

MEMORANDUM

To: Members of the Housing Commission
From: Mary Cele Smith, Housing Planner (msmith@cityhpil.com) and
Lee Smith, Senior Planner (lsmith@cityhpil.com)
Date: May 31, 2013

RE: HOUSING COMMISSION PACKET FOR 6-5-2013 MEETING

**Note: Dinner will be served at 6:00 p.m.
The packet contains the following documents:**

Part A. Priority Items

- Regular Meeting Agenda
- **Agenda Item IV. (Action Needed) Approval of Minutes**
 - Meeting Minutes for April 3, 2013 and May 1, 2013 Regular Meetings (TO BE EMAILED UNDER SEPARATE COVER)
- **Agenda Item V. Scheduled Business**
 - **1. (Action Needed) Items for Omnibus Vote Consideration**
 - Payment of Invoices:
 - Manning Silverman & Company Invoice #200923636 for the final retainer (2 of 2) for Audit for Sunset Woods for \$2,725.00
 - Ratification of Payment:
 - Chicago Title Land Trust Company Invoice #360376 for the Peers Annual Fee of \$250.00
 - **2. (Discussion) Report from Robert Anthony, Executive Director of Community Partners for Affordable Housing (CPAH). Supporting Materials:**
 - Report from CPAH
 - **3. (Discussion and Consideration) Application to the Affordable Housing Trust Fund from Community Partners for Affordable Housing for a Scattered Site Grant of \$270,000. Supporting Materials:**
 - CPAH Application
 - **4. (Discussion and Consideration) Housing Commission Peers, Walnut Place, Ravinia, and Sunset Woods. Supporting Materials:**
 - May 2013 Management Report
 - Summary of Capital Improvements for Peers and Walnut Place
 - Accounts Receivable Up-Date
 - Summary Spreadsheets: Highland Park Housing Reserve Balances prepared 4/30/13
 - Housing Trust Fund Fiscal Year 2013, Unaudited through 3/31/13
 - Sunset Woods Staff Memo regarding Draft Amendment to the Condominium Declaration
 - Sunset Woods Draft Amendment to the Condominium Declaration
 - Sunset Woods Condominium Declaration

Part B. Detailed and Optional Material

- Financial Reports for Peers, Walnut, and Ravinia Housing Associations and for Sunset Woods Housing Association for the month ending April 30, 2013

c:

- David Knapp, City Manager
- Shubhra Govind, Interim Director of Community Development
- Linda Sloan, Planning Division Manager
- Peter Friedman, Corporation Counsel

Public Notice

In accordance with the Statutes of the State of Illinois, and the Ordinances of the City of Highland Park, the **Regular Meeting** of the City of Highland Park Housing Commission, the Peers Housing Association, Walnut Housing Association, Ravinia Housing Association and Sunset Woods Association will be held at the hour of **6:30 P.M. on Wednesday, June 5, 2013 at City Hall, 1707 St. Johns Avenue, Highland Park, Illinois**. The Meeting will be held in the Pre-Session Room on the second floor.

City of Highland Park
Housing Commission
Wednesday, June 5, 2013, at 6:30 p.m.
AGENDA

- I. Call to order**
- II. Roll Call**
- III. Business from the Public (Citizens Wishing to Be Heard Regarding Items not Listed on the Agenda)**
- IV. Approval of Minutes –April 3 and May 1, 2013 Regular Meetings**
- V. Scheduled Business**
 1. Items for Omnibus Vote Consideration
 - Payment of Invoices:
 - Manning Silverman & Company Invoice #200923636 for the final retainer (2 of 2) for Audit for \$2,725.00
 - Ratification of Invoices:
 - Chicago Title Land Trust Company Invoice #360376 for the Peers Annual Fee for \$250.00
 2. Report from Robert Anthony, Executive Director of Community Partners for Affordable Housing
 3. Application to the Affordable Housing Trust Fund from Community Partners for Affordable Housing for a Scattered Site Grant of \$270,000
 4. Housing Commission Peers, Walnut, Ravinia, and Sunset Woods
 - Management Report
 - Property Report
 - Update on Peers window replacement and ac project
 - Sunset Woods
 - Discussion and Consideration of Draft Amendment to the Condominium Declaration
 - Other Sunset Woods Business
- VI. Executive Session for Matters relating to Real Estate Acquisition, Litigation, and Personnel Matters**
- VII. Other Business**

VIII. Adjournment



CERTIFIED PUBLIC ACCOUNTANTS

175 Olde Half Day Rd, Suite 290
Lincolnshire, IL 60069
P: (847) 459-8850
F: (847) 537-8954
www.manningsilverman.com

SUNSET WOODS ASSOCIATION
C/O LEE SMITH
CITY OF HIGHLAND PARK
1150 HALF DAY ROAD
HIGHLAND PARK, IL 60035

May 15, 2013

PLEASE NOTE: THERE WILL BE A 2% CHARGE ON ALL OVERDUE BALANCES PER MONTH.

Invoice # 200923636

Final Retainer (2 of 2) for Audit of Financial
Statements for Year Ended December 31, 2012

2,725.00

For professional services rendered

\$2,725.00

Balance due

\$2,725.00

If you need help using your computer or being able to work from home and seeing your computer on our work desk, give us a call.

Summer Special up to 4 hours of assistance for \$500.00.



CHICAGO TITLE LAND TRUST COMPANY
 10 South LaSalle Street, Suite 2750
 Chicago, Illinois 60603
 (312) 223-4110 or toll free (888) 878-7856

STATEMENT OF ACCOUNT

STATEMENT DATE: 04/30/2013
 PAYMENT DUE DATE: 05/25/2013
 CUSTOMER NUMBER: A7711827300
 TRUST REFERENCE: 400 CENTRAL AVE

SHOW AMOUNT PAID HERE: \$ _____
 (for your records)

DATE	INVOICE NUMBER	DESCRIPTION	AMOUNT
04/30/2013	360376	ANNUAL FEE	250.00
AMOUNT DUE → → →			\$ 250.00

VISIT OUR WEBSITE AT WWW.CTLANDTRUST.COM

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1053

PEERS HOUSING ASSOCIATION
 1150 HALF DAY ROAD
 HIGHLAND PARK, IL 60035

DATE May 21, 2013 20-2533-719

PAY TO THE ORDER OF Chicago Title Land Trust \$ 250.00

Two hundred fifty and 00/100 DOLLARS

HIGHLAND PARK BANK & Trust Company
 A Branch of Lake Forest Bank & Trust Co.
 1949 St. Johns Avenue
 Highland Park, IL 60035

FOR Customer # A7711827300

[Signature]

Security Features Included. Details on Back.

⑈001053⑈ ⑆071925334⑆ ⑈8200011321⑈



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Robert Anthony
Executive Director

Amy Kaufman
Director of
Community Relations

400 Central Avenue, #111
Highland Park
Illinois 60035
Phone: 847.681.8746
Fax: 847.681.8846
cpah@cpahousing.org
www.cpahousing.org

CPAH is a tax-exempt,
501(c)(3) nonprofit
charitable organization.
Tax ID# 06-1683983

May 29, 2013

Highland Park Housing Commission
Attn: Jami Sharfman, Chair
1150 Half Day Road
Highland Park, IL 60035

Re: Community Partners for Affordable Housing Project Update

Dear Chairwoman Sharfman & Housing Commission Members,

Community Partners for Affordable Housing (CPAH) received a \$200,000 grant from the Housing Commission to acquire and rehabilitate 5 scattered-site homes in Highland Park to be used as permanently affordable housing for low-income households. Below is a summary of progress to date:

1. 1918 Midland Avenue. CPAH acquired and rehabilitated this 3bd/2bth single family home in the Sherwood Forest neighborhood. The home was being marketed as a tear down and required substantial rehabilitation including new windows, high efficiency mechanicals, water heater, new kitchen and bathrooms, appliances, insulation, updated plumbing & electric and other miscellaneous repairs. The home was purchased by a low-income Highland Park family with two children, one of whom has a severe disability and is in a wheelchair.
2. 637 Glenview Avenue. CPAH acquired and rehabilitated this 3bd/2bth single family home near Highland Park Hospital. Rehab work included new high-efficiency mechanicals, updated electric and plumbing, waterproofing, garage replacement, porch replacement and other miscellaneous repairs. The home was purchased by a low-income Highland Park mother with three children. She works at Highland Park Hospital and is now able to walk to work.
3. 538 Barberry. CPAH acquired and rehabilitated this 3bd/2bth single family home at 538 Barberry Road in southwestern Highland Park. Rehab work included high efficiency mechanicals, updated plumbing & electric, foundation repair, new bathroom, basement egress window, landscaping and other miscellaneous repairs. The home was purchased by a low-income Highland Park family with two children; the father is a waiter at Walker Brothers.
4. 704 Broadview Avenue. CPAH acquired this 3bd/1.5bth townhome in the Ravinia neighborhood on May 10th. We are currently replacing the mechanicals, kitchen and other miscellaneous repairs. The home will be sold to a low-income family for approximately \$130,000 (monthly PITI payments of approximately \$900). The townhome is located near the Ravinia Metra station, parks and community services. It will be available in June 2013.

5. 2484 Highmoor Road. CPAH is acquiring this 3bd/2bth single family home on June 21, 2013. Rehab work will include high efficiency mechanicals, egress window, garage repair, updated plumbing and electric, new kitchen and significant basement repairs. The home will be sold to a low-income family for approximately \$175,000 (monthly PITI payment of approximately \$1,150).

Photographs of the above properties are attached. As with all CPAH homes, these additional five units will not just help the first families moving in but will instead add to the community's inventory of permanently affordable housing that will forever remain affordable for future families. The \$200,000 of Housing Commission funds were used to leverage over \$305,000 in additional (non-Highland Park) grants and donations.

In December 2012, CPAH also received an \$85,000 grant to partially cover 2012 operating costs. In prior years, CPAH received its operating grant in the early part of the year. However, since CPAH began collaborating with other communities (Lake Forest and Evanston), CPAH preferred to request its operating grant in the latter part of the year in order to most accurately pro-rate operating costs per community. CPAH uses detailed timesheets to track staff time spent on Highland Park activities Vs time spent on affordable housing work in other communities. In 2012, 85% of staff time and costs were spent in (and allocated to) Highland Park activities. CPAH's 2012 operating expenses were approximately \$167,000. Of that amount, \$141,950 (85%) was allocated to Highland Park activities. Of the \$141,950, \$85,000 (60%) was funded through the Housing Commission grant and the remaining 40% was funded from other fundraising activities. CPAH's new collaborative, regional approach helps share organizational infrastructure costs and will continue to create a more efficient and sustainable model.

Operating funds are primarily used to support staff salaries in relation to the acquisition, rehabilitation and sales/leasing of the scattered site preservation program. Specific duties include identification of properties for acquisition, negotiating acquisitions, managing the construction/rehabilitation process, coordinating professional services (inspectors, appraisals, contractors, lawyers, etc.), marketing homes, managing the application process, qualifying prospective buyers, organizing and maintaining the applicant waiting list, providing or arranging for pre-purchase counseling, selecting applicants, coordinating mortgages with lenders, executing and managing purchase and sales contracts, property management, coordinating property transfer closings, coordinating appropriate property tax assessments, ongoing homebuyer services, refinances and re-sales, long-term grant and affordability compliance, securing additional project and operating funding, inclusionary housing program administration, financial administration, board development and general organizational / 501(C)(3) administration. A breakdown of specific 2012 operating costs is attached.

As always, we sincerely appreciate all of the support and leadership provided by the Housing Commission; it has made the City of Highland Park and CPAH recognized as a model and true leader on affordable housing throughout the region. Please don't hesitate to contact me at 847-681-8746 (office) or 847-800-4140 (cell) or ranthony@cpahousing.org with any questions.

Sincerely,



Robert Anthony
Executive Director

1918 Midland Avenue



637 Glenview Avenue



538 Barberry Road



704 Broadview Avenue (rehab underway)



2484 Highmoor Road (acquiring June 21st)



Community Partners for Affordable Housing
2012 Operating Expenditure Summary
 January - December 2012

		<u>Total</u>
		<u>Actual</u>
Expenses		
7200 Salaries & related expenses		
7210 Salaries		118,750.06
7220 Benefits & Payroll Taxes		17,530.47
Total 7200 Salaries & related expenses	\$	136,280.53
7500 Professional Services		
7520 Accounting fees		7,500.00
7530 Legal fees		
7540 Consultants		771.50
Total 7500 Professional Services	\$	8,271.50
8100 Office expenses		
8110 Supplies		1,283.18
8130 Telephone & telecommunications		2,723.12
8140 Postage, shipping, delivery		1,108.76
8170 Copying		2,057.15
8175 Printing/Promotional		2,632.01
8180 Books, subscriptions, reference		112.26
8190 Board Meeting expenses		505.16
Total 8100 Office expenses	\$	10,421.64
8200 Utilities		
8220 Utilities		411.60
Total 8200 Occupancy expenses		411.60
8300 Travel & meetings expenses		
8310 Travel		444.40
8320 Conference, convention, meeting		976.62
Total 8300 Travel & meetings expenses	\$	1,421.02
8500 Marketing and Advertising		
8530 Printing		1,703.79
8540 Advisory Board Meeting Expenses		204.42
8550 Events / Open Houses		1,974.84
8570 Advertising expenses		446.28
8590 Other expenses		
Total 8500 Marketing and Advertising	\$	4,329.33
8600 Business expenses		
8610 Bank/Credit Card Donation Fees		663.59
8630 Membership dues - organization		955.00
8635 Subscriptions		716.63
8637 Staff development		
8640 General Liability Insurance		486.00
8650 D & O Insurance		1,545.00
8660 Workers Comp		857.00
8670 Organizational (corp) expenses		391.00
8901 Miscellaneous		69.95
Total 8600 Business expenses	\$	5,684.17
Total Expenses	\$	166,819.79

Friday, May 24, 2013 01:13:56 PM PDT GMT-5 - Accrual Basis



APPLICATION SUMMARY

Applicant Name: **Community Partners for Affordable Housing (CPAH)**

Proposal Name: **CPAH Preservation Program (Scattered Site Homes) - FY2013**

Applicant Address: **400 Central Avenue, #111, Highland Park, IL 60035**

Contact Name: **Robert Anthony**

Phone: **(847) 681 - 8746** Fax: **(847) 681 - 8846** Email: **ranthony@cpahousing.org**

DUNS: **831940940**

TOTAL PROPOSAL COST: **\$1,240,000**

APPLICANT MATCH: **\$970,000** % of Proposal 78 %

HIGHLAND PARK HOUSING TRUST FUND REQUEST: **\$270,000** % of Proposal 22 %

Total Number of Units	4
Number of Low Income Units/Households (≤80% AMI)	4
% of Low-Income Units/Households (≤80% AMI)	100%
Total Estimated Cost Per Unit	\$310,000
Total Highland Park Housing Trust Fund Cost Per Unit	\$67,500

Organization Overview:

Community Partners for Affordable Housing (CPAH) is a nonprofit 501(C)(3) organization that creates public-private partnerships to preserve, maintain and develop permanently affordable for-sale and rental housing of high quality for low- and moderate-income households. CPAH helps bridge the gap between the high cost of housing and the incomes of many low-income households who live and work in the community – healthcare workers, retail staff, childcare providers, seniors, municipal employees, nonprofit staff, persons with disabilities and many other valuable community members.

CPAH benefits the community by providing housing opportunities for low-income households; promoting cultural and economic diversity; creating valuable workforce housing; preserving the community’s existing housing stock and neighborhood character; developing an inventory of permanently affordable housing for future generations; rehabilitating problem or blighted properties in the community; promoting live-near-work housing which helps alleviate traffic congestion and the environmental impacts associated with long commutes; helping communities comply with the Illinois Affordable Housing Planning and Appeals Act; and maximizing the cost-effectiveness of public and private investment for long-term community benefit. Formerly known as the Highland Park Illinois Community Land Trust, the organization was initiated by the City of Highland Park in 2003 and is widely recognized as a leader throughout the region.

Project Description:

CPAH'S preservation program employs the community land trust model of affordable housing in order to create housing opportunities that will remain affordable in perpetuity. The organization acquires existing properties, conducts necessary rehabilitation work in order to minimize ongoing maintenance and operational costs, and then sells the homes only to low-income households at an affordable price. CPAH retains ownership of the underlying land and leases the land to the homebuyer for a nominal fee (\$25 per month) via a 99-year, renewable ground lease. The purchase price for the homebuyer is typically 40% - 65% below the market value because, in essence, the homebuyer needs to buy only the home, not the land. If the homebuyer later wants to sell their home, it is sold to another income-qualified buyer or back to CPAH at a formula price designed to give the homeowner a fair share of appreciation, while still keeping the home affordable for the next buyer. The resale restrictions maximize the cost-effectiveness of public and private investment because the homes are not only affordable to the first buyer, but will forever remain affordable for succeeding generations of homebuyers. Some CPAH units are also available for rent.

