaration, there shall be only one person or legal entity entitled to exercise the rights and powers of the "Declarant" hereunder at any one point in time.

(g) "Eligible Votes" shall mean those available to be cast under the Declaration, the By-Laws, or Illinois corporate law.

(h) "Majority" means those eligible votes, Owners, or other group as the context may indicate totalling more than fifty (50%) percent of the total eligible number.

(i) "Mortgage" means any mortgage, deed to secure debt, and any and all other similar instruments used for the purpose of conveying or encumbering real property as security for the payment or satisfaction of an obligation.

(j) "Mortgagee" shall mean the holder of a Mortgage.

(k) "Owner" shall mean and refer to the record owner, whether one or more Persons, of the fee simple title to any Unit located within the Community, excluding, however, any Person holding such interest merely as security for the performance or satisfaction of any obligation.

(l) "Person" means any natural person, as well as a corporation, joint venture, partnership (general or limited), association, trust, or other legal entity.

(m) "Unit" shall mean a portion of the Community intended for ownership and use as permitted in this Declaration and as shown on the plat for The Rail Meadows Homeowners Association, or amendments thereto, recorded in the Sangamon County, Illinois, land records. The ownership of each Unit shall include, and there shall pass with each Unit as an appurtenance thereto, whether or not separately described, all of the right, title, and interest of an Owner in the Common Property, which shall include, without limitation, membership in the Association. Each Unit shall for all purposes constitute real property which may be owned in fee simple and which may be conveyed, transferred, or encumbered in the same manner as any other real property. Each Owner shall be entitled to the exclusive ownership and possession of his or her Unit, subject to this Declaration. All air conditioning apparatus serving only one Unit shall be a part of the Unit so served. Each Owner shall have the right to lateral and subjacent support for his or her Unit, and such right shall pass with the Unit.

EXHIBIT B

PROPERTY SUBMITTED

PART OF THE SOUTH 1/2 OF SECTION 35, T. 17 N., R. 5 W. OF THE 3RD P.M. IN SANGAMON COUNTY, ILLINOIS. SAID PART BEING FURTHER DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 35; THENCE S. 89° 33' 54" W. 1,828.64 FEET ALONG THE SOUTH LINE OF SECTION 35 TO A POINT ON A CURVE HAVING A RADIUS OF 439.26 FEET AND ITS CENTER LOCATED N. 0° 26' 06" W. FROM SAID POINT; THENCE NORTHWESTERLY ALONG SAID CURVE 136.00 FEET; THENCE N. 72° 41' 44" W. 355.66 FEET TO A POINT ON A CURVE HAVING A RADIUS OF 746.20 FEET AND ITS CENTER LOCATED N. 17° 18' 16" E. FROM SAID POINT; THENCE NORTHWESTERLY ALONG SAID CURVE 462.34 FEET; THENCE N. 37° 11' 42" W. 48.51 TO THE POINT OF BEGINNING; THENCE S. 52° 48' 18" W. 130.00 FEET; THENCE N. 49° 59' 57" W. 112.81 FEET; THENCE S. 58° 37' 18" W. 206.13 FEET; THENCE S. 81° 23' 48" W. 760.67 FEET; THENCE N. 11° 13' 48" E. 530.94 FEET; THENCE S. 67° 27' 36" E. 156.93 FEET; THENCE S. 84° 53' 38" E. 245.10 FEET; THENCE N. 76° 44' 24" E. 234.59 FEET; THENCE N. 40° 39' 18" E. 115.48 FEET TO A POINT ON A CURVE HAVING A RADIUS OF 388.10 FEET AND ITS CENTER LOCATED N. 53° 37' 20" E. FROM SAID POINT; THENCE SOUTHERLY ALONG SAID CURVE 92.28 FEET; THENCE S. 50° 00' 02" E. 74.08 FEET TO A POINT ON A CURVE HAVING A RADIUS OF 686.20 FEET AND ITS CENTER LOCATED S. 39° 59' 58" W. FROM SAID POINT; THENCE SOUTHEASTERLY ALONG SAID CURVE 3.59 FEET; THENCE S. 42° 48' 18" W. 36.60 FEET TO A POINT ON A CURVE HAVING A RADIUS OF 447.46 FEET AND ITS CENTER LOCATED N. 47° 11' 42" W. FROM SAID POINT; THENCE SOUTHWESTERLY ALONG SAID CURVE 301.39 FEET; THENCE S. 81° 23' 48" W. 257.95 FEET TO A POINT ON A CURVE HAVING A RADIUS OF 100.00 FEET AND ITS CENTER LOCATED N. 8° 36' 12" W.; THENCE NORTHWESTERLY ALONG SAID CURVE 89.57 FEET TO A POINT ON A CURVE HAVING A RADIUS OF 60.00 FEET AND ITS CENTER LOCATED S. 42° 42' 52" W. FROM SAID POINT; THENCE WESTERLY, SOUTHERLY AND EASTERLY ALONG SAID CURVE 242.24 FEET; THENCE N. 81° 23' 48" E. 382.85 FEET TO A POINT ON A CURVE HAVING A RADIUS OF 507.46 FEET AND ITS CENTER LOCATED N. 8° 36' 12" W. FROM SAID POINT; THENCE NORTHEASTERLY ALONG SAID CURVE 341.80 FEET; THENCE N. 42° 48' 18" E. 36.60 FEET TO A POINT ON A CURVE HAVING A RADIUS OF 686.20 FEET AND ITS CENTER LOCATED S. 45° 18' 38" W. FROM SAID POINT; THENCE SOUTHEASTERLY ALONG SAID CURVE 89.76 FEET; THENCE S. 37° 11' 42" E. 160.00 FEET TO THE POINT OF BEGINNING CONTAINING 7.51 ACRES, MORE OR LESS.