The community land trust model is rapidly gaining momentum as one of the most cost-effective and sustainable models of developing and preserving long-term affordable housing. With the recent foreclosure crisis, the CLT model has been receiving national accolades for its low foreclosure rates – estimated to be 30 times lower than the national average because of its screening protocols, homebuyer counseling, relationships with lenders and ongoing land stewardship and support to homebuyers. CPAH has been recognized by the Urban Land Institute, the Lincoln Institute, the National Housing Conference and will be included in a July 2013 special report to the United Nations on mixed-tenure housing. CPAH is the only provider of affordable housing in Lake County that ensures its housing remains affordable in perpetuity. The organization is currently applying for \$270,000 (\$67,500 per unit) from the Highland Park Housing Trust Fund in order to add four more scattered-site units to Highland Park's inventory of permanently affordable housing. CPAH's scattered-site applications typically specify that the units will be used as affordable homeownership. However, given the increasing demand and lack of supply of affordable rental housing, CPAH requests that we be allowed to use these funds for affordable rental as well, should a suitable two-flat or other rental opportunity become available and financially viable within the budget provided.

Target Population:

CPAH intends to use Highland Park Housing Trust Fund dollars to leverage \$270,000 (\$67,500 per unit) in Lake County HOME funds (\$65,000 of which is already secured). Due to Lake County HOME restrictions, all homebuyers served through this grant will earn less than 80% of the Area Median Income (AMI), or approximately \$59,000 for a four-person household. For rental units, the maximum allowable income would be 60% of the area median income, or approximately \$44,000 for a 4-person household. The primary target populations are low-income renters, regional workers who can not afford to live in the area, single-parent households, large families, households faced with the death of a wage-earner, families going through a divorce, persons with disabilities, and families in danger of losing their housing due to other personal or economic hardships. CPAH makes every effort to match household size with the size of each unit in order to ensure that homes are not underutilized. Most of CPAH's homes have at least three bedrooms in order to accommodate large families. CPAH particularly targets retail staff, nonprofit employees, teacher assistants, health care workers, childcare providers, city workers, persons with disabilities and other lower paid employees in the private sector. Preference is given to those applicants who live or work in Highland Park.

Applicant Selection:

CPAH follows a written resident selection plan and is an Equal Housing Opportunity provider that conducts business in accordance with the U.S. Fair Housing Act, the Illinois Human Rights Act and the City of Highland Park anti-discrimination laws and policies. Persons interested in purchasing a home through CPAH must first attend an orientation workshop that thoroughly explains the program. Potential

buyers must then submit an application to CPAH along with a pre-approval letter from a participating lender. The application is then reviewed to determine whether the applicant meets the income and asset restrictions and the debt to income ratios. The applicant is notified in writing whether they qualify for the program. If they qualify, the applicant is added to the CPAH waiting list and is offered homes on a first come, first serve basis depending on their position on the waiting list. Preference is given to applicants who live or work in Highland Park. All first-time homebuyers must complete a HUD-approved pre purchase counseling program through the Lake County Affordable Housing Corporation. In keeping with best practices and sustainable homeownership, applicants' housing ratio can not exceed 33% and their debt-to-income ratio cannot exceed 40%. CPAH maintains a separate waiting list for rental units.

Supportive Services:

CPAH holds regular orientations sessions throughout the year for potential applicants. The orientation sessions provide a detailed overview of the community land trust model, the resale formula and provides a comparison of traditional homeownership Vs CLT homeownership. If the applicant is eligible for the program, CPAH works with homebuyers to identify homes and secure a responsible mortgage. CPAH also maintains ongoing relationships with homeowners to provide support and advocacy, collect the monthly ground lease fee and monitor compliance, and help homeowners realize the full benefits of the program and secure long-term housing stability. If a homeowner gets behind with mortgage payments, association fees, and/or ground lease fees, CPAH advocates on behalf of the homeowner to work out solutions and negotiate with lenders to avoid foreclosure. CPAH provides ongoing classes such as home maintenance, landscaping, and finance as well as offering a critical home repair revolving loan fund and other ongoing services. As previously stated, all first-time homebuyers are required to complete a HUD-approved pre purchase counseling program through the Lake County Affordable Housing Corporation. CPAH is also responsible for ongoing stewardship of the land and administering re-sales.

Local Priorities:

CPAH's scattered site housing is completely consistent with the goals and priorities of Highland Park's Housing Trust Fund, Master Plan and Affordable Housing Plan as follows: units are reserved for households earning less than 80% of AMI; units will remain affordable in perpetuity; priority is given to households who live or work in Highland Park; the housing benefits families with children; homes are energy efficient; and CPAH has a very successful history of developing affordable housing and managing grant funds.

The project is also extremely consistent with the goals and priorities established in the PY2010-2014 Lake County Consolidated Plan. The project is an ideal match with the high priority Rehabilitation Goal 1.2 – *Low and moderate-income households will benefit from the preservation of Lake County's existing housing stock through the rehabilitation of 250 affordable rental or ownership housing units throughout Lake County.* As indicated in the Consolidated Plan, it is generally less expensive to rehabilitate existing buildings rather than to build new; and preservation is typically considered more eco-friendly. By using the community land trust model, CPAH not only preserves the existing housing stock, but it acquires and rehabilitates existing residential properties to increase the supply of affordable homeownership units. Furthermore, CPAH maximizes the cost-effectiveness of grant funds because it is an investment in the community's inventory of permanently affordable housing; the home will forever remain affordable and will be available as a community asset for succeeding generations of homebuyers. With an average home sale occurring every seven years in the United States, CPAH's forty five units could assist nearly 600 households during the length of one renewable ground lease (99 years).

In addition to the Consolidated Plan priority above, CPAH's scattered site housing meets the following funding preferences identified in the PY2010-2014 Lake County Consolidated Plan:

- (1) **Located in close proximity to public transit** – CPAH acquires sites that are in close proximity to one of Highland Park's two Metra stations, the Ft. Sheridan Metra station, and/or PACE bus routes in order to foster easier access to employment and services. CPAH also encourages live-

near work housing by providing a preference to applicants who work in Highland Park and by coordinating the with City of Highland Park's Employer Assisted Housing Program. This helps businesses attract and retain employees as well as help alleviate traffic congestion and the environmental impacts associated with long commutes.

- (2) **Incorporates environmental sustainability practices** – CPAH incorporates environmental sustainability practices in both its new construction and rehabilitation work. The U.S. Green Building Council awarded Hyacinth Place as the first LEED Gold certified affordable housing development in the State. The project also received the "2008 Development of the Year" award from the Lake County Stormwater Management Commission for its energy efficiency. CPAH embraces environmentally sustainable design to reduce our carbon footprint, but green technology such as the geo-thermal heating and cooling system used in Hyacinth Place also dramatically lowers utility costs for low-income households. Environmentally sustainable practices in CPAH's rehabilitation projects typically include energy star appliances, high-efficiency heating and cooling units, added insulation, energy efficient windows and doors, recycled materials, efficient lighting, improved ventilation and air quality, low VOC paint and materials, low flow water fixtures and other improvements as well as education and awareness about sustainable housing. Two of CPAH's rehabilitation projects are also LEED certified.
- (3) **Provides housing for larger families** – CPAH's units typically have three or more bedrooms in order to accommodate larger households.
- (4) **Encourages and supports the provision of education and counseling** – CPAH requires all first time homebuyers to attend a HUD approved pre-purchase counseling program at the Affordable Housing Corporation of Lake County. CPAH also maintains ongoing relationships, classes and supports for homebuyers. If a homeowner gets behind with mortgage payments or association fees, CPAH advocates on behalf of the homeowner to work out solutions and negotiate with lenders to avoid foreclosure. CPAH understands its role as not only to increase the supply of affordable housing, but also to provide ongoing support and advocacy to ensure homeowners realize the full benefits of the program and secure long-term housing stability.
- (5) **Exceeds minimum affordability requirements** – As previously indicated, CPAH uses the community land trust model to ensure that homes remain affordable in perpetuity with a one-time subsidy.
- (6) **Project Location Relative to Area Median Income** – The Highland Park median household income is estimated to be over \$110,000, which is over 140% of the median income for Lake County. Lake County has acknowledged that it desires to encourage affordable housing opportunities in traditionally non low-income communities in order to integrate affordable housing throughout the County and avoid the concentration of affordable housing in low-income communities.
- (7) **Demonstrated need for affordable housing** - The Illinois Housing Development Authority (IHDA) identified Highland Park as one of the forty nine "non-exempt" communities under the Affordable Housing Planning and Appeals Act, meaning that it is one of forty nine communities in Illinois which has less than 10% of its housing stock as affordable. The median home sales price in Highland Park remains close to \$400,000. CPAH receives approximately 500 calls per year for information about affordable housing and it currently has 23 households on its waiting list.

Need:

The lack of affordable housing is an issue that has become more and more prevalent throughout the country despite the recent decline in home prices. Lake County is no exception. Between 2000 and 2007, the median home sales price in Lake County increased by 47%, while personal income increased by only 16% (when adjusted for inflation, the median home sales price increased 22% and incomes decreased

3.5%). While 2009 saw a decline in the median home sales price, growth in home prices since 2000 has dramatically outpaced the growth in personal income, making housing less affordable for everyone and not affordable at all for many. A minimum-wage worker would still have to work 88 hours per week, or 2.2 full-time jobs, in order to afford a two-bedroom apartment at the U.S. Department of Housing and Urban Development's (HUD) fair market rent in Highland Park.

The median home sales price in Highland Park remains close to \$400,000. There are currently 239 homes for sale and the average listing price is over \$1 million. More than 25% of Highland Park homeowners and more than 35% of Highland Park renters pay greater than 30% of their income for housing, which HUD considers housing cost burdened. The Illinois Housing Development Authority (IHDA) identified Highland Park as one of the forty nine "non-exempt" communities under the Illinois Affordable Housing Planning and Appeals Act, meaning that it is one of forty nine communities in Illinois which has less than 10% of its housing stock as affordable.

The lack of affordable housing also makes it difficult for local businesses to hire and retain employees. Prior data from the Illinois Department of Employment Security shows that of some 12,000 people who work for Highland Park businesses, nearly 80% are employed in the service and retail sectors, where the average annual salary in Lake County is below \$35,000. Interviews with public sector employers tell a similar story. Salaries for teacher assistants, nonprofit staff, artists, city employees, health care workers, retail staff and others put housing in the area out of reach. In addition, workers making long commutes add to traffic congestion, have negative impacts on the environment and are forced to spend more time away from their families on a daily basis. Many families who are faced with the death of a wage-earner, going through a divorce, or who have disabled household members are pushed out of the community. These trends have made it increasingly difficult, if not impossible, to maintain diverse, healthy, and sustainable communities.

CPAH receives approximately 500 calls per year for information about affordable housing and it currently has 23 households on its waiting list. Highland Park's existing subsidized rental programs for seniors and families report a waiting list of over 500 households, nearly half of whom have been on the waiting list for three or more years. Safe, decent and affordable housing is a basic, unmet need for Highland Park residents and employees. CPAH is one of the few entities addressing this problem in southern Lake County and is the only provider of permanently affordable housing in Lake County.

Capacity & Experience:

In its second year of operation, Community Partners for Affordable Housing (CPAH) completed construction of 6 affordable town homes on Temple Avenue in Highland Park. All units have 3 bedrooms, 2 baths and a two-car attached garage. The homes were sold to households earning \$30,000 - \$75,000 per year. The total project cost of \$1,475,000 was funded through the Highland Park Housing Trust Fund (\$335,800), Lake County Affordable Housing Program (\$120,000), Illinois Housing Development Authority (\$80,000), the Federal Home Loan Bank of Chicago (\$30,000) and private mortgages (\$909,200).

In October 2008, CPAH completed construction of fourteen 3 bedroom, 2.5 bath LEED-Gold certified town homes located at 500 Hyacinth Place. Ten of the units were "for-sale" and four units were retained as rental units. The project was particularly exciting because it combined both "affordable housing" and "eco-friendly" housing – featuring geothermal heating/cooling, wind turbine energy generation for common area lighting, permeable courtyard "pavers," an energy efficient reflective roof and renewable flooring and finishes. The project was funded through IHDA Trust Funds, Federal Home Loan Bank, State Donation Tax Credits, City of Highland Park Housing Trust Fund, the Illinois Department of Commerce and Economic Opportunity and \$210,000 of Lake County HOME funds.

In addition to the twenty units of new construction, CPAH acquired and rehabilitated twenty five scattered-site homes throughout Highland Park as follows.

- 1789 Richfield Avenue
- 277 Green Bay Road
- 967 Burton Avenue
- 1251 Arbor Avenue
- 839 Burton Avenue
- 1733 Rosemary Road
- 1420 Cavell Avenue
- 1378 Ferndale Avenue
- 1342 Sherwood Road
- 637 Glenview Avenue
- 863 Mckinley Avenue, Lake Forest
- 704 Broadview Avenue
- 2484 Highmoor Road
- 1377 Arbor Avenue
- 560 Vine Avenue, #106
- 1141 Central Avenue
- 525 Barberrry Road
- 1245 Eastwood Avenue
- 598 Barberrry Road
- 765 Broadview Avenue
- 1918 Midland Avenue
- 538 Barberrry Road
- 1030 Estes Avenue, Lake Forest
- 677 Cherry Avenue, Lake Forest
- 1250 Park Avenue, #406

CPAH’s Executive Director, Rob Anthony, has significant experience administering federal and local grant funds for homeless and affordable housing programs, including the Lake County HOME program. He was also certified by HUD as a Certified HOME Specialist. In addition, CPAH has a very talented and experienced Board of Directors who has led the organization and the City of Highland Park to be at the forefront of affordable housing.

Timeframe:

CPAH has already secured \$67,500 in match funding from the Lake County HOME program for one of the four units proposed in this application. CPAH will submit a \$202,500 (\$67,500 per unit) grant application to the Lake County HOME program to acquire and rehabilitate three additional units in Highland Park. The HOME application is expected to be due in August 2013. Funding decisions for the Lake County HOME program will be made in September/October 2013 and funds will be available in November/December 2013. We are applying to the Highland Park Housing Trust fund now because CPAH can immediately move forward with one additional unit which has already secured match funding through an existing HOME grant. In addition, a commitment of local funding and support will provide extra points in our HOME application to be submitted and significantly increase the likelihood of being funded. If successful, a \$270,000 grant from the Housing Trust fund will leverage an additional \$270,000 from the Lake County HOME program. We anticipate acquiring, rehabilitating and selling the first home this summer. The remaining three homes will be completed once HOME funds are available in late fall. The organization will focus on foreclosed or blighted properties in the community in order to provide a “double-benefit” of increasing the supply of affordable housing and also cleaning up problem properties.

Budget:

	\$ COST	\$ COST PER UNIT
Purchase of Existing Building	\$960,000	\$240,000
Rehabilitation/Construction	\$240,000	\$60,000
Utilities, landscaping & miscellaneous holding costs	\$6,000	\$1,500
Legal Fees	\$1,600	\$400
Appraisal	\$1,200	\$300
Title & Recording Expenses	\$9,200	\$2,300
Construction Insurance	\$2,000	\$500
Construction Interest	\$12,000	\$3,000
Real Estate Taxes (Construction)	\$8,000	\$2,000
Total Project Costs	\$1,240,000	\$310,000

Funding Sources:

Name of Source 1: First Midwest Bank and Lake Forest Bank & Trust			Phone: (847) 374-5220 / 847-810-5049	
Amount	Interest Rate	Amortization Period	Loan Term	Annual Debt Service
\$700,000	Prime Rate	Years: 30	Years: 1	\$ 712,,000
Status: Ongoing partnership with First Midwest Bank and Lake Forest Bank & Trust to provide bridge loans at prime rate as well as end-financing for homebuyers				

Name of Source 2: City of Highland Park Housing Trust Fund			Phone: (847) 926-1612	
Amount	Interest Rate	Amortization Period	Loan Term	Annual Debt Service
\$270,000	GRANT	Years: NA	Years: NA	\$ NA
Status: Application submitted May 2013				

Name of Source 3: Lake County HOME			Phone: (847) 377-2139	
Amount	Interest Rate	Amortization Period	Loan Term	Annual Debt Service
\$270,000	GRANT%	Years: NA	Years: NA	\$NA
Status: \$67,500 secured through existing grant, \$202,500 to be requested in August 2013 application cycle				



EVERGREEN

Real Estate Services, L.L.C.

566 West Lake Street, Suite 400
Chicago, IL 60661-1414

www.evergreen-housing.com
Phone: 312-234-9400
Fax: 312-382-3220

MEMORANDUM

TO: Highland Park Housing Commission

FROM: Polly Kuehl, Management Agent

RE: **May Management Report/April Financials**

DATE: May 25, 2013

All the properties are due for their REAC inspections this year and staff members have inspected all units to identify unreported repairs that must be completed. In addition, spring is allowing trip hazards to be repaired and landscaping to be improved. All common areas and mechanical rooms have, also, been inspected and routine repairs are in process.

There is a leak at Walnut Place (1st floor community room) that has been difficult to identify the cause. We have had the roof, gutters, flashing and masonry inspected. Other contractors are being scheduled to inspect the project in case it is from specific windows.

Frank B. Peers

Occupancy: 100% occupancy.

Physical: The front community room, mailbox area and lobby have been painted (wall covering having been removed) and residents are enjoying the “fresh” look. Repairs were made to the exterior sprinkler system (broken valve) and the system is operational.

Social Programs: Regular social programming occurred, including the monthly luncheon, weekly bingo, social planning meeting and distribution of Catholic Charities food boxes. A special Mother’s Day celebration was held, as well National Chocolate Chip Cookie Day. Newsletters were distributed and a small shredder was purchased for the small activity room (resident use).

Financial: Net Operating Income (NOI) for April was positive to budget by \$2,102. YTD NOI was positive to budget by \$21,446. Cash carryover remained similar to last month at \$15,619.

Income – Income was positive to budget for the month because the retroactive rent increase was reflected.

Expenses – The expense line items that were significantly negative to budget included:

- Audit (#6350) - Timing.
- Miscellaneous Operating Expense (#6490) – This reflects the cost for outside contractor who inspected one of the units for mold, as requested by the Owner (no mold was identified).
- Water (#6451) – Timing.

Walnut Place

Occupancy: There is one vacancy in a 3-bedroom townhome (#1583). The applicants on Highland Park’s waiting list have been considered and rejected and now applicants on the General waiting list are being processed. Income targeting requires that the first applicant in each calendar be “extremely low” (30% of the median area income).

Physical Site: Routine maintenance was done during the month. Kitchen cabinets were replaced in the townhome unit as part of turnover.

Social Programs: Regular monthly programming occurred during the month, including the luncheon, weekly Bingo, resident planning meeting and Catholic Charities food boxes distributed. Like Peers, there was a special Mother’s Day celebration and Chocolate Chip Cookie Day. Newsletters were distributed and a shredder was purchased for resident use, as well.

Financial: **Net Operating Income (NOI) for March was negative to budget by (\$6,059) and YTD NOI continued to be positive to budget by \$1,545. Cash carryover was modest at \$19,822.**

Income – Income was positive to budget by \$1,988, primarily due to lower vacancy loss than anticipated and laundry income.

Expenses – Line items that were significantly negative to budget for the month included:

- Audit Expense (#6350) – Timing.
- Telephone (#6360) – This reflects payment of a March invoice, as well.
- Plumbing Supplies (#6541-0002) – This reflects the additional plumbing items for the townhome turnover.
- Electrical Supplies (#6541-0003) – This reflects the additional electrical items for the townhome turnover.
- Carpentry Supplies (#6541-0010) – This reflects the purchase of a vanity for the townhome turnover unit.
- Heating/Cooling (#6546) – This reflects Emcor repairs to a couple of “no-heat” calls (boiler computer was not resetting).
- Snow Removal (#6548) – Seasonal
- Decorating (#6560) – This reflects the townhome turnover painting and touch-up in #104.

Frank B. Peers Capital Improvements Up-Date										
Task	Date for Bids	Date for Work	Estimated \$ Use of Reserves	Estimated \$ Use of Operating	Comments	FMCS Role Lead, Assist or None	\$ Actual Complete Operations	\$ Actual Reserves Spent	Replacement Reserve Request Date	
1 Kitchen Replacement (11)	Done	Fall	98,000		Owner Reserves	None				
2 Window Replacement	Partial	Spring	544,998		Owner Reserves	Assist				
3 Concrete Repairs	N/A	Summer		2,500	After windows replaced	None				
4 Appliances (4)		As Need		1,440		None				
5 Carpet (8)		As Need		7,800	Turnover/3 Cycle	None	3,175			
6 A/C Replacement		As Need		2,700		None				
7 Water Heater Replacement	February	March	13,000		IHDA Reserves	Assist				
8 Painting (Turnover and Cycle)		Fall		12,000		None				
9										
10										
11										
12										
<u>Reserves 2013 Cash Flow</u>										
Reserves Starting January 2013	\$ 171,778									
2013 Annual Deposit to Reserves	\$ 22,368									
Expected Use of Reserves (\$\$) 2013	\$ (11,000)	Total	655,998	26,440			2,595	-		
IHDA Reserves		Note: Owner funds will be used for most reserve requests								
Balance expected at the start of 2014	\$ 183,146									

Walnut Place Capital Improvements Up-Date										
Task	Date for Bids	Date for Work	Estimated \$ Use of Reserves	Estimated \$ Use of Operating	Comments	FMCS Role Lead, Assist or None	Date Complete	\$ Actual Reserves Spent	Replacement Reserve Request Date	
1 Renovate 3 kitchens		Fall	26,100		IHDA Reserves	None				
2 TH Furnaces (2)		As Need		4,800		None				
3 Replace 4 appliances (stoves/refrigerators)		As Need		1,600		None	584		1 stove	
4 TH Hot Water Heaters		As Need		3,000		None				
5 A/C (estimate of 6)		As Need		4,000		None				
6 Carpet/Tile (Turnover and Cycle)		As Need	9,000		5 units cycle	None	4,117		1 TH and 1 Sr. Turn.	
7 Hallway Carpet (as available from reserves)		Summer	15,000		Addition to Capital	None				
8 Painting (Turnover and Cycle)		As needed		12,000	8 Turnover; 12 Cycle	None	5,390		4 units + 1 TH done	
9										
10										
11										
12										
<u>Reserves 2013 Cash Flow</u>										
Reserves Starting January 2013	\$ 190,494									
2013 Annual Escrow Deposit	\$ 22,044									
Expected Use of Reserves \$\$ in 2013	\$ (50,100)	Total	50,100	25,400			10,091	-		
Balance expected at start of 2014	\$ 162,438									

Ravinia Housing Capital Improvements Up-Date										
Task	Date for Work	\$ Use of R&R	\$ Use of Construction	\$ Use of Operating	Comments	FMCS Role Lead, Assist or None	Date Complete	\$ Actual Reserves Spent	Replacment Reserve Request Date	
1	Parking Lot Resurfacing	Summer	13,000			None				
2	Landscaping	Summer	15,000			None				
3	Painting	As Needed			8,000	None		4,650	3 units at Pleasant	
4								Operating		
5										
6										
7										
8										
9										
10										
11										
12										
<u>Reserves Cash Flow</u>										
Reserves Starting January 1, 2013		\$ 568,641								
2013 Annual Deposit		\$ 16,000								
Expected use of Reserves in FY		\$ (28,000)	TOTAL	28,000	-	8,000		TOTAL	4,650	
Balance expected January 1, 2014		\$ 556,641								

Accounts Receivable Up-Date
April, 2013

Frank B. Peers

Tenant A/R was slightly reduced from \$204 at the end of March to \$87 at the end of April. This reflects the modest payment plan payments. The breakdown is as follows:

Current	\$ 8
30 Days	\$ 0
60 Days	\$ 0
90+ Days	\$ 46
Prepaid	(\$ 33)

Subsidy A/R decreased from \$54,072 at the end of March to \$53,062 at the end of April. The breakdown is as follows:

Current	\$ 9,569
30 Days	\$4,556
60 Days	\$3,370
90+ Days	(\$4,135)
Total Prepaid	(\$39,702)

Walnut Place

Tenant A/R remained static from \$18,581 at the end of March to \$18,558 at the end of April. The breakdown is as follows:

Current	\$ 691
30 Days	\$ 587
60 Days	\$ 656
90+ Days	\$15,955
Net Prepaid	(\$ 669)

The 90+ Days A/R is comprised of EIV payments (3 residents) that are being reimbursed monthly.

Subsidy A/R decreased from \$43,434 at the end of March to \$42,534 at the end of April. The breakdown is as follows:

Current	\$ 8,547
30 Days	\$ 560
60 Days	\$ 1,755
90+ Days	\$11,564
Net Prepaid	(\$20,108)

Ravinia Housing

Tenant A/R decreased from \$33,542 at the end of March to \$32,325 at the end of April. The breakdown is as follows:

Current	\$ 3,053
30 Days	\$ 2,708
60 Days	\$ 1,740
90+ Days	\$23,490
Net Prepaid	(\$ 1,334)

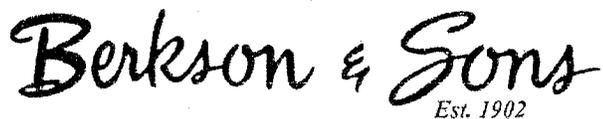
The 90+ Days A/R is comprised of EIV payments (2 residents). One resident is no longer making this payment and is in legal action.

Subsidy A/R increased from \$15,965 at the end of March to \$17,864 at the end of April. The breakdown is as follows:

Current	(\$ 536)
30 Days	(\$ 114)
60 Days	\$ 2,896
90+ Days	\$ 3,593
Net Prepaid	(\$12,025)

Highland Park Housing Commission									
Reserve Balances									
Date: 4/30/2013									
							Sunset	Housing	
Account Name		Frank B. Peers	Walnut Place	Ravinia Housing			Woods	Trust Fund	TOTAL
Checking (Property)		15,619	19,822	13,722			27,024		
Security Deposit		21,888	21,088	8,485			10,497		
Replacement Reserve		147,358	170,748	555,636			0		
Residual Receipts		31,875	27,095	0			0		
Operating Reserve		0	0	136,984			9,112		
				(Construction Escrow)					
Association Money			104,536	81,901			128,404		
Market Checking									
Association Small		12,893					16,662		
Business Checking									
Association Receivable/(Liability)							-258,832		
1) Due from Hsg. Trst. Fd 277 GB		7,492	Total						
2) Due from Hsg. Trst Fd. Emerg.		689	A/R						
3) Due from Sunset Woods		258,832							
Association CDs	Maturity								
CD #1	7/7/2013	505,385							
CD #2	10/7/2013	505,863							
Association MaxSafe		1,112,767							
Money Market									
TOTAL		2,620,661	343,289	796,728			-67,133		

Housing Trust Fund	
Fiscal Year 2013	
January 1 - December 31 - Unaudited	Unaudited
	Through 3/31/2013
Beginning Balance, Jan 1 (Unaudited)	\$1,001,088
Revenue:	
Demolition Tax	28,334
Demolition Permits	3,000
Interest Revenue	119
Contributions/Donations/Other	0
Proceeds of Ceding Volume Cap	0
	31,453
Expenditures:	
Program Costs	(7,198)
	(7,198)
Ending Balance	\$1,025,343
Pending Liabilities	
CPAH Scattered Site Program	(\$101,512)
Employer Assisted Housing	(\$20,000)
HPI CLT Operating Grant 2013	(\$85,000)
Emergency Housing Assistance	(\$10,000)
Housing Planner	(\$27,802)
CPAH Affordable Rental Pilot Program	(\$57,750)
Total Pending Obligations	(\$302,064)
Net Balance (03-31-13)	\$723,279
Prior Month Balance (02-28-13)	\$721,683
Month to Month Change	\$1,596



Date: April 29, 2013

TO: All unit owners at Sunset Woods Condominiums

FROM: Board of Directors

RE: SUNSET WOODS CONDOMINIUM ASSN
Reviewed Financial Statements
For Year Ended December 31, 2012

As is required by the Illinois Condominium Property Act and the Sunset Woods Condominium Association Declaration of Condominium Ownership, enclosed please find a copy of the 2012 income and expense compilation for the association for the fiscal year ending December 31, 2012. As a unit owner in the association you are entitled to receive this report on an annual basis.

The compilation was prepared by Frost, Ruttenberg & Rothblatt, P.C. of Deerfield, Illinois in accordance with Statements on Standards for Accounting and Review Services as issued by the American Institute of Certified Public Accountants.

Please review the enclosures and should you have any questions, please direct them to a Board Member or Berkson & Sons, Ltd. and we shall make arrangements to provide you with a response to your inquiry.

Enclosure.

Should you have any questions, please do not hesitate to call.

Sincerely,

Karen L. Fritts
Office Coordinator
Berkson & Sons, LTD.
a Licensed Realtor in the State of Illinois
333 Skokie Blvd., Suite # 111
Northbrook, IL 60062
Office: 847-498-6000
Fax: 847-498-4529
Email: karen@berksonandsons.com
Website: www.berksonandsons.com



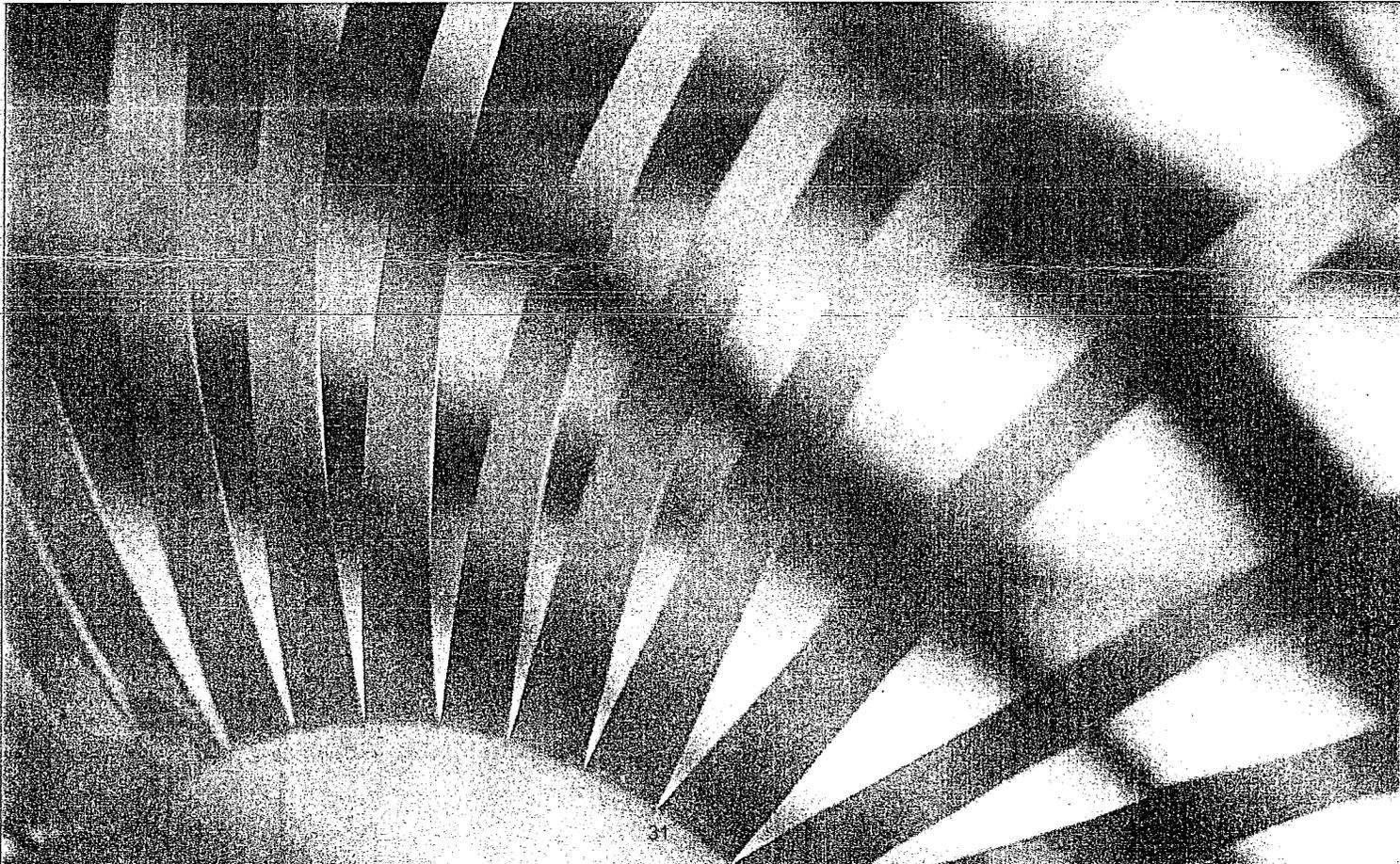
Frost
Rittenberg &
Rothblatt PC

CPAs & Business Advisors

Sunset Woods Condominium Association

Financial Statements and Supplementary Information

December 31, 2012



Sunset Woods Condominium Association
December 31, 2012

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**To the Board of Directors
Sunset Woods Condominium Association**

Accountant's Compilation Report

We have compiled the accompanying statement of assets and fund balance – modified cash basis of Sunset Woods Condominium Association as of December 31, 2012, and the related statements of revenues, expenses and changes in fund balance – modified cash basis for the year then ended. We have not audited or reviewed the accompanying financial statements and supplementary information and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The supplementary information – modified cash basis contained on pages 8 through 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

Management has omitted supplementary information about future major repairs and replacements of common property that the American Institute of Certified Public Accountants has determined is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context.

Frost, Ruttenberg & Rothblatt, P.C.