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EXHIBIT C

ADDITIONAL PROPERTY WHICH CAN BE UNILATERALLY SUBMITTED BY DECLARANT

Beginning at an iron pin monument, lying South $89^{\circ} 33' 54''$ West, 1817.42 feet from a lead plug monument, the Southeast Corner of Section 35, Township 17 North, Range 5 West of the Third Principal Meridian, on the South Line of said Section 35; thence South $89^{\circ} 33' 54''$ West, along the South Line of said Section, 280.63 feet, to an iron pin monument; thence North $0^{\circ} 47' 57''$ West, 84.38 feet, to an iron pin monument; thence North $72^{\circ} 41' 42''$ West, 897.92 feet, to an iron pin monument; thence South $81^{\circ} 23' 48''$ West, 875.85 feet, to an iron pin monument; thence North $11^{\circ} 13' 48''$ East, 1223.40 feet, to an iron pin monument; thence North $11^{\circ} 30' 12''$ West, 222.51 feet, to an iron pin monument; thence North $46^{\circ} 24' 28''$ East, 314.14 feet, to an iron pin monument; thence South $41^{\circ} 45' 19''$ East, 405.96 feet, to an iron pin monument; thence North $89^{\circ} 55' 34''$ East, 683.47 feet, to an iron pin monument; thence South $43^{\circ} 42' 36''$ East, 348.92 feet, to an iron pin monument; thence South $7^{\circ} 20' 24''$ East, 141.58 feet, to an iron pin monument; thence South $74^{\circ} 34' 18''$ West, 180.49 feet, to an iron pin monument; thence North $72^{\circ} 05' 52''$ West, 529.09 feet, to an iron pin monument; thence South $6^{\circ} 25' 25''$ West, 321.25 feet, to a concrete monument; thence South $50^{\circ} 00' 02''$ East, 738.34 feet, to a concrete monument; thence South $43^{\circ} 39' 45''$ East, 512.98 feet, to an iron pin monument; thence North $89^{\circ} 15' 15''$ East, 152.16 feet, to an iron pin monument; thence South $7^{\circ} 30' 25''$ East, 90.81 feet, to the Point of Beginning, except that portion of said tract described on Exhibit B, situated in Sangamon County, Illinois.

ALSO, Easement Area No. 1 described as follows:

BEGINNING AT THE SOUTHEAST CORNER OF SAID SECTION 35; THENCE S. $89^{\circ} 33' 54''$ W. 1,828.64 FEET ALONG THE SOUTH LINE OF SECTION 35 TO A POINT ON A CURVE HAVING A RADIUS OF 439.26 FEET AND ITS CENTER LOCATED N. $0^{\circ} 26' 06''$ W FROM SAID POINT; THENCE NORTHWESTERLY ALONG SAID CURVE 136.00 FEET; THENCE N. $72^{\circ} 41' 44''$ W. 355.66 FEET TO A POINT ON A CURVE HAVING A RADIUS OF 746.20 FEET AND ITS CENTER LOCATED N. $17^{\circ} 18' 16''$ E. FROM SAID POINT; THENCE NORTHWESTERLY ALONG SAID CURVE 462.34 FEET; THENCE N. $37^{\circ} 11' 42''$ W. 208.51 FEET TO A POINT ON A CURVE HAVING A RADIUS OF 686.20 FEET AND ITS CENTER LOCATED S. $52^{\circ} 48' 18''$ W. FROM SAID POINT; THENCE NORTHWESTERLY ALONG SAID CURVE 89.76 FEET; THENCE S. $42^{\circ} 48' 18''$ W. 36.60 FEET TO A POINT ON A CURVE HAVING A RADIUS OF 507.46 FEET AND ITS CENTER LOCATED N. $47^{\circ} 11' 42''$ W. FROM SAID POINT; THENCE SOUTHWESTERLY ALONG SAID CURVE 341.80 FEET; THENCE S. $81^{\circ} 23' 48''$ W. 382.85 FEET TO A POINT ON A CURVE HAVING A RADIUS OF 60.00 FEET AND ITS CENTER LOCATED N. $8^{\circ} 36' 12''$ W. FROM SAID POINT; THENCE WESTERLY, NORTHERLY AND EASTERLY ALONG SAID CURVE 242.24 FEET TO A POINT ON A CURVE HAVING A RADIUS OF 100.00 FEET AND ITS CENTER LOCATED N. $42^{\circ} 42' 52''$ E. FROM SAID POINT; THENCE EASTERLY ALONG SAID CURVE 89.57 FEET; THENCE N. $81^{\circ} 23' 48''$ E. 257.95 FEET TO A POINT ON A CURVE HAVING A RADIUS OF 447.46 FEET AND ITS CENTER LOCATED N. $8^{\circ} 36' 12''$ W. FROM SAID POINT; THENCE NORTHEASTERLY ALONG SAID CURVE 301.39 FEET; THENCE N. $42^{\circ} 48' 18''$ E. 36.60 FEET TO A POINT ON A CURVE HAVING A RADIUS OF 686.20 FEET AND ITS CENTER LOCATED S. $40^{\circ} 17' 57''$ W. FROM SAID POINT; THENCE NORTHWESTERLY ALONG SAID CURVE 3.59 FEET; THENCE N. $50^{\circ} 00' 02''$ W. 74.08 FEET TO A POINT ON A CURVE HAVING A RADIUS OF 388.10 FEET AND ITS CENTER LOCATED N. $39^{\circ} 59' 58''$ E. FROM SAID POINT; THENCE NORTHWESTERLY ALONG SAID CURVE 92.28 FEET; THENCE N. $40^{\circ} 39' 18''$ E. 61.87 FEET TO A POINT ON A CURVE HAVING A RADIUS OF 328.10 FEET AND ITS CENTER LOCATED N. $56^{\circ} 02' 51''$ E. FROM SAID POINT; THENCE SOUTHEASTERLY ALONG SAID CURVE 91.90 FEET; THENCE S. $50^{\circ} 00' 02''$ E. 74.08 FEET TO A POINT ON A CURVE HAVING A RADIUS OF 746.20 FEET AND ITS CENTER LOCATED S. $39^{\circ} 59' 58''$ W. FROM SAID POINT; THENCE SOUTHEASTERLY ALONG SAID CURVE 166.78 FEET; THENCE S. $37^{\circ} 11' 42''$ E. 208.51 FEET TO A POINT ON A CURVE HAVING A RADIUS OF 686.20 FEET AND ITS CENTER N. $52^{\circ} 48' 16''$ E. FROM SAID POINT; THENCE SOUTHEASTERLY ALONG SAID CURVE 425.16 FEET; THENCE S. $72^{\circ} 41' 44''$ E. 355.66 FEET TO A POINT ON A CURVE HAVING A RADIUS OF 379.26 FEET AND ITS CENTER LOCATED N. $17^{\circ} 18' 18''$ E. FROM SAID POINT; THENCE SOUTHEASTERLY ALONG SAID CURVE 117.43 FEET; THENCE N. $89^{\circ} 33' 54''$ E. 1,829.07 FEET TO THE EAST LINE OF SECTION 35; THENCE S. $0^{\circ} 01' 27''$ E. 60.00 FEET TO THE POINT OF BEGINNING CONTAINING 5.72 ACRES MORE OR LESS, EXCLUSIVE OF THAT PART ALONG THE EAST LINE OF SECTION 35 NOW BEING USED FOR ROADWAY PURPOSES.