February 11, 2013

Financial Statements

Sunset Woods Condominium Association
Statement of Assets and Fund Balance - Modified Cash Basis
December 31, 2012

ASSETS	Operating Fund	Reserve Fund	Total
Cash - including interest bearing accounts	\$ (1,593)	\$ 72,588	\$ 70,995
Certificates of deposit	-	96,050	96,050
Furniture and equipment, net of accumulated depreciation of \$11,242 as of December 31, 2012	81	-	81
TOTAL ASSETS	\$ (1,512)	\$ 168,638	\$ 167,126
FUND BALANCE/(DEFICIT)	\$ (1,512)	\$ 168,638	\$ 167,126

See accountant's compilation report and accompanying notes.

Sunset Woods Condominium Association
Statement of Revenues, Expenses and Changes in Fund Balance -
Modified Cash Basis
For the Year Ended December 31, 2012

	Operating Fund	Reserve Fund	Total
Revenues	\$ 204,473	\$ 1,694	\$ 206,167
Expenses			
Utilities	40,870	-	40,870
Building services	38,932	-	38,932
Repairs and maintenance	62,533	-	62,533
General and administrative	38,583	-	38,583
Non-recurring expenses	12,433	-	12,433
Depreciation	311	-	311
Total Expenses	193,662	-	193,662
Excess (Deficit) of Revenues Over Expenses	10,811	1,694	12,505
Beginning fund balance/(deficit)	(4,127)	158,748	154,621
Interfund transfers	(8,196)	8,196	-
Ending Fund Balance/(deficit)	\$ (1,512)	\$ 168,638	\$ 167,126

See accountant's compilation report and accompanying notes.

Sunset Woods Condominium Association
Notes to Financial Statements
December 31, 2012

Note (1) Summary of Significant Accounting Policies

A. Nature of Operations

Sunset Woods Condominium Association (the "Association") was organized as a Not-for-Profit corporation in the State of Illinois on June 17, 2002. The Association was organized to manage, maintain and care for the property located in Highland Park, Illinois for the mutual benefit of the individual unit owners as provided in the Declaration of Condominium Ownership. The Association consists of 60 assessable residential units. The unit owners elect a Board of Managers who are responsible for the Association's management, including establishment of budgets used to determine assessments and other financial matters.

B. Modified Cash Basis

The Association's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

C. Recognition of Assessments

Association members are subject to monthly assessments to provide for the Association's operating expenses, future capital acquisitions and major repairs and replacements. The Association's policy is to retain legal counsel and place liens on the properties of unit owners whose assessments are thirty days or more delinquent.

D. Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purposes:

Operating Fund – This Fund is used to account for financial resources available for the general operations of the Association. Disbursements from the operating fund are generally at the discretion of the Board of Directors and the property manager.

Reserve Fund – This Fund is used to accumulate financial resources designated for future major repairs and replacements. Disbursements from the reserve fund generally may be made only for the purposes designated by the Board of Managers.

Sunset Woods Condominium Association
Notes to Financial Statements
December 31, 2012

Note (1) Summary of Significant Accounting Policies - Continued

E. Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because they are owned by the individual unit owners in common and not by the Association. Common areas are restricted to use by Association members, their tenants, and guests. The Association capitalizes personal property to which it has title at cost. Furniture and equipment are depreciated over their estimated useful lives using the straight-line method and consist of the following:

	Costs	Estimated Useful Life
Building equipment	\$ 604	5 Years
Office equipment	3,898	5 Years
Fitness room equipment	3,706	5 Years
Community room furniture	3,115	5-10 Years
Total	11,323	
Less: Accumulated Depreciation	(11,242)	
Total	\$ 81	

F. Cash and Cash Equivalents

The Association considers all highly liquid investments with an original maturity of three months or less when purchased, to be cash and cash equivalents.

G. Income Taxes

The Association elects on a yearly basis whether to be taxed as a regular corporation or a tax exempt homeowners' association as permitted by Internal Revenue Code Section 528. The Association elected to be taxed under Section 528 for the year ended December 31, 2012. Under Section 528, taxable income exists only to the extent that certain nonexempt function income, such as interest income, exceeds the expenses associated with the production of that income at a flat rate of 30%. Exempt function income, which consists primarily of members assessments, is not taxable. The Association incurred no income tax liability for the year ended December 31, 2012.

The Association accounts for any potential interest or penalties related to the possible future liabilities for unrecognized income tax benefits as interest/other expense. The Association is no longer subject to examination by tax authorities for federal, state or local income taxes for periods before 2009.

See accountant's compilation report.

Sunset Woods Condominium Association
Notes to Financial Statements
December 31, 2012

Note (1) Summary of Significant Accounting Policies - Continued

H. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. While actual results may differ from those estimates, management does not expect the differences, if any, to have a material effect on the financial statements.

I. Asset Impairment

The Association reviews the recoverability of long-lived assets when circumstances indicate that the carrying amount may not be recoverable. The carrying amount of assets held and used is generally not recoverable if it exceeds the undiscounted sum of cash flows expected to result from the use and eventual disposition of the asset, or for assets held for sale, if it exceeds the market value. The Association records impairment when the carrying value exceeds fair market value. There were no impairment indicators for the year ended December 31, 2012.

J. Subsequent Events

The Association evaluated all significant events or transactions that occurred through February 11, 2013, the date the financial statements were available to be issued. During this period, the Association did not have any material recognizable subsequent events.

Sunset Woods Condominium Association
Notes to Financial Statements
December 31, 2012

Note (2) Replacement Funding Program

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate accounts and are generally not available for expenditures for normal operations.

The Association engaged an independent engineer who conducted a study in 2004 to estimate the remaining useful lives and the replacement costs of the common property components. The Association may fund for such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously accumulated in the reserve fund. Actual expenditures, however, and investment income may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the reserve fund may not be adequate to meet future needs. If additional funds are needed, the Association has the right to increase regular assessments, or levy special assessments, or it may delay major repairs and replacements until funds are available.

Note (3) Management

The Association has a management agreement with Berkson & Sons, Ltd., which requires the management company to be responsible for the day-to-day administration of the Association. Management fees paid for the year ended December 31, 2012 were \$16,800.

Note (4) Certificates of Deposit

The Association has two certificates of deposit which will be held to maturity. The certificates of deposit are carried at cost which approximates fair value and consist of the following:

	<u>Amount</u>
First Bank of Highland Park, 1.98% Matures May 22, 2015	\$ 34,158
First Bank of Highland Park, 1.49% Matures July 23, 2013	<u>61,892</u>
Total	<u>\$ 96,050</u>

Note (5) Commitment

The Association has agreed to pay one-third of the construction costs for improvements to the water system completed in 2012. The total costs are estimated to be \$161,665.94, with the Association's portion at \$53,888.65. Annual payments of \$5,388.87 are due to the city of Highland Park each July 15th for the next ten years. At December 31, 2012, the first payment of \$5,388.87 was paid.

Supplementary Information

Sunset Woods Condominium Association
Schedule of Revenues - Modified Cash Basis
For the Year Ended December 31, 2012

	Operating Fund	Reserve Fund	Total
Revenues			
Regular assessments	\$ 177,106	\$ -	\$ 177,106
Cable assessments	25,958	-	25,958
Laundry	310	-	310
Community room	75	-	75
Interest	-	1,694	1,694
Miscellaneous	1,024	-	1,024
Total Revenues	\$ 204,473	\$ 1,694	\$ 206,167

See accountant's compilation report.

Sunset Woods Condominium Association
Schedule of Operating Expenses - Modified Cash Basis
For the Year Ended December 31, 2012

Utilities	
Electricity	\$ 11,776
Gas	19,185
Water and sewer	9,909
Total Utilities	\$ 40,870
Buiding Services	
Scavenger	\$ 4,367
Telephone	2,637
Cable	29,680
Fire prevention	2,198
Keys and locks	50
Total Building Services	\$ 38,932
Repairs and Maintenance	
Exterminating	\$ 526
Snow removal	6,018
Landscaping	10,645
Fire, safety and security	3,365
Sprinkler system	1,128
Light bulbs and fluorescent	227
Electrical repairs and maintenance	437
Elevator - contract	9,114
Other elevator maintenance	1,259
Janitorial services	11,525
Janitorial supplies	39
Plumbing repairs - supply	2,735
HVAC repairs	2,905
Street, parkway, driveway	1,738
Roof repairs and supplies	1,946
Parking garage repair	2,295
Other building maintenance	4,131
Miscellaneous repairs and maintenance	2,500
Total Repairs and Maintenance	\$ 62,533

See accountant's compilation report.

Sunset Woods Condominium Association
Schedule of Operating Expenses - Modified Cash Basis -
Continued
For the Year Ended December 31, 2012

General and Administrative	\$ 16,800
Management fees	1,466
Legal fees	1,900
Accounting	18,049
Insurance expense	12
Miscellaneous expense	356
Other administrative expense	<u> </u>
Total General and Administrative	<u><u>\$ 38,583</u></u>
Non-Recurring Expenses	\$ 730
Painting	1,300
Carpet cleaning	5,014
Doors, locks and keys	5,389
City water project	<u> </u>
Total Non-Recurring Expenses	<u><u>\$ 12,433</u></u>

See accountant's compilation report.

MEMORANDUM

To: Housing Commissioners

From: Mary Cele Smith, Housing Planner

Date: May 31, 2013

SUBJECT: Draft Amendment to the Sunset Woods Condominium Declaration

At the direction of the Sunset Woods Condominium Association Board, attorney John Bickley, who Berkson Management selected, prepared the attached draft amendment. The Sunset Woods Condominium Declaration is also attached.

As you know, the purpose of the draft amendment is to permit a small number (2) of condominiums to be rented as well as to permit additional rentals based on the Condo Board's determination of hardship. In addition, heirs would be permitted to reside in the condominium after the death of the owner.

The Condo Board received the draft amendment, and City staff sent it to attorney Bruce Mason for his review. Vice Chair David Meek participated in a conference call last week with Bruce Mason and Planners L. and M. Smith.

The draft amendment raises some questions and contains some typos, but the amendment process also provides an opportunity to make other minor changes to the condominium declaration. The balance of this memo will summarize the discussion with Bruce Mason, first addressing the questions regarding the draft amendment and then posing some potential additional revisions to the condo declaration.

Draft Amendment:

1. One of the central concerns that Mr. Mason raised was that the draft rental amendment does not adequately address the Housing Commission's rentals. Additional language is necessary to clarify that nothing in the rental amendment can affect how the Commission leases its own units.
2. The draft amendment does not impose any age or income restrictions on the proposed rentals. At the last condominium association meeting, the consensus of the owners seemed to be not to impose any income restriction for these 2 rentals, but did seem committed to retaining the age requirement. While eliminating these restrictions on the proposed rentals is contrary to the project's intent, it would be in conformance with Federal Housing Administration (FHA) guidelines. The FHA is uncomfortable with income restrictions; their position is that they interfere with a bank's ability to control the unit in a foreclosure situation. Retaining the age requirement of 62 and over, however, seems essential for conforming to federal fair housing law.

3. The owners of the sixteen condos with an Illinois Housing Development Authority (IHDA) second mortgage will not be able to rent their units while the IHDA mortgage is extant. The holders of the IHDA mortgages, however, are able to pay off their loans. The loan prohibited payoff for the first 10 years.

Staff contacted IHDA staff about the interest in the draft amendment. Although staff's initial conversations beginning in January with an IHDA attorney suggested that IHDA might consider an exception, a recent email from the Deputy Counsel indicated that would not happen. Deputy General Counsel Kristi S. Poskus responded:

Regardless of what the condo association wants to do with the declarations, the owners with IHDA financed units are bound by the terms of the loan documents signed in connection with the financing. Affordable housing programs require principal residency and the rental of such a unit would be a default under the loan documents causing the entire balance of the loan to be immediately due and payable. The regulations of these programs are such that IHDA would not be able to waive the principal residency requirement.

Given IHDA's position, Mr. Mason advised that the 16 owners with IHDA mortgages need to be apprised of the situation. He counseled against putting anything about the loans in the declaration, because the declaration will survive the loans.

4. The hardship provision raised concerns, because hardship will be determined by the Condo Board. At the last Condo Association Meeting, Mr. Bickley recommended keeping the language broad, because it is difficult to anticipate all the legitimate hardship situations. Mr. Mason, however, expressed concern that it provides the Board too much discretion.
5. The need to set a limit to the total number of permitted rentals. The number of rentals permitted under hardship circumstances and the two indicated in the draft amendment must not exceed 50% of the 48 owner-occupied condos. The threshold is likely to be less. In addition, it is important to understand how to define the situation of heirs who reside in the condos. The condo dec prohibits them from taking title, but it does not seem that they are renting the unit.
6. The Crime Free Leasing Policy needs some work. The Commission needs to consider whether it would want this policy to apply to its rentals. In addition, it needs to acknowledge the age restriction. There are some sections at odds with this. And, there are some typos, including identifying the Village of Oak Park rather than the City of Highland Park.

Additional Items to consider:

1. The condo declaration requires that the title is in the name of the age and income-qualified resident. The owner's relatives, however, can provide the mortgage to them.
2. The title cannot be held in a land trust according to Section 7.04 Ownership and Rental Restrictions, but there is a conflicting provision to this in Section 13.11 Ownership by Land Trustee. Section 13.11 should be deleted to avoid confusion.

3. In addition with regard to Section 7.04 Ownership and Rental Restrictions, Mr. Mason and staff have three recommendations:
 - a. omitting the references to numbers of units in the following subsection:
“(c) the Unit Owner will be either (i) one of eighteen Unit Owners whose adjusted income does not exceed 80% of the area median income... or (ii) one of thirty unit owners whose income does not exceed 115% of area median income,” because the unit owners at 80% with IHDA mortgages now can pay them off. There is no other enforcement mechanism to keep the units at the 80% threshold. As a result, a couple of heirs have paid off the IHDA mortgages. Presently, there are 16 of these units. Staff suggests that there needs to be new language that references the IHDA mortgages to restrict condos for households up to 80% of area median income,
 - b. Revising the reference to head of household, which is ambiguous. Mr. Mason will draft a better definition, and
 - c. Revising the age requirement for purchasing to 62 or older on the date the title is transferred (rather than on the day the contract is executed).
4. There are several revisions to consider for Section 7.02 Repurchase Option.
 - a. There is a typo in it, naming the “Sunset Woods Housing Association” rather than the Sunset Woods Association.
 - b. Deleting the word “shall” would eliminate any confusion about the process.
 - c. Adding a clause (c) decline to exercise the option for the same reason.
 - d. Some of the dates are confusing and seem to be conflicting. Striking the sentence “The Resale Entity shall give written notice ...within 5 days thereafter” will eliminate this problem.
5. There is another typo to correct, a reference to Cook County instead of Lake County.

Following the phone conference, Mr. Mason has been in touch with Mr. Bickley. Staff may be able to provide additional information at the Commission Meeting on Wednesday, June 5th.

**AMENDMENT TO
DECLARATION OF
CONDOMINIUM
OWNERSHIP
AND BY-LAWS
EASEMENTS,
RESTRICTIONS AND
COVENANTS FOR
SUNSET WOODS
CONDOMINIUM
ASSOCIATION**

For Use by Recorder's Office Only

This document is recorded for the purpose of amending Declaration of Condominium Ownership and by-Laws Easements, Restrictions and Covenants for Sunset Woods Condominium Association (the "Declaration") which Declaration was recorded on July 7, 2002 in the Office of the Recorder of Deeds of Lake County, as document number 4958643 and pertains to the property legally described in Exhibit "A" (the "Property"), which is attached hereto and made a part hereof.

WITNESSETH:

WHEREAS, the Board and Owners desire to amend the declaration of the Association to place certain limitations on owner's ability to lease units and

WHEREAS, pursuant to the provisions of Article 13 Paragraph 13.07 of the Declaration, the Declaration may be changed, modified, or rescinded by an instrument in writing setting forth such change, modification or rescission, signed and acknowledged by the President or Vice President of the Board, and approved by the unit owners having, in the aggregate, at least sixty-seven percent (67%) of the total vote, at a meeting called for that purpose; provided, however, that (i) all first mortgagees have been notified by certified mail of any change, modification or rescission, (ii) an affidavit by the Sec. of the Board certifying to such mailing is made a part of such instrument, and (iii) any

provisions herein would specifically grants rights to first mortgagees may be amended only with the written consent of such first mortgagees, except in those instances in which the approval of less than all first mortgagees is required.

This document prepared by and after recording to be returned to:

John H. Bickley III
Kovitz Shifrin Nesbit
750 Lake Cook Road, Suite 350
Buffalo Grove, IL 60089 — (847) 537-0500

WHEREAS, the Illinois Condominium Property Act, Section 27 (a) (i) provides that the condominium instruments shall be amended only by the affirmative vote of the majority specified by the condominium instruments; and

WHEREAS such amendment shall be effective upon the recordation of such instrument in the office of the Recorder of Deeds of Lake County Illinois.

WHEREAS, said instrument has been approved by the unit owners having, in the aggregate, at least sixty-seven percent (67%) of the total vote, at a meeting called for that purpose, as evidenced by the certification attached hereto as Exhibit "B" and made a part hereof; and

WHEREAS, a copy of the amendment has been mailed by certified mail to all mortgagees as evidenced by the certification attached hereto as exhibit "C" and made a part hereof; and;

WHEREAS, the effective date of the Amendment shall be the date of recordation.

NOW, THEREFORE, the declaration is hereby amended as follows (additions in text are indicated by underline and deletions in text are indicated by ~~striketrough~~):

Article 12 of the Declaration is amended as follows (deletions indicated by ~~striketrough~~ additions indicated by underline):

12.02 Limits on Lease Terms. Other than as set forth in paragraph 12.08 below, no unit shall be leased or sublease to except for units owned by Declarant, the Highland Park Housing Commission or such other not-for-profit corporation established by either of them for the express purpose of owning and leasing units. Each lease of any one or more units shall be in writing and a copy of every such lease, as and when executed shall be furnished to the Board. The lessee under every such lease shall be bound by and subject to all of the obligations under this declaration and bylaws and the failure of the lessee to comply therewith shall constitute a default under the lease which shall be enforceable by the Board or the Association, and the lease shall be deemed to expressly so provide. The unit owner making such lease shall not be relieved thereby from any of said obligations. Notwithstanding the foregoing, the Declaran t may lease any unit owned by them for any term until such time as Declarant ceases owning such unit.

12.08 Leasing of Units.

(a) Notwithstanding any foregoing provisions of this Declaration to the contrary, rental or leasing of more than two units is prohibited, except as hereinafter provided:

(b) The term "leasing of units" includes a transaction wherein the title holder of a unit, who does not reside therein, permits its occupancy by persons not on title

regardless of whether a formal written lease exists or if consideration is paid therefore. However all leases must be reduced to writing. Additionally, the term “leasing of units” shall include any transaction wherein possession of a unit is provided prior to transfer of title. In no event may less than the entire unit be leased. A unit Owner shall be deemed to “reside” in a unit if he/she has slept in the unit for the majority of the days of the previous applicable month.

(c) Occupancy of a unit by a Family Member(s) of a unit Owner is permitted, and shall not constitute a lease as defined under this Amendment, even if there is no written memorandum or agreement executed between the parties. For all unit owners holding title on the date of this amendment takes effect, Family Member shall be defined as a spouse/partner, parent, grandparent, child and grandchild of the unit owner.

(d) Hardship: If a hardship, as determined by the Board of Managers, exists, the unit Owner may apply for a hardship waiver of the leasing restrictions set forth herein in the following manner:

(i) The unit Owner must submit a request in writing to the Board of Managers requesting a not less than six (6) consecutive months nor more than twelve (12) consecutive months hardship waiver of this paragraph, setting forth the reasons why they are entitled to same.

(ii) If, based on the data supplied to the Board of Directors by the unit Owner, the Board finds that a reasonable hardship exists, the Board may grant such hardship waiver. Any lease entered into shall be in writing and for a period of not less than six (6) consecutive months nor more than twelve (12) consecutive months. The lease must also contain a provision that failure by the tenant or the unit Owner to abide by the Declaration, By-Laws or Rules and Regulations (the “Governing Documents”) of the Association may, in the discretion of the Board of Directors, result in termination of the lease by the Board of Directors. All decisions of the Board shall be final. The Board's decision shall be final and binding.

(iii) In the event a unit Owner has been granted hardship status, they must re-apply within thirty (30) days of the expiration of each hardship period if they wish to request an extension.

(e) (i) Other than leases permitted pursuant to the hardship provisions set forth above, any lease entered into shall be in writing and for a period of not less than twelve (12) months nor more than twelve (12) consecutive months. The lease must also contain a provision that failure by the tenant or the unit Owner to abide by the Declaration, By-Laws or Rules and Regulations (the “Governing Documents”) of the Association may, in the discretion of the Board of Directors, result in termination of the lease by the Board of Directors. All decisions of the Board shall be final. The Board's decision shall be final and binding.

(ii) Copies of all leases must be submitted to the Board not later than the date of occupancy or ten (10) days after the lease is signed, whichever occurs first.

(iii) All tenants shall acknowledge in writing that they have received copies of the rules and regulations of the Association and a copy of the written receipt shall be submitted to the Board of Directors along with the copy of the lease.

(iv) In the event that both leasable units are leased and another owner wishes to lease his or her unit, the Board is empowered to promulgate reasonable administrative regulations relative to the creation of a “waiting list”. The resulting rental availability will be offered to the next person on the waiting list.

(f) The provisions of the Declaration, By-Laws and Rules and Regulations that relate to the use of the individual unit or the Common Elements shall be applicable to any person leasing a unit and shall be deemed to be incorporated in any lease. In the event an Owner or Tenant violates any provision set forth herein or in the Governing Documents, said Owner or Tenant may be subject to a flat or daily fine to be determined by the Board of Directors upon notice and an opportunity to be heard. The Owner must provide the Board of Managers with emergency contact numbers for Owners and Tenants. In order to remain FHA compliant, no person or related entity may own more than one unit in the Association

(g) All Owners and tenants, including Family Members as herein defined, must comply with the provisions contained in the Crime Free Leasing Resolution and Addendum, as duly adopted and as may be from time to time amended by Resolution of the Board of Directors, and is attached hereto as Exhibit “D _____” for reference purposes only.

(h) In addition to the authority to levy fines against the Owner or Tenant for violation of this Amendment or any other provision of the Declaration, By-Laws or Rules and Regulations, the Board shall have all rights and remedies, including but not limited to the right to maintain an action for possession against the tenant, an action for injunctive and other equitable relief, or an action at law for damages.

(i) Any action brought on behalf of the Association and/or the Board of Directors to enforce this Amendment shall subject the Owner and/or the Tenant to the payment of all costs and attorneys’ fees at the time they are incurred by the Association.

(i) All unpaid charges including legal fees as a result of the foregoing shall be deemed to be a lien against the unit and collectible as any other unpaid regular or special assessment, including late fees and interest on the unpaid balance.

(j) This Amendment shall not prohibit the Board from leasing any unit owned by the Association or any unit which the Association has been issued an Order of Possession by the Circuit Court of Cook County.

(j)
(f) All Owners and tenants, including Family Members as herein defined, must comply with the provisions contained in the Crime Free Leasing Resolution and Addendum, as duly adopted and as may be from time to time amended by Resolution of the Board of Directors, and is attached hereto as Exhibit "D" for reference purposes only.

This Amendment shall be effective upon recordation in the Office of the Recorder of Deeds of Lake County, Illinois.

Except to the extent expressly set forth hereinabove, the remaining provisions of the Declaration shall continue in effect without change.

APPROVED THIS _____ DAY OF _____, 20__.

President, Board of Managers of the Sunset
Woods Condominium Association

END OF TEXT OF AMENDMENT

EXHIBIT A
LEGAL DESCRIPTION

[LEGAL & PINS TO BE INSERTED BEFORE FILING]

EXHIBIT B

CERTIFICATION OF UNIT OWNER APPROVAL

I/We _____, am the Secretary of the Sunset Woods Condominium Association, an Illinois not-for-profit corporation, and by my signature below, do hereby certify that the foregoing Amendment to the Declaration of Condominium Ownership for Sunset Woods Condominium Association was approved unit owners having, in the aggregate, at least sixty-seven percent (67%) of the total vote, at a meeting called for that purpose.

EXECUTED this _____ day of _____, 20____

BY: _____
Secretary

EXHIBIT C

AFFIDAVIT MORTGAGEE NOTIFICATION

I/We _____, am the Secretary of the Sunset Woods Condominium Association, an Illinois not-for-profit corporation, and after being duly placed upon my oath by my signature below, do hereby certify that the foregoing Amendment to the Declaration of Condominium Ownership for Sunset Woods Condominium Association was mailed by certified mail to all mortgagees of record at least.

EXECUTED this _____ day of _____, 2013

BY: _____
Secretary

I, _____ a Notary Public in and for the County of Lake and of Illinois, do hereby certify that _____ personally known to me to be the Secretary of the Sunset Woods Condominium Association, and personally known to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledge that as such Secretary she duly signed said instrument for and on behalf of the Association for the uses and purposes therein set forth.

Given under my hand and notary seal this ____ day of ____ 2013

Notary Public

EXHIBIT D
CRIME FREE LEASING

SUNSET WOODS CONDOMINIUM ASSOCIATION
RESOLUTION

WHEREAS, the Sunset Woods Condominium Association (“Association”) is an Illinois not-for-profit corporation, organized and operated for the purpose of administering the property commonly known as the Sunset Woods Condominium Association; and

WHEREAS, Association is administered by a duly elected Board of Managers in accordance with a certain Declaration of Condominium Ownership; and

WHEREAS, the Board of Managers is charged with the responsibility of maintaining the property and acting in the best interests of the members of the Association; and

WHEREAS, the Board of Managers has deemed it to be in the best interests of the Association to adopt the following rules regarding a Crime-Free Leasing Program.

NOW, THEREFORE, BE IT RESOLVED:

The rules and regulations of the Association are amended to include the following provisions:

Leases, Tenants and Non-Resident Unit Owners

- I. It is the unit Owner's responsibility to comply with the following:
 - A. Provide the Association with a copy of the lease and **Crime Free Lease Addendum** (a copy of which is attached hereto), executed by the tenants not later than the date of occupancy or ten (10) days after the lease is signed, whichever occurs first. The lease must include names of all the residents of the unit. All tenants must be provided a copy of the Declaration, By-Laws, Rules and Regulations upon executing a lease for the unit. With the exception of leases granted pursuant to the hardship provisions, which may be of a duration between six (6) months and one (1) year, all leases must be in writing and for a period of not less than twelve (12) consecutive months nor more than twelve (12) consecutive months. All leases must be in conformance with, and make specific reference to, the legal

documents of the Association. All owners and tenants must also comply with the Village of Oak Park ordinances pertaining to leasing if any.

B. There are several important items that every investor-owner must consider before leasing his/her unit. The Association is a Crime Free Community and has implemented this program:

1. Owners must notify prospective tenants that the Condominium Association is a **Crime Free Community**.

2. Owners must show prospective tenants the **Crime Free Lease Addendum**. This addendum must be initialed by prospective tenants to indicate they have seen it prior to completing the application.

3. Owners must obtain a completed lease application from prospective tenants, and provide a copy to the Board of Managers, no less than ten days prior to occupancy of the unit, a copy of the application is available through the Board of Directors and/or management.

4. Owners must obtain a criminal background check on prospective tenant and every person moving into the unit, and provide a copy to the Board of Directors, no less than ten days prior to occupancy of the unit. Owners must submit proof to the Association that this was done prior to the tenant moving into the unit.

A VIOLATION OF THE FOREGOING SECTION A AND B 1 THROUGH B 4 MAY RESULT IN A FINE OF **\$100.00**, AFTER NOTICE AND AN OPPORTUNITY FOR A HEARING.

5. No unit owner may lease less than the entire unit. The unit may not be leased for transient or hotel purposes. All leases must be in conformance with, and make specific reference to, the legal documents of the Association. The Owner is also required to submit, not later than the date of occupancy or ten (10) days after the lease is signed, whichever occurs first, a completed Resident Information form stating the number and name of all tenants, including children, who will be residing at their unit. This information will also include the phone number of the unit, all work numbers, emergency contact information, make, model and license plate number of vehicles used by the occupants.

6. All leases must be current. The Association must be provided a copy of all updated leases (renewal) and lease riders not later than the date of occupancy or ten (10) days after the updated lease is signed, whichever occurs first. Additionally, unless otherwise provided by law, any unit owner who fails to provide the Board of managers with an address other than the unit where the owner is to receive notices or other information from the Association shall be deemed to have waived the right to receive notices at any address other than the address of the Unit, and the Association shall not be liable for any loss, damage, injury or prejudice to the rights of any such unit owner caused by any delays in receiving notice resulting therefrom.

7. Discrimination on the basis of age, race, color, creed, national origin or sex is not allowed.

8. If a tenant violates the Declarations, By-Laws or the Rules and Regulations of the Association, the tenant may be evicted and in addition, the owner shall also be held responsible.

9. Sub-leasing of Units is not permitted.

10. During the terms of the lease, no new roommate may move in without a new lease being generated, containing the names of all tenants residing in the unit, (a new roommate is someone residing in the unit longer than 30 days). A copy of (1) the new lease, (2) new lease rider and (3) **Crime free Lease Addendum** must be delivered to the management office. **A background criminal check must be done on the new tenant(s) prior to moving in.** All moving rules must be followed during this time.

11. Owners may not rent their units to any person or persons who have a) ever been convicted of any violent criminal activity b) been adjudicated a registered sexual offender or been convicted of criminal sexual abuse or assault or c) been convicted of a drug-related criminal activity within the last five (5) years. "Violent criminal activity" is defined as any felonious criminal activity that has as one of its elements the use, attempted use, or threatened use of physical force against the person or property of another. "Drug-related criminal activity" is defined as the illegal manufacture, sale, distribution, or use, or possession with intent to manufacture, sell, distribute, or use, of a controlled substance (as defined in Section 102 of the Controlled Substances Act [21 U.S.C. 802]).

A VIOLATION OF THE FOREGOING SECTION B 5 THROUGH B 11 MAY RESULT IN A MINIMUM \$100.00 FINE FOR THE FIRST VIOLATION, \$250.00 FOR THE SECOND VIOLATION, AND \$500.00 FOR THE THIRD AND EACH SUBSEQUENT VIOLATION, AFTER NOTICE AND AN OPPORTUNITY FOR A HEARING.

II. Anytime a crime is committed on this property which involves a resident, tenant, guest, or invitee of a tenant, resident or guest the following fines may be assessed to the owner of the respective unit involved, after notice and an opportunity for a hearing:

A. Activities on this property such as, but not limited to, disturbing the peace, fighting, vandalism, property damage, offensive behavior, harassment, intimidation, public drunkenness (adult), party out-of-control if supported after notice and opportunity to be heard on the matter:

1st offense **\$100.00**
2nd offense **\$250.00**
Thereafter **\$500.00**

B. Activities on this property such as, but not limited to, domestic violence, child abuse assault, burglary, theft, public drunkenness (minors), possession of illegal drugs, minors in possession of alcohol, DUI, possession of stolen property if supported, after notice and opportunity to be heard on the matter:

1st offense **\$100.00**
Thereafter **\$500.00 per incident**

C. Activities on this property such as, but not limited to, manufacturing or distributing illegal drugs, any crime related to gang activity; illegal possession of firearm or weapon; discharge of firearm, aggravated assault, arson, kidnapping, murder if supported, after notice and opportunity to be heard on the matter.

1st offense and thereafter **\$1000.00** per incident

III. In addition to any other remedies, by filing an action jointly against the tenant and the unit owner, the Association may seek to enjoin a tenant from occupying a unit or seek to evict a tenant under the provisions of Article IX of the Code of Civil Procedure for failure of the lessor-owner to comply with the leasing requirements prescribed by the Declaration, By-Laws, and Rules and Regulations of the Association. The Board of Managers may proceed directly against a tenant, at law or in equity, or under the provisions of Article IX of the Code of Civil Procedure, for any other breach by tenant of any covenants, rules, regulations or bylaws of the Association.

IV. This policy becomes effective _____, 2____. All lease agreements signed prior to this date will be grandfathered through the term of the lease or for one year from the effective date of these rules, whichever occurs first, in regards to the Crime Free Lease Addendum. Tenants are not subject to another criminal background check at the time of lease renewal, only at the time the initial lease is effected. Owners are immediately responsible for providing the Association with a current Resident Information Form. The names on the Resident Information Form should be the same as those on the lease. Owners are also responsible for providing their tenants with information regarding this program and letting them know that crime will not be tolerated at the Association.

V. Fines for actions of individuals may be mitigated on a case by case basis (depending on the severity of the matter or damage and positive action taken regarding correction), with any decision made to be in the discretion of the Board and its decision shall be final and binding.

VI. All fines, costs, legal fees, and other expenses of the Association in connection with any violation under these rules shall be assessed to the account of the Unit Owner responsible.

Approved this ____ day of _____, 2____.

Sunset Woods Condominium Association

By: _____
Its President

ATTEST:

By: _____
Its Secretary

PROXY/BALLOT FOR

**SUNSET WOODS CONDOMINIUM ASSOCIATION
MEETING OF _____, 2013**

I, (print name) _____, owner of the unit listed below at the Sunset Woods Condominium Association, do hereby constitute and appoint _____, or the Board of Managers if no name is specified, as agent for me, and in my name, place and stead, to vote as my proxy at the Association meeting to be held _____, 2013, unless sooner revoked, with full power to cast my vote as if I were then personally present, and authorize my agent to act for me and in my name and stead as fully as I could act if I were present.

In addition to the foregoing, I specifically direct my agent to cast my vote as follows:

_____ I approve of the amendment regarding leasing.

_____ I do not approve of the amendment regarding leasing.

I understand that if I should attend the meeting, I will be entitled to revoke this Proxy/Ballot and will receive a ballot for that meeting only. This proxy will not expire in eleven (11) months from the date of execution unless revoked prior thereto. The proxy giver's selection(s) will be strictly adhered to as if he or she voted in person.