8142C

EXHIBIT "D"

BY-LAWS

OF

THE RAIL MEADOWS HOMEOWNERS ASSOCIATION

HYATT & RHOADS, P.C.

Attorneys

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BY-LAWS
OF
THE RAIL MEADOWS HOMEOWNERS ASSOCIATION

Article I
Name, Membership, Applicability, and Definitions

Section 1. Name. The name of the Association shall be The Rail Meadows Homeowners Association, Inc. (hereinafter sometimes referred to as the "Association").

Section 2. Membership. The Association shall have two (2) classes of membership, Class "A" and "B", as is more fully set forth in that Declaration of Covenants, Conditions, and Restrictions for The Rail Meadows Homeowners Association, (this Declaration, as amended, renewed, or extended from time to time, is hereinafter sometimes referred to as the "Declaration"), the terms of which pertaining to membership are specifically incorporated by reference herein.

Section 3. Definitions. The words used in these By-Laws shall have the same meaning as set forth in the Declaration, unless the context shall prohibit.

Article II
Association: Meetings, Quorum, Voting, Proxies

Section 1. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the members as may be designated by the Board of Directors, either in the Community or as convenient thereto as possible and practical.

Section 2. First Meeting and Annual Meetings. An annual or special meeting shall be held within one (1) year from the date the Declaration is recorded. Annual meetings shall be set by the Board so as to occur no later than sixty (60) days after the close of the Association's fiscal year. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday (excluding Saturday and Sunday).

Section 3. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a Majority of the Board of Directors or upon a petition signed by at least twenty-five (25%) percent

of the Class "A" members. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting, except as stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail or to cause to be delivered to the Owner of record of each Unit a notice of each annual or special meeting of the Association stating the purpose of the special meeting, as well as the time and place where it is to be held. If an Owner wishes notice to be given at an address other than his or her Unit, he or she shall have designated by notice in writing to the Secretary such other address. The mailing or delivery of a notice of meeting in the manner provided in this Section shall be considered service of notice. Notices shall be served not less than ten (10) nor more than thirty (30) days before a meeting.

Section 5. Waiver of Notice. Waiver of notice of a meeting of the members shall be deemed the equivalent of proper notice. Any member may, in writing, waive notice of any meeting of the members, either before or after such meeting. Attendance at a meeting by a member, whether in person or by proxy, shall be deemed waiver by such member of notice of the time, date, and place thereof, unless such member specifically objects to lack of proper notice at the time the meeting is called to order.

Section 6. Adjournment of Meetings. If any meetings of the Association cannot be held because a quorum is not present, a Majority of the members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 7. Voting. The voting rights of the members shall be as set forth in the Declaration, and such voting rights are specifically incorporated herein.