IN WITNESS WHEREOF, I have executed this proxy on the _____ day of _____, 2013.

_____ Signature line	
_____ Printed Name	

Property Address: _____ Unit # _____
_____, Illinois

Percentage of Ownership: _____ %

4958643

FILED FOR RECORD BY:
MARY ELLEN VANDERVENTER
LAKE COUNTY, IL RECORDER
07/05/2002 - 02:49:58 P.M.
RECEIPT #: 23698
DRAWER #: 26

**DECLARATION OF CONDOMINIUM OWNERSHIP AND BY-LAWS,
EASEMENTS, RESTRICTIONS AND COVENANTS FOR
SUNSET WOODS CONDOMINIUM ASSOCIATION**

**This Instrument Was Prepared By,
And After Recording Should Be Returned To:**

**David G. Spak, Esq.
Two Northfield Plaza, Suite 340
Northfield, Illinois 60093**

Property Address: 885-925 Central Avenue, Highland Park, Illinois

Property Identification Numbers:

**16-23-307-026
16-23-307-027
16-23-307-028
16-23-307-029
16-23-307-030
16-23-307-031
16-23-307-032
16-23-307-080**

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EXHIBITS

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- B – Plat of Survey of Units and Condominium Property
- C – Percentage Ownership in Common Elements

**DECLARATION OF CONDOMINIUM OWNERSHIP AND BY-LAWS,
EASEMENTS, RESTRICTIONS AND COVENANTS FOR
SUNSET WOODS CONDOMINIUM ASSOCIATION**

THIS DECLARATION, made and entered into as of the 17th day of June, 2002 by INTERSHORE HOUSING PARTNERS, L.L.C. ("Developer"), an Illinois limited liability company, and SUNSET WOODS ASSOCIATION ("Declarant"), an Illinois not-for-profit corporation.

WITNESSETH THAT:

WHEREAS, Declarant holds legal title to the parcel of real estate located at and commonly known as 885-925 Central Avenue, in the City of Highland Park, Lake County, Illinois (hereinafter called the "Parcel" or the "Property") and legally described on Exhibit A attached hereto and by this reference made a part hereof; and

WHEREAS, Declarant and Developer desire and intend by this Declaration to submit the Property, to the provisions of the Condominium Property Act of the State of Illinois, as amended from time to time (hereinafter called the "Act"); and are further desirous of establishing, for their own benefit and that of all future owners or occupants of the Property, and each part thereof, certain easements and rights in, over and upon the Property and certain mutually beneficial restrictions and obligations with respect to the use and maintenance thereof; and

WHEREAS, Declarant and Developer have elected by this Declaration to establish, for the benefit of Declarant and Developer and for the mutual benefit of all future Unit Owners or occupants of the Property, or any part thereof, which shall be known as Sunset Woods Condominiums or such other name as may be subsequently adopted pursuant to the Act by Developer or the Board, certain easements and rights in, over, and upon said real estate and certain mutually beneficial restrictions and obligations with respect to the proper use, conduct, and maintenance thereof; and

WHEREAS, Declarant desires and intends that the several owners, mortgagees, occupants and other persons acquiring any interest in the Property shall at all times enjoy the benefits of, and shall at all times hold their interests subject to, the rights, easements, privileges and restrictions hereinafter set forth, all of which are declared to be in furtherance of a plan to promote and protect the cooperative aspect of ownership and to facilitate the proper administration of such Property and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness of the Property.

NOW, THEREFORE, Declarant, as the legal title holder of the Parcel, and Developer, for the purposes above set forth, **DECLARE AS FOLLOWS:**

ARTICLE 1
DEFINITIONS

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

- 1.01 **Association.** Sunset Woods Condominium Association, an Illinois not-for-profit corporation.
- 1.02 **Board.** The persons determined pursuant to Article 5 hereof who are vested with the authority and responsibility of administering the Property.
- 1.03 **Building.** The building located on the Parcel, forming a part of the Property and containing the Units, as shown by the Plat depicting the respective floors of said Building.
- 1.04 **By-Laws.** The provisions for the administration of the Property, including, but not limited to, assessment, maintenance, use, occupancy, sale, leasing and alienation, all as hereinafter set forth, or as the same may be from time to time duly amended. Articles 5, 6 and 7 hereof shall constitute the By-Laws of the Association.

1.05 **Common Elements.** All portions of the Property except the Units, more specifically described in Section 3.01 hereof.

1.06 **Common Expenses.** The proposed or actual expenses affecting the Property, including reserves, if any, lawfully assessed by the Board, including, without limitation, the expenses of maintenance, repair, administration and operation of the Common Elements.

1.07 **Declarant.** The Sunset Woods Association, an Illinois not-for-profit corporation, its successors and assigns.

1.08 **Declaration.** This instrument by which the Property is submitted to the provisions of the Act, including such amendments, if any, to this instrument as may from time to time be adopted pursuant to the terms hereof.

1.09 **Developer.** Intershore Housing Partners, L.L.C., an Illinois limited liability company, its successors and assigns.

1.10 **Limited Common Elements.** A portion of the Common Elements so designated in this Declaration or on the Plat, as hereinafter defined, as being reserved for the use of a certain Unit or Units to the exclusion of other Units. The Limited Common Elements shall include, but shall not be limited to, the following: (a) the interior surface of the perimeter walls, ceilings and floors which define the boundary planes of a Unit; (b) perimeter doors, windows and skylights which serve exclusively a single Unit; (c) any system or component part thereof which serves a Unit exclusively, to the extent that such system or component part is located outside the boundaries of a Unit, including, without limitation, air conditioning systems; (d) yards, roof decks, terraces, decks, balconies or attic space which are contiguous to, designed for and accessed through a Unit, if any; (e) Storage Areas designated as Limited Common Elements on the Plat and/or in Declarant's initial deeds to initial Unit Owners; and (f) Parking Spaces, if any, designated as Limited Common Elements on the Plat. Any portion of the Common Elements which by the terms of this Declaration or by its nature or location is clearly intended to serve exclusively a certain Unit or Units (but less than all of the Units) or the owner or owners thereof shall be deemed a Limited Common Element.

1.11 **Majority of the Unit Owners.** Those Unit Owners, without regard to their number, who own more than fifty percent (50%) in the aggregate of the entire undivided ownership interest in the Common Elements. Any specified percentage of the Unit Owners shall mean those Unit Owners who, in the aggregate, own such specified percentage of the entire undivided ownership interest in the Common Elements.

1.12 **Occupant.** Person or persons, other than a Unit Owner, in possession of a Unit.

1.13 **Parcel.** The entire tract of real estate above described, all of which is submitted to the provisions of the Act.

1.14 **Park Disclaimer.** The certain waiver and disclaimer of liability regarding Sunset Park, a public park adjoining the Parcel, as more fully set forth in Section 7.03 hereof. The Park Disclaimer is and shall be set forth in every contract to sell any Unit and in the deed or other conveyance document conveying fee title to any Unit from and after the date of this Declaration.

1.15 **Parking Space.** A portion of the Property and used for the parking of a single private, non-commercial automobile, motorcycle or similar vehicle. Unless specifically provided otherwise herein or on the Plat, Parking Spaces shall be Common Elements used pursuant to Section 4.09 hereof.

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

1.17 **Plat.** The plats of survey of the Parcel and all of the Units in the Property submitted to the provisions of the Act, said Plat being attached hereto as Exhibit B and made a part hereof and recorded with the recording of this Declaration.

1.18 **Property.** The land, property and space comprising the Parcel, all buildings, improvements and structures erected, constructed or contained therein or thereon including the Building, and all easements, rights and appurtenances belonging thereto, and all fixture and equipment intended for the mutual use, benefit or enjoyment of the Unit Owners, as hereinafter defined, which is submitted to the provisions of the Act. The Property is legally described on Exhibit A, attached hereto and by this reference made a part hereof.

1.19 **Repurchase Option.** The rights and options granted to the Resale Entity as provided in Section 7.02 hereof. The Repurchase Option is and shall be set forth in every contract to sell any Unit and in the deed or other conveyance document conveying fee title to any Unit from and after the date of this Declaration.

1.20 **Storage Areas.** That part of the Common Elements or Limited Common Elements provided for storage purposes, if any, as designated on the Plat. The Storage Areas may include meter rooms for utility services.

1.21 **Turnover Date.** The date described in Section 5.04(b) hereof.

1.22 **Unit.** A part of the Property within the Building more specifically described hereafter in Article 2 and depicted on the Plat attached hereto as Exhibit B which shall be used as a residence. Unless specifically provided otherwise herein, Declarant shall be deemed a Unit Owner of a Unit so long as it is the legal titleholder of any Unit. Except as otherwise provided herein, the term "Unit" shall be deemed to include each Unit designated for use by the Unit Owner and Occupants of such Unit.

1.23 **Unit Owner.** The person or persons whose estates or interests, individually or collectively, aggregate fee simple absolute ownership of a Unit Ownership.

1.24 **Unit Ownership.** A part of the Property consisting of one Unit, the Limited Common Elements appurtenant thereto and its undivided interest in the Common Elements appurtenant thereto.

1.25 **Voting Member.** One person with respect to each Unit Ownership who shall be entitled to vote at any meeting of the Unit Owners designated pursuant to Section 5.03.

ARTICLE 2 UNITS

2.01 Description and Ownership.

(a) All Units are delineated on the Plat and listed on Exhibit C. Each Unit shall have an easement over the Common Elements so that each Unit has access for ingress and egress to a public right of way.

(b) Each Unit consists of the space enclosed and bounded by the horizontal and vertical planes as delineated on the Plat attached hereto as Exhibit B, including, without limitation, pipes, ducts, flues, chutes, chases, conduits, wires and other structural, utility, heating, cooling or ventilation systems, equipment or spaces to the extent and only to the extent serving only such Unit; and (anything herein to the contrary notwithstanding) excluding all structural components of the Building, the term "structural components" including structural columns or pipes, wires, conduits, ducts, flues, shafts or public utility lines running through the Unit and forming a part of any system serving more than the Unit, or any components of communication or master antenna systems, if any, located in the Unit, whether or not any such items shall be located in the floors, ceilings or perimeter or interior walls of the Unit. The legal description of each Unit shall consist of the identifying number or symbol of such Unit as shown on Exhibit B. Every deed, lease, mortgage or other instrument may

legally describe a Unit by its identifying number or symbol as shown on Exhibit B, and every such description shall be deemed good and sufficient for all purposes.

(c) No Unit Owner other than Declarant shall, by deed, plat, court decree or otherwise, combine or subdivide or in any other manner cause his Unit to be separated into any tracts or parcels different from the whole Unit as shown on Exhibit B. No Unit Owner other than Declarant shall by deed, plat, court decree or otherwise combine his Unit with another Unit. If Declarant combines two or more of its Units pursuant to the Act and this Declaration, it may, at its own expense, locate or relocate Common Elements affected or required thereby in accordance with the Act and this Declaration.

(d) To the extent such data is available to Developer at the time this Declaration is filed, the Plat sets forth the measurements, elevations, locations and other data, as required by the Act, with respect to (i) the Parcel and its exterior boundaries; (ii) the Building and each floor thereof; and (iii) each Unit in the Building and said Unit's horizontal and vertical dimensions. However, Developer hereby reserves unto itself the right, from time to time, as further data becomes available, to amend the Plat so as to set forth the measurements, elevations, locations and other data required by the Act, with respect to the Building and the Units now or hereafter constructed on the Parcel.

In furtherance of the foregoing, a power coupled with an interest is hereby granted to Declarant, acting by or through its duly authorized officers, its successors, assigns or designees, and their agents, and each of them singly, as attorney-in-fact, to amend the Plat, as described above, without notice to any Unit Owner. Each deed, mortgage or other instrument with respect to a Unit and the acceptance thereof shall be deemed a grant of such power to each of said attorneys-in-fact, and acknowledgment of and consent to such power, and shall be deemed to reserve to each of said attorneys-in-fact the power to amend the Plat, as described above.

2.02 Certain Structures Not Constituting Part of a Unit. Except as a tenant in common with all other Unit Owners, no Unit Owner shall own any structural components of the Building, including structural columns or pipes, wires, conduits, ducts, flues, shafts or public utility lines running through his Unit and forming a part of any system serving more than his Unit, or any components of communication systems, if any, located in his Unit, whether or not any such items shall be located in the floors, ceilings or perimeter or interior walls of the Unit.

2.03 Real Estate Taxes. It is understood that real estate taxes are to be separately taxed to each Unit Owner for his Unit and his corresponding percentage of ownership in the Common Elements as provided in the Act; provided, however, if Developer has turned over control of the Association to the Unit Owners and separate real estate tax bills have not been issued with respect to each Unit, the Association shall elect, by action of the Board of Directors, to include the real estate taxes imposed on the Property in the Common Expenses assessed pursuant to this Declaration until separate real estate tax bills are so issued. The Board may retain a third party to protest or seek a reduction in the initial assessment or valuation of the Property and the Units (prior to each Unit being separately assessed). The cost of such protest or reduction shall be paid by the Unit Owners as a Common Expense. The Board may retain, among other parties, an affiliate of Developer. Any such third party, including, without limitation, an affiliate of Developer, retained shall be entitled to receive the customary contingency fee paid for prosecuting such protests or reductions in Lake County, Illinois, which contingency fee is measured as a percentage of the resulting reduction in real estate taxes. If the Board retains an affiliate of Developer to protest or seek a reduction in the assessment or valuation of the Property and the Units, the Board shall immediately pay when billed any invoice for such services and each Unit Owner shall contribute his pro rata share of such amount if and to the extent the Board pays such invoice using the proceeds of a special assessment.

ARTICLE 3 **COMMON ELEMENTS**

3.01 Description. The Common Elements shall consist of all portions of the Property, except the Units, and including the Limited Common Elements, unless otherwise expressly specified herein. The Common Elements include, without limitation and if applicable, any of the following items located at the Property: the walls, roof, hallways,

stairways, entrances and exits, security system, mechanical equipment areas, trash rooms, the meter rooms, the garages, if any, carports, if any, the surface parking lot, the Parking Spaces, master television antenna system (whether leased or owned), if any, fire escapes, pipes, ducts, flues, shafts, chases, electrical wiring and conduits (except pipes, ducts, flues, shafts, chases, electrical wiring and conduits situated entirely within a Unit and serving only such Unit), central heating and ventilating systems servicing the Common Elements and/or a Unit or Units (but excluding those individual heating, cooling and ventilating systems or equipment situated entirely within a Unit and serving only such Unit), hot water heating systems, public utility lines, structural parts of the Building, and all other portions of the Property except the individual Units. Structural columns located within the boundaries of a Unit shall be part of the Common Elements. Any references to "Common Elements" appearing on the Plat (except references to Limited Common Elements) shall be deemed solely for purposes of general information and shall not be limiting in any way, nor shall any such reference define the Common Elements in any way.

3.02 Ownership of Common Elements. Each Unit Owner shall be entitled to the percentage of ownership in the Common Elements allocated to the respective Unit owned by such Unit Owner, as set forth in Exhibit C attached hereto. The percentages of ownership interests set forth in Exhibit C have been computed and determined in accordance with the Act based on the value of each respective Unit in relation to the value of the Property as a whole, and shall remain constant and shall not be changed, except as specifically permitted under the Act or the Declaration (including, without limitation the terms of Section 5.11 hereof), without unanimous written consent of all Unit Owners and all First Mortgagees (as hereinafter defined in Section 11.01 hereof). Said ownership interest in the Common Elements shall be an undivided interest, and the Common Elements shall be owned by the Unit Owners as tenants in common in accordance with their respective percentages of ownership. The ownership of each Unit shall not be conveyed separate from the percentage of ownership in the Common Elements corresponding to said Unit. The undivided percentage of ownership in the Common Elements corresponding to any Unit shall always be deemed conveyed or encumbered with any conveyance or encumbrance of that Unit, even though the legal description in the instrument conveying or encumbering said Unit may refer only to that Unit. The Common Elements shall remain undivided and no Unit Owner shall bring any action for partition.

3.03 Limited Common Elements. The Limited Common Elements are such parts of the Common Elements serving exclusively a single Unit or adjoining Units as an inseparable appurtenance thereto, as designated as such in this Declaration, including in the Plat, or which by the nature or location thereof, or by the terms of this Declaration, are clearly intended to be reserved for or for the use of one or more Units to the exclusion of other Units. The Limited Common Elements appertaining to, or designated or reserved for or for the use of, or serving any Unit (alone or in conjunction with other Units) are hereinafter from time to time referred to as the Limited Common Elements of such Unit. The Limited Common Elements shall include, but shall not be limited to, the following: (a) the interior surface of the perimeter walls, ceilings and floors which define the boundary planes of a Unit; (b) perimeter doors, windows and skylights which serve exclusively a single Unit; (c) any system or component part thereof which serves a Unit exclusively, to the extent that such system or component part is located outside the boundaries of a Unit, including, without limitation, air conditioning systems; (d) yards, roof decks, terraces, decks, balconies or attic space which are contiguous to, designed for and accessed through a Unit, if any; (e) Storage Areas designated as Limited Common Elements on the Plat and/or in Declarant's initial deeds to initial Unit Owners; and (f) Parking Spaces, if any, designated or by its nature or location is clearly intended to serve exclusively a certain Unit or Units (but less than all of the Units) or the owner or owners thereof shall be deemed a Limited Common Element.

3.04 Use of Limited Common Elements. Each Unit Owner and Occupant shall have the right to (a) the exclusive use and possession of the Limited Common Elements serving exclusively the Unit of such Unit Owner or Occupant, which right shall be appurtenant to and shall run with title to such Unit, and, except as provided in Section 4.09 or Section 4.11, shall not be separated from such Unit, and (b) the use and possession of the Limited Common Elements serving the Unit of such Unit Owner or Occupant in common with one or more (but not all) other Units, which use and possession shall be to the exclusion of all other persons except the Unit Owner or Occupant of any such other Unit to which such Limited Common Elements shall respectively appertain. The use of Limited Common Elements may be transferred between Unit Owners at their expense in accordance with the Act or as expressly provided in this

Declaration. The mechanical, electrical, plumbing, heating, air conditioning and ventilation systems, spaces and chases serving the Building shall be used for no purposes without the express written consent of the Board.

ARTICLE 4
GENERAL PROVISIONS AS TO
UNITS AND COMMON ELEMENTS

4.01 **Submission of Property to the Act.** Declarant, as the owner in fee simple of the Property, expressly intends to, and by recording this Declaration, does hereby submit and subject the Property to the provisions of the Act and of this Declaration. Henceforth, the Property shall be known as Sunset Woods Condominium.

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

4.03 **Easements.**

(a) **Encroachments.** If (i) by reason of the construction, repair, settlement or shifting of the Building or any other improvements, any part of the Common Elements encroaches or shall hereafter encroach upon any part of any Unit, or any part of any Unit encroaches or shall hereafter encroach upon any part of the Common Elements, or any other Unit; or (ii) by reason of the design or construction of any Unit, it shall be necessary or advantageous to a Unit Owner to use or occupy any portion of the Common Elements for any reasonable use appurtenant to said Unit, which will not unreasonably interfere with the use or enjoyment of the Common Elements by any other Unit Owner; or (iii) by reason of the design or construction of utility and ventilation systems, any mains, pipes, ducts or conduits serving more than one Unit encroach or shall hereafter encroach upon any part of any Unit; then in any such case, valid easements for maintenance of such encroachment and for such use of the Common Elements are hereby established and shall exist for the benefit of such Unit, or the Common Elements, as the case may be, so long as such reason for use exists and as all or any part of the Building shall remain standing; provided, however, that in no event shall a valid easement for any encroachment or use of the Common Elements be created in favor of any Unit Owner if such encroachment or use is detrimental to or interferes with the reasonable use and enjoyment of the Property by any other Unit Owner or has been created by the Unit Owner or his agent through intentional, willful or negligent conduct.

(b) **Easements for Utilities and Commercial Entertainment.** The current and future providers of utility services, including, without limitation, Ameritech, North Shore Gas Company, Commonwealth Edison Company, AT&T Cable Television, the City of Highland Park Department of Water and all other suppliers of utilities, including, without limitation, cable television, communication and security services serving the Property and any person providing cable or other similar service to any Unit Owners or to the Property, are hereby granted the right to install, lay, construct, operate, maintain, renew, repair or replace, conduits, cables, pipes and wires and other equipment into, over, under, along and on any portion of the Common Elements for the purpose of providing the Property with utility and other services, together with the reasonable right of ingress to and egress from the Property for said purpose; and Declarant, the Board or Association may hereafter grant other or additional easements for utility or entertainment purposes and for other purposes including such easements as Declarant may from time to time require including, but not limited to, such easements as may be required to construct, keep and maintain improvements upon the Common Elements, for the benefit of the Property, over, under, along and on any portion of said Common Elements, and each Unit Owner hereby grants the Board or Association an irrevocable power of attorney to execute, acknowledge and record for and in the name of such Unit Owner, such instruments as may be necessary to effectuate the foregoing (provided that with respect to all easements granted hereby or pursuant hereto, no Unit Owner shall be deprived of, or be subjected to material interference with, the use of his Unit or any Limited Common Element serving his Unit, other than

reasonably and temporarily). Each mortgagee of a Unit shall be deemed to consent to and be subordinate to any easement hereafter granted and also grants such power of attorney to the Board or Association to effectuate the foregoing. Easements also are hereby declared and granted to the Board and Association and to the suppliers of utilities or cable, television or entertainment lines described above in this paragraph to install, lay, operate, maintain, repair and replace any pipes, wire, ducts, conduits, public utility lines, entertainment lines, security lines, components of the communications systems, if any, or structural components, which may run through the walls of a Unit and which constitute or will constitute Common Elements, whether or not such walls lie in whole or in part within the Unit boundaries.

Declarant hereby reserves to itself, Developer and the Association, and their respective successors and assigns, the right, without notice to, or the consent of, any Unit Owner or mortgagee of a Unit Ownership: (i) to record a supplement to the Plat showing the location of any or all of such utility or commercial entertainment conduits, cables, pipes, electrical wiring, transformers and switching apparatus and other equipment "as built;" and (ii) to record, from time to time, additional supplements showing additions, modifications and deletions to any or all of such conduits, cables, pipes, electrical wiring, transformers and switching apparatus and other equipment. Once the location of the easement to any such utility or other entity is shown by any supplement or additional supplement to the Plat as aforesaid, the easement granted by this Section 4.03(b) to such utility or other entity shall be limited to the area or areas located within ten (10) feet on either side of the equipment of such utility or other entity shown on such supplement or additional supplement as such other area designated in the supplement by Declarant, Developer or the Association. A power coupled with an interest is hereby granted to Declarant, Developer and the Association, acting by and through their respective duly authorized officers, their respective successors, assigns, agents and designees, and each of them individually without the other's concurrence, as attorney-in-fact to do or cause the foregoing to be done. The acceptance of each deed, mortgage, trust deed or other instrument with respect to a Unit Ownership shall be deemed a grant of such power to each of said attorneys-in-fact, an acknowledgment of a consent to such power, and shall be deemed to reserve to each of said attorneys-in-fact the power to record any and all such supplements.

(c) **Blanket Easement in Favor of Declarant and Other Parties.** The right of the Unit Owners to use and possess the Common Elements as set forth in Section 4.04(a) hereof shall be subject to a blanket easement over the Units and the Common Elements in favor of Declarant, Developer and their representatives, agents, associates, employees, contractors, subcontractors, tenants, successors and assigns, for the purpose of (i) access and ingress to and egress from the Property or any part thereof, (ii) construction, installation, repair, replacement and restoration of utilities, buildings, landscaping, warranty items and any other improvements on the Parcel or any part thereof, including the right to restrict and regulate access to the Common Elements for the purposes of completing construction of the Building, Common Elements or Units in the Building, and (ii) the installation and maintenance of signs advertising the residences on the Parcel or any part thereof, and signs directing potential purchasers to the sales office and models erected in connection with such residences and for such purposes as described in Section 7.01(k) hereof. The foregoing easements in favor of Declarant and Developer shall continue until such time as Declarant holds legal title to, or the beneficial interest in any trust holding legal title to, any Unit Ownerships, and Developer's obligations under any warranties given to the Association or any Unit Owner lapse or expire, at which time such easements shall cease and be of no further force and effect without the necessity of any further action.

(d) **Easement in Favor of Association.** A blanket easement over the Property is hereby granted in favor of the Association for the purpose of exercising its rights and performing its duties under this Declaration. The authorized representatives of the Association or the Board, or of the manager or managing agent for the Building, shall be entitled to reasonable access to, over and through the individual Units as may be required in connection with the operation, maintenance, repairs or replacements of or to the Common Elements or any equipment, facilities or fixtures affecting or serving other Units or the Common Elements.

(e) **Easements to Run with Land.** All easements and rights described herein are easements appurtenant to and running with the land and, so long as the Property is subject to the provisions of this Declaration, shall remain in full force and effect (except where early termination is otherwise provided in this

Declaration) and shall inure to the benefit of and be binding on Declarant, its successors and assigns, and any Unit Owner, purchaser, mortgagee and other person having an interest in the Property, or any part or portion thereof. Reference in the respective deeds of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the easements and rights described in this Article, or described in any other part of this Declaration, shall be sufficient to create and reserve such easements and rights to respective grantees, mortgagees and trustees of such Unit Ownerships as fully and completely as though such easements and rights were recited fully and set forth in their entirety in such documents.

4.04 Use of the Common Elements.

(a) **General.** Subject to the provisions of this Declaration, each Unit Owner shall have the nonexclusive right to use the Common Elements (except the Limited Common Elements and portions of the Property subject to leases, easements or licenses made by or assigned to the Board) in common with the other Unit Owners, as may be required for the purpose of ingress and egress to, and use, occupancy and enjoyment of, the respective Unit Ownership owned by such Unit Owner, and such other incidental uses as are permitted by this Declaration. Use of Limited Common Elements shall be governed by Section 3.04 of this Declaration. Such rights to use and possess the Common Elements, including the Limited Common Elements, shall be subject to and be governed by the provisions of the Act, this Declaration, and rules and regulations of the Association. In addition, the Association shall have the authority to lease, grant licenses or concessions, or grant easements with respect to parts of the Common Elements, subject to the provisions of the Declaration and By-Laws. All income derived by the Association from leases, licenses, concessions or other sources shall be held and used for the benefit of the members of the Association, pursuant to such rules, resolutions or regulations as the Board may adopt or prescribe.

(b) **Guest Privileges.** The aforescribed rights shall extend to Declarant, Developer, each Unit Owner and Occupants, members of the immediate family, guests, visitors, agents, servants, invitees, customers and licensees of such Unit Owner, subject to reasonable rules and regulations adopted or prescribed by the Association with respect thereto.

(c) **Disclaimer of Bailee Liability.** Notwithstanding anything to the contrary contained in this Declaration, neither the Board, the Association, any Unit Owner, Developer, nor Declarant shall be considered a bailee of any personal property stored in the Common Elements and shall not be responsible for the security of such personal property or for any loss or damage thereto, whether or not due to negligence.

4.05 Maintenance, Repairs and Replacements.

(a) **By the Association.** The Association at its expense, shall be responsible for the maintenance, repair, and replacement of those portions, if any, of each Unit which contribute to the support of the Building excluding, however, the interior surfaces of walls, ceiling and floors (and wall and floor coverings) which define the boundary planes of a Unit; provided, however, that each Unit Owner shall be responsible for the maintenance of all windows, exterior doors and skylights which exclusively serve such Unit Owner's Unit; and provided, further, however, that Unit Owners shall not be responsible for normal maintenance, repairs and replacements to the surfaces of their respective Parking Spaces, if any, unless such maintenance, repairs or replacements are necessitated by the act or neglect of such Unit Owner, such Unit Owner's agents, servants, tenants, family members, invitees, licensees, contractors or pets. The Association, at its expense, shall be responsible for the maintenance, repairs and replacements of the surfaces of the Parking Spaces (including the resurfacing or repaving thereof), except as expressly set forth in the preceding sentence. In addition, the Association shall maintain, repair, and replace all pipes, wires, conduits, ducts, flues, shafts, and other facilities for the furnishing of utility services which may be located within the Unit boundaries and forming part of any system servicing more than one Unit, as specified in Section 2.02 hereof, exclusive of any portions of the foregoing which may be located at or beyond the wall outlets, or which may be the responsibility of an individual Unit Owner under paragraph (b) below, or any other provision of this Declaration. Maintenance,

repairs, and replacements of the Common Elements shall be furnished by the Association acting by and through the Board as part of the Common Expenses, subject to the By-Laws or rules and regulations of the Association.

If the Association shall default in any of its obligations described above in this Section 4.05(a) and if such default shall continue for thirty (30) days after notice thereof in writing to the Board, then and in such event, the City of Highland Park (the "City") shall have the right (but not the obligation) to enter upon the Common Elements and remedy the same or cause the same to be done. The Association shall, upon demand, reimburse the City for the reasonable cost of such work and if payment is not made within thirty (30) days after demand, then, with respect to each Unit Ownership, the amount due multiplied by the percentage of ownership in the Common Elements shall become a lien on the Unit Ownership. Each such lien shall be subordinate to the lien of the first mortgage on the Unit Ownership, but shall be superior to the Association's assessment lien with respect to the Unit Ownership for assessments which become due after the date on which the City's lien attaches to the Unit Ownership. At the request of the City, the Association shall levy a special assessment for the payment of any such amounts which become due to the City and, if necessary to make prompt payment to the City, the Board shall make a special assessment; and in addition until it has been paid, the City shall have the right to record a lien against all of the Unit Ownerships and to foreclose any such lien as provided for or permitted under applicable law. This Section 4.05(a) shall be deemed a covenant running with the land and shall not be amended or deleted without the prior written consent of the City.

(b) **By the Unit Owner.** Except as otherwise provided in paragraph (a) above or paragraph (c) below, each Unit Owner shall furnish and be responsible for, at his own expense:

(i) All of the maintenance, repairs and replacements within his own Unit, all doors appurtenant thereto, and all internal installations of such Unit such as air conditioning units, refrigerators, ranges, and other kitchen appliances, lighting fixtures and other electrical fixtures and plumbing, and any portion of any other utility service facilities located within the Unit; provided, however, that such maintenance, repairs and replacements as may be required for the bringing transmission lines for telephone, cable, television, water, electricity and natural gas to the Units, shall be furnished by the Board as part of the Common Expenses.

(ii) All of the decorating within his own Unit (initially and thereafter from time to time), including painting, wall papering, washing, cleaning, paneling, floor covering, draperies, window shades, curtains, lamps and other furnishings and interior decorating. Each Unit Owner shall be entitled to the exclusive use of the interior surfaces of the common walls and the interior surfaces of the vertical perimeter walls, floors and ceiling of his Unit, and such Unit Owner shall maintain such portions in good and clean condition at his sole expense as may be required from time to time. Each Unit Owner of any Unit who shall elect to alter his Unit by installing in any portion of his Unit (other than in bath and powder rooms) hard surface floor covering (i.e., tile, slate, ceramic, parquet, etc.) may be first required to install a sound absorbent undercushion of such kind and quality as to prevent the transmission of noise to another Unit or as may otherwise be required by the Association. The Board may, in addition to exercising all of the other remedies provided for in this Declaration for breach of any of the provisions hereof, require such Unit Owner to cover all non-conforming work with carpeting, or may require removal of such non-conforming work, at the expense of the offending Unit Owner. The interior surfaces of all windows forming part of a perimeter wall of a Unit shall be cleaned or washed by and at the expense of each respective Unit Owner. The use of and the covering of the interior surfaces of such windows, whether by draperies, shades, or other items visible on the exterior of the Building, shall be subject to the rules and regulations of the Board as may be imposed from time to time, which shall provide for notice to the management company prior to any such installation and the Board's and managing company's approval of the type, design, color and method of installation prior to any such installation. In order to maintain a uniform exterior appearance of the Building, all draperies, shades, window coverings and other items visible from the exterior of the Building shall be pale gray, white or pale beige in color. All such windows shall be uniform in appearance and style to preserve the architectural character and quality of the facade of the Building.

The surfaces of all Parking Spaces shall be uniform in color and appearance and no Unit Owner shall have the right to make any alterations, additions or improvements to or to paint, decorate or otherwise adorn the surfaces of any Parking Space. If and to the extent the Board authorizes any such alteration, addition or improvement or the repainting or resurfacing of the Parking Spaces or the Common Elements which constitute the surface parking lot exclusive of the Parking Spaces, the cost of such alteration, addition, improvement, repainting or resurfacing shall constitute a Common Expense.

(iii) All of the maintenance, repair and replacements of the Limited Common Elements benefitting his Unit, in whole or in part, except to the extent as otherwise directed by the Board or as is otherwise provided herein. In addition, each Unit Owner shall be individually responsible for the repair, maintenance and replacement of all door and window locks and hardware with respect to which each Unit Owner is entitled to the exclusive use. At the discretion of the Board, the Board may perform, or cause to be performed, such maintenance, repairs and replacements of the Limited Common Elements and the cost thereof shall be assessed in whole or in part to Unit Owners benefitted thereby, and further, at the discretion of the Board, the Board may direct such Unit Owners, in the name and for the account of such Unit Owners, to arrange for such maintenance, repairs and replacements, to pay the cost thereof with the funds of the Unit Owner, and to procure and deliver to the Board such lien waivers and contractor's or subcontractor's sworn statements as may be required to protect the Property from all mechanic's or materialmen's lien claims that may arise therefrom.

(c) **Repairs Covered by Insurance.** If any repair or replacement to the Common Elements (including the Limited Common Elements) is made necessary by reason of any act or occurrence for which insurance is maintained by the Board pursuant to Section 5.08 hereof and for which insurance proceeds are available as provided in Section 8.01 hereof, the Association, at its expense to the extent of such proceeds, and subject to Section 4.06 hereof, shall be responsible for the repair or replacement of such Common Elements. All such occurrences shall promptly be reported to the insurance carriers and agents which may be responsible for paying claims thereon.