Section 8. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing, dated, and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his or her Unit, or upon receipt of notice by the Secretary of the death or judicially declared incompetence of a member, or of written revocation, or upon the expiration of eleven (11) months from the date of the proxy.

Section 9. Quorum. The presence, in person or by proxy, of twenty-five (25%) percent of the Owners of Units to which eligible votes appertain shall constitute a quorum at all meetings of the Association. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

Article III
Board of Directors: Number, Powers, Meetings

A. Composition and Selection.

Section 1. Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors. Except as provided in Section 2 of this Article, the Directors must reside in the Community and shall be members or spouses of such members; provided, however, no Person and his or her spouse may serve on the Board at the same time.

Section 2. Directors Appointed by Declarant. Except as provided in Section 6 of this Article, the Directors shall be selected by the Declarant acting in its sole discretion and shall serve at the pleasure of the Declarant, so long as the Class "B" membership exists as set forth in the Declaration, unless the Declarant shall earlier surrender this right to select Directors. The Directors selected by the Declarant need not be Owners or residents in the Community. The names of the initial Directors selected by the Declarant are set forth in the Articles of Incorporation of the Association.

Section 3. Veto. From the termination of the Class "B" membership, the Declarant shall have a veto power over all actions of the Board, as is more fully provided in this Section. This power shall expire when the Class "A" votes, other than those Owners formerly owning Class "B" votes, equals one hundred forty-five (145) or May 1, 1995, whichever occurs first, unless earlier surrendered. This veto power shall be exercisable only by Declarant, its successors, and assigns who specifically take this power in a recorded instrument. The veto shall be as follows:

No action authorized by the Board of Directors shall become effective, nor shall any action, policy, or program be implemented until and unless:

(a) Declarant shall have been given written notice of all meetings and proposed actions to be approved at meetings by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the

Association, as it may change from time to time, which notice shall comply with the provisions of these By-Laws regarding notice of regular and special meetings of the Directors and which notice shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth in reasonable particularity the agenda to be followed at the meeting; and

(b) Declarant shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program to be implemented by the Board or the Association. Declarant and its representatives or agents shall make its concerns, thoughts, and suggestions known to the members of the Association and/or the Board. At such meeting, Declarant shall have and is hereby granted a veto power over any such action, policy, or program authorized by the Board of Directors and to be taken by the Board. The veto may be exercised by Declarant, its representatives, or agents at the meeting held pursuant to the terms and provisions hereof. Any veto power shall not extend to the requiring of any action or counteraction on behalf of the Board.

Section 4. Number of Directors. The initial Board shall consist of three (3) members provided that the Board by vote of its members may expand to five (5) or seven (7) members.

Section 5. Nomination of Directors. Elected Directors shall be nominated from the floor and may also be nominated by a Nominating Committee, if such a committee is established by the Board. All candidates shall have a reasonable opportunity to communicate their qualifications to the members and to solicit votes.

Section 6. Election and Term of Office. Notwithstanding any other provision contained herein:

(a) Within thirty (30) days after the time Class "A" Members other than the Declarant are equal to or greater than thirty-eight (38), the Association shall call a special meeting to be held at which Members other than the Declarant shall elect one of the Directors. The Director so elected shall not be subject to removal by the Declarant acting alone and shall be elected for the shortest term available.

Within thirty (30) days after the time Class "A" Members other than the Declarant are equal to or greater than eighty (80), the Association shall call a special meeting to be held at which Members other than the Declarant shall elect an additional director for a total of two (2) of the Directors.

The Directors so elected shall not be subject to removal by Declarant acting alone and shall be elected for the shortest terms available.

(b) At annual meetings of the membership thereafter, Directors shall be elected. All eligible members of the Association shall vote on all Directors to be elected, and the candidate(s) receiving the most votes shall be elected; provided, however, those Directors serving at the time of the first annual meeting after the termination of the Class "B" membership shall serve the remainder of their terms.

The term of one (1) Director shall be fixed at one (1) year, the term of one (1) Director shall be fixed at two (2) years, and the term of one (1) Director shall be fixed at three (3) years. At the expiration of the initial term of office of each respective member of the Board of Directors, a successor shall be elected to serve for a term of three (3) years. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association.

(c) The Declarant, in its sole discretion, may call meetings earlier than required herein and/or may permit Class "A" members to elect a larger number of Directors at any meeting than required herein.

Section 7. Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the members of the Board of Directors may be removed, with or without cause, by a Majority vote of the Class "A" members and a successor may then and there be elected to fill the vacancy thus created. A Director whose removal has been proposed by the Owners shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Additionally, any Director who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of an assessment for more than twenty (20) days may be removed by a Majority vote of the Directors at a meeting, a quorum being present. This Section shall not apply to Directors appointed by Declarant.

Section 8. Vacancies. Vacancies in the Board of Directors caused by any reason, excluding the removal of a Director by vote of the Association, shall be filled by a vote of the Majority of the remaining Directors, even though less than a quorum, at any meeting of the Board of Directors. Each Person so selected shall serve the unexpired portion of the term.

B. Meetings.

Section 9. Organization Meetings. The first meeting of the members of the Board of Directors following each annual meeting of the membership shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board.

Section 10. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a Majority of the Directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per calendar quarter. Notice of the regular schedule shall constitute sufficient notice of such meetings.

Section 11. Special Meetings. Special meetings of the Board of Directors shall be held when requested by the President, Vice President or by any two (2) Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to a Person at the Director's home or office who would reasonably be expected to communicate such notice promptly to the Director; or (d) by telegram, charges prepaid. All such notices shall be given or sent to the Director's address or telephone number as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph company shall be given at least forty-eight (48) hours before the time set for the meeting.

Section 12. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 13. Quorum of Board of Directors. At all meetings of the Board of Directors, a Majority of the Directors shall constitute a quorum for the transaction of business, and

the votes of a Majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a Majority of the required quorum for that meeting. If any meeting cannot be held because a quorum is not present, a Majority of the Directors who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time that the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 14. Compensation. No Director shall receive any compensation from the Association for acting as such unless approved by a Majority of the Class "A" members.

Section 15. Open Meetings. All meetings of the Board shall be open to all members, but members other than Directors may not participate in any discussion or deliberation unless expressly so authorized by the Board.

Section 16. Executive Session. The Board may adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 17. Action Without A Formal Meeting. Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

C. Powers and Duties.

Section 18. Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles, or these By-Laws directed to be done and exercised exclusively by the members. In addition to the duties imposed by these By-Laws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to and be responsible for the following, in way of explanation, but not limitation:

(a) preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the common expenses;

(b) making assessments to defray the common expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment;

(c) providing for the operation, care, upkeep, and maintenance of all areas which are the maintenance responsibility of the Association;

(d) designating, hiring, and dismissing the personnel necessary for the operation of the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;

(e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;

(f) making and amending use restrictions and rules and regulations;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) enforcing by legal means the provisions of the Declaration, these By-Laws, and the rules and regulations adopted by it, and bring any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(i) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(j) paying the cost of all services rendered to the Association or its members which are not directly chargeable to Owners;

(k) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, and specifying the maintenance and repair expenses and any other expenses incurred; and

(l) contracting with any Person for the performance of various duties and functions. The Board shall have the power to

enter into common management agreements with trusts, condominiums, or other associations. Any and all functions of the Association shall be fully transferable by the Board, in whole or in part, to any other entity.

Section 19. Management Agent. The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Declarant or an affiliate of the Declarant may be employed as managing agent or Manager. The term of any management agreement shall not exceed one (1) year and shall be subject to termination by either party, without cause and without penalty, upon ninety (90) days' written notice.

Section 20. Borrowing. The Board of Directors shall have the power to borrow money for the purpose of repair or restoration of the Common Property and facilities without the approval of the members of the Association; provided, however, the Board shall obtain membership approval in the same manner as for special assessments, in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities, and the total amount of such borrowing exceeds or would exceed Ten Thousand (\$10,000.00) Dollars outstanding debt at any one time.

Section 21. Fining Procedure. The Board shall not impose a fine (a late charge shall not constitute a fine) unless and until the following procedure is followed:

(a) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying:

(i) the alleged violation;

(ii) the action required to abate the violation;

and

(iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a fine, if the violation is not continuing. The Board or its designee may demand immediate abatement in such circumstances which, in the Board's determination, pose a danger to safety or property.

(b) Notice. Within twelve (12) months of such demand, if the violation continues past the period allowed in the

demand for abatement without penalty, or if the same rule is subsequently violated, the Board may, upon notice, impose a fine. The notice shall state:

(i) the nature of the alleged violation;

(ii) that the alleged violator may, within ten (10) days from the date of the notice, request a hearing regarding the fine;

(iii) that any statements, evidence, and witnesses may be produced by the alleged violator at the hearing; and

(iv) that all rights to have the fine reconsidered are waived if a hearing is not requested within ten (10) days of the date of the notice.

(c) Hearing. If a hearing is requested, it shall be held before the Board in executive session, and the alleged violator shall be given a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing.

Section 22. Common or Interested Directors. Each member of the Board shall exercise his or her powers and duties in good faith and with a view to the interests of the Association. No contract or other transaction between the Association and any of its directors, or between the Association and any corporation, firm, or Association (including the Declarant) in which any of the Directors of the Association are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because any such Director is present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his vote is counted for such purpose, if any of the conditions specified in any of the following subparagraphs exist:

(a) The fact of the common directorate or interest is disclosed or known to the Board or a majority thereof or noted in the minutes, and the Board of Directors authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

(b) The fact that the common directorate or interest is disclosed or known to at least a majority of the members of the Association and the members approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

(c) The contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved, or executed.

Any common or interested Director may be counted in determining presence of a quorum at any meeting of the Board or committee thereof which authorizes, approves, or ratifies any contract or transaction but shall not vote on the specific issue or issues in which he or she has a common interest in the outcome.

Article IV Officers

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. Any two or more offices may be held by the same Person, excepting the offices of President and Secretary. The President and Treasurer shall be elected from among the members of the Board of Directors.

Section 2. Election, Term of Office, and Vacancies. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the members. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the Board of Directors whenever, in its judgment, the best interests of the Association will be served thereby.

Section 4. President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board of Directors. The President shall have all the general powers and duties which are incident to the office of the president of a corporation organized under the Illinois Not-For-Profit Code.

Section 5. Vice President. The Vice President shall act in the President's absence and shall have all powers, duties, and responsibilities provided for the President when so acting.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors and shall have charge of such books and papers as the Board of Directors may direct and shall, in general, perform all duties incident to the office of the secretary of a corporation organized in accordance with Illinois law.

Section 7. Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, for preparing all required financial statements and tax returns, and for the deposit of all monies and other valuable effects in the name of the Association or the managing agent in such depositories as may from time to time be designated by the Board of Directors.

Section 8. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Article V Committees

Section 1. General. Committees to perform such tasks and to serve for such periods as may be designated by the Board are hereby authorized. Each committee shall be composed and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

Article VI Miscellaneous

Section 1. Fiscal Year. The fiscal year of the Association shall be determined by resolution of the Board. In the absence of such a resolution, the fiscal year shall be the calendar year.

Section 2. Parliamentary Rules. Roberts Rules of Order (current edition) shall govern the conduct of all Association proceedings, when not in conflict with Illinois law, the Articles of Incorporation, the Declaration, these By-Laws, or a ruling made by the Person presiding over the proceeding.

Section 3. Conflicts. If there are conflicts or inconsistencies between the provisions of Illinois law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of Illinois law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

Section 4. Amendment. The provisions of the Declaration applicable to amendment of that instrument shall apply to any amendment to these By-Laws.