(d) **Nature of Obligation.** Nothing herein contained shall be construed to impose a contractual liability upon the Association for maintenance, repair and replacement of the Common Elements or the Units or any portion or parts thereof, but the Association's liability shall be limited to damages resulting from negligence. The respective obligations of the Association and Unit Owners set forth in this Declaration shall not be limited, discharged or postponed by reason of the fact that any such maintenance, repair or replacement is required to cure a latent or patent defect in material or workmanship in the construction of the Building, nor because they may become entitled to proceeds under policies of insurance. In addition, and notwithstanding anything hereinabove to the contrary, no Unit Owner shall have a claim against the Board or Association (or against Declarant or Developer) for any work ordinarily the responsibility of the Board or Association (or Developer, if any), but which the Unit Owner himself has performed or paid for, unless the same shall have been agreed to in advance by the Board, Association, Developer or Declarant.

4.06 Negligence of Unit Owner. If, due to the willful misconduct or negligent act or omission of a Unit Owner, or of a member of his family or household pet or of a guest or other authorized occupant or visitor of such Unit Owner, damage shall be caused to the Common Elements or to a Unit owned by others, or maintenance, repairs or replacements shall be required which would otherwise be charged as a Common Expense, then such Unit Owner shall pay for such damage and such maintenance, repairs and replacements as may be determined by the Board. The Board, acting reasonably, shall make the determination of liability under this Section and shall reduce its determination to writing. Such determination shall be deemed reasonable absent manifest error or malfeasance by the Board or its members. If a claim of negligence and liability pursuant to this Section involves a member of the Board or his or her Unit, such Board member shall recuse himself or herself from all deliberations or involvement with the Board's determination.

4.07 Joint Facilities. To the extent that equipment, facilities and fixtures within any Unit or Units shall be connected to similar equipment, facilities or fixtures affecting or serving other Units or the Common Elements, then the use thereof by the individual Unit Owner shall be in all respects reasonable as it affects the other Unit Owners.

4.08 Additions, Alterations or Improvements.

(a) The Board may authorize and charge as Common Expenses (or in the case of Limited Common Elements, may charge the Unit Owners benefitted thereby) the cost of the additions, alterations or improvements to the Common Elements. The cost of any such work to the Common Elements may be paid out of a special assessment and shall be levied against each Unit Owner in accordance with their respective percentage ownerships in the Common Elements.

(b) Except as otherwise provided in Section 7.01(a) hereof, no additions, alterations or improvements shall be made by a Unit Owner to any part of the Common Elements (including the Limited Common Elements) and no additions, alterations or improvements shall be made by a Unit Owner to his Unit where such work alters the wall or partition, configuration, ceiling, perimeter doors or windows, floor load or otherwise affects the structure of the Unit or increases the cost of insurance required to be carried by the Board hereunder without the prior written consent of the Board. Any addition, alteration or improvement of a Unit by the Unit Owner which shall affect the structure of the Unit or the Common Elements shall, further, conform with architectural, structural or engineering drawings prepared or reviewed and approved by an architectural or engineering firm selected by Declarant or the Board. The cost of such drawings or review and approval shall be paid by the Unit Owner. The Board may (but shall not be required to) condition its consent to the making of an addition, alteration or improvement by a Unit Owner under this Section 4.08(b) upon the Unit Owner's agreement either (i) to be solely responsible for the maintenance of such addition, alteration or improvement, subject to such standards as the Board may from time to time set, or (ii) to pay to the Association from time to time the additional costs of maintenance of insurance as a result of the addition, alteration or improvement. If an addition, alteration or improvement is made by a Unit Owner without the prior written consent of the Board, then the Board may, in its discretion, take any or all of the following actions at any time, which actions shall not be exclusive of the remedies available to the Board under Section 10.02 hereof:

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

(ii) If the Unit Owner refuses or fails to properly perform the work required under (I), the Board may cause such work to be done and may charge the Unit Owner for the cost thereof as determined by the Board; or

(iii) Ratify the action taken by the Unit Owner, and the Board may (but shall not be required to) condition such ratification upon the same conditions which it may impose upon the giving of its prior consent under this Section, which conditions may include requiring the Unit Owner to pay all costs and expenses of such addition, alteration or improvement and the Board's out of pocket costs of so ratifying such action.

4.09 Parking Spaces. Each Parking Space shall be designated by the identifying symbol of such Parking Space as shown on Exhibit B. Unless otherwise designated on the Plat, all Parking Spaces shall be Common Elements, to park one (1) private, non-commercial automobile, motorcycle or similar vehicle in each such Parking Space, subject to the reasonable rules and regulations promulgated by the Board. Parking Spaces not designated as Limited Common Elements shall be Common Elements reserved for use by any Unit Owner, tenant, guest or invitee at the Property on a first come, first served basis subject to the reasonable rules and regulations of the Board. Notwithstanding the rules and regulations for such Common Element Parking Spaces, it is the intention of this Declaration that any Parking Spaces reserved as Common Elements shall be used primarily by guests of the Unit Owners on a short-term basis. No Unit Owner or other user of such Common Element Parking Space(s) shall dominate the use of such Common Element Parking Space(s) in such a manner as to make such Common Element Parking Space(s) Limited Common Elements.

4.10 **Master Cable Television System.** Each Unit has been equipped with at least one outlet activated for connection to the master television switching box hook-up system serving the Building, which outlet and systems are integral parts of the Common Elements. Additional outlets for connection to the master television switching box hook-up system, or locations for any cable, satellite or antenna systems, are obtainable only from the Association and may be installed only by the firm or individual authorized by the Board or Association to make such installation, with the prior approval of the Board or the Association and the payment of any required additional fees for such installation and for the Board's review and approval thereof. Unit Owners and Occupants are prohibited from making any modifications to or tampering with said outlet and from making any connections to the master television switching box hook-up system, and the Board or Association may charge any Unit Owner with the cost of locating and removing any unauthorized connections thereto and of repairing any modifications thereto.

4.11 **Storage Areas.** The Storage Areas are a part of the Common Elements; provided, however, that portions of the Storage Areas shall be designated as Limited Common Elements appurtenant to the Units as designated on the Plat and/or in Declarant's initial deeds to the initial Unit Owners. Declarant, Developer, the Board or the Association may allocate portions of the Storage Areas not previously reserved as Limited Common Elements as Limited Common Elements on such bases at such fees as Declarant, Developer, the Board or the Association deems appropriate and may prescribe such rules and regulations with respect to the Storage Areas as it may deem fit. If and to the extent the Plat or Declarant allocates a portion of the Storage Areas to a Unit, such storage space shall become a Limited Common Element appurtenant to such Unit. Storage Areas not designated as Limited Common Elements on the Plat or by Declarant shall not be used in such a way as to damage the operating systems of the Building or unreasonably impair access to or the repair or replacement of such operating systems.

4.12 **Street and Utilities Dedication.** At a meeting called for such purpose, two-thirds (2/3) or more of the Unit Owners may elect to dedicate a portion of the Common Elements to a public body for use as, or in connection with, a street or utility.

4.13 **Combination or Subdivision of Units.** No Unit Owner or Unit Owners, except for Declarant, may combine Units owned by them and locate and relocate Common Elements affected or required thereby. If Declarant so elects, Declarant shall advise the Board regarding the proposed reallocation to the new Units of the combined or subdivided percentage ownership of the Common Elements and whether the Limited Common Elements, if any, previously assigned to the Unit or Units to be subdivided or combined should be assigned to each new Unit or fewer than all the new Units created and requesting, if desired in the event of the combination of Units, that the new Unit be granted the exclusive right to use as a Limited Common Element a portion of the Common Elements within the Building adjacent to the new Unit. Such advice to the Board shall be accompanied by an amendment to this Declaration and the Plat prepared in accordance with the relevant provisions of the Act. In the event of a combination of Units, such amendment may grant the Unit Owner of the new Unit the exclusive right to use, as a Limited Common Element, a portion of the Common Elements within the Property adjacent to the new Unit. Declarant's subdivision and combination of Units shall be effective upon recording of such amendment to this Declaration, executed by Declarant, and the Plat. Declarant shall not be required to make application to the Board or receive the Board's approval to combine or subdivide Units, to designate Limited Common Elements appurtenant to the resulting Unit or Units or to record amendments to this Declaration and the Plat in accordance with the Act.

4.14 **Additional Common Facilities.** If and to the extent Declarant, Developer or the Association create a dining area, common kitchen, library, sitting area, lounge, meeting rooms, common laundry rooms or similar other facilities as Common Elements, the Board shall institute reasonable rules and regulations regarding the use, maintenance and repair thereof for the benefit of all Unit Owners. It shall further be the obligation of the Association to facilitate meal programs, medical care visits and case management services for the Unit Owners and other lawful occupants of the Property if and to the extent there is sufficient demand and use of such services, as determined by the Board, exercising its reasonable judgment from time to time.

ARTICLE 5
ADMINISTRATION

5.01 Administration of Property. The direction and administration of the Property shall be vested in the Board of Directors (herein sometimes referred to as the "Board"), which, after control of the Association has passed from Developer to the Unit Owners, shall consist of five (5) persons who shall be elected in the manner hereinafter set forth; provided, however, that, irrespective of anything else contained in this Declaration, for a period commencing on the date this Declaration is executed and ending upon the qualification of the directors elected at the initial meeting of Unit Owners, Declarant shall have the right to designate and select the persons who shall serve as members of the Board or to exercise the powers of the Board as provided in the Act. Except for directors so designated by Declarant, each member of the Board shall be one of the Unit Owners and shall reside on the Property; provided, however, that if a Unit Owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, then any designated agent of such corporation, partnership or other legal entity, or beneficiary of such trust, shall be eligible to serve as a member of the Board, so long as any such agent (other than a person designated by Declarant) resides on the Property. If a Unit Owner owns more than one Unit Ownership and is a corporation, partnership, trust or other legal entity, other than a natural person, then any number of agents or beneficiaries of such Unit Owner may be directors, provided that the number of such Unit Owner's agents or beneficiaries who become directors shall not exceed the number of Unit Ownerships owned by such Unit Owner. If a director fails to meet such qualifications during his term, he shall thereupon cease to be a director, and his place on the Board shall be deemed vacant.

5.02 Association. The Association has been formed prior to the recording hereof as a not-for-profit corporation under the General-Not-For-Profit Corporation Act of the State of Illinois and for the purposes and having the powers prescribed in the Act, and having the name (or a name similar thereto) Sunset Woods Condominium Association and shall be the governing body for all of the Unit Owners for the maintenance, repair, replacement, administration and operation of the Property. The Board shall be deemed to be the "Board of Managers" for the Unit Owners referred to in the Act. The Association shall not be deemed to be conducting a business of any kind, and all funds received by the Association shall be held and applied by it for the use and benefit of Unit Owners in accordance with the provisions contained herein. Each Unit Owner shall be a member of the Association so long as he shall be a Unit Owner and such membership shall automatically terminate when he ceases to be a Unit Owner and, upon the transfer of his ownership interest, the transferee thereof shall likewise succeed to such membership in the Association. The Association shall have one class of membership.

5.03 Voting Rights.

(b) Voting Per Unit. There shall be one Voting Member for each Unit Ownership. Such Voting Member may be the Unit Owner or one of the group composed of all the owners of a Unit Ownership, or be some person designated by such Unit Owner or Unit Owners or his duly authorized attorney-in-fact to act as proxy on his or their behalf and who must be a Unit Owner. Such designation shall be made in writing to the Board, shall be revocable at any time by actual notice to the Board of the death or judicially declared incompetence of any designator, or by written notice to the Board by the Unit Owner or his duly authorized attorney-in-fact, shall bear the date of its execution and shall be invalid after eleven (11) months from date of execution unless otherwise provided in the proxy. Any or all such Unit Owners may be present at any meeting and, furthermore, may vote or take any other action as a Voting Member to the extent provided in Section 5.03(b) hereof. The person(s) designated by Declarant with respect to any Unit Ownership owned by Declarant shall also have the right to vote at any meetings of the Board for so long as Declarant shall retain the right to so designate a Board member. If a Unit Owner is a trust, then the voting rights of said Unit Owner or beneficiary may be exercised by an officer, partner or employee of such Unit Owner or beneficiary. Except where the Act requires that the total number of votes of all Voting Members shall be one hundred (100), and each Unit Owner or group of Unit Owners shall be entitled to the number of votes equal to the total of the percentage of ownership in the Common Elements applicable to his or their Unit Ownership as set forth in Exhibit B; and provided, that when thirty percent (30%) or fewer of the Units, by number, possess over fifty percent (50%) in the aggregate of the votes in the Association, any percentage vote of Unit Owners specified herein shall require the specified percentage by number of Units rather than by percentage of interest in the

Common Elements allocated to Units that would otherwise be applicable; the total number of votes of all Voting Members shall equal the number of Units which are created pursuant to this Declaration. If and to the extent Units are combined by Unit Owners, the Voting Member for such newly-combined Unit shall have the number of votes of the formerly separate Units.

(c) **Proxy.** If the Voting Member is other than the Unit Owner, is not present at a meeting of the Association and has not voted by proxy, then if the Unit Owner is present, such Unit Owner shall be entitled to cast all of the votes allocated to the Unit. If the ownership of a Unit is composed of multiple owners and the Voting Member is not present and has not voted by proxy, then if only one of the multiple owners of a Unit is present, such owner shall be entitled to cast all of the votes allocated to that Unit Ownership. If more than one owner of a Unit Ownership is present, but not the Voting Member, who has not voted by proxy, the votes allocated to that Unit Ownership may be cast only in accordance with the agreement of a majority in interest of the group of owners comprising the Unit Owner who are present. Majority agreement shall be deemed to have occurred if any one of the multiple owners casts the votes allocated to that Unit Ownership without protest being made promptly to the person presiding over the meeting by any of the other owners of the Unit Ownership.

5.04 Meetings.

(a) **Quorum.** Meetings of the Unit Owners shall be held at the Property or at such other place within one (1) mile of the Property, as may be designated in any notice of a meeting. The presence in person or by proxy at any Unit Owners' meeting of Voting Members or other Unit Owners representing at least thirty percent (30%) of the Unit Ownerships shall constitute a quorum unless the Unit Owners, in accordance with the Act, provide otherwise. Unless otherwise expressly provided herein, any action may be taken at any meeting of the Unit Owners at which a quorum is present upon the affirmative vote of the Voting Members (or Unit Owners pursuant to Section 5.03(b)) having a majority of the total votes present at such meeting; provided, however, that no action may be taken except in emergency situations unless the proposal for such action has been distributed to the Unit Owners with the notice of the meeting during which such action will be considered.

(b) **Initial and Annual Meeting.** The initial meeting of the Unit Owners shall be held upon not less than twenty-one (21) and not more than thirty (30) days written notice given by Declarant. Said initial meeting shall be held not later than the first to happen of (i) sixty (60) days after the date Declarant has sold and delivered its deed for at least seventy-five percent (75%) of the Unit Ownerships, or (ii) three (3) years from the date of the recording of this Declaration. For purposes of this Declaration, the date of the initial meeting is hereinafter referred to as the "Turnover Date". Thereafter, there shall be an annual meeting of the Unit Owners on the second Tuesday of November following such initial meeting, and on the second Tuesday of November of each succeeding year thereafter at 7:30 p.m., or at such other reasonable time or date as may be designated by written notice of the Board delivered to the Unit Owners in accordance with Section 13.02 hereof, but in no event less than thirty (30) days prior to such meeting.

(c) **Special Meetings.** Special meetings of the Unit Owners may be called at any time after the initial meeting provided for in Section 5.04(b) hereof for the purpose of considering matters which, by the terms of this Declaration, require the approval of all or some of the Voting Members, or for any other reasonable purpose provided, however, that the following matters shall require the approval of Voting Members (or Unit Owners pursuant to Section 5.03(b) hereof) having not less than two-thirds (2/3) of the total votes: (i) the merger or consolidation of the Association; (ii) the sale, lease, exchange or other disposition (excluding the mortgage or pledge) of all, or substantially all of the property and assets of the Association; and (iii) the purchase or sale or lease of Units or other real estate by the Association on behalf of all Unit Owners. Special meetings may be called by written notice authorized by a majority of the Board, the President of the Board or by twenty percent (20%) of the Unit Owners, and delivered not less than ten (10) days and not more than thirty (30) days prior to the date fixed for said meeting. The notices shall specify the date, time and place of the meeting and the matters to be considered. Matters to be submitted to the Unit Owners at special membership meetings shall be submitted by the Board.

5.05 Notices of Meetings. Notices of meetings of the Unit Owners required to be given herein may be delivered either personally or by mail to the designated Voting Member, addressed to each such person at the address given by the Unit Owner to the Board for the purpose of service of such notice, or to the Unit of the Unit Owner with respect to which such voting right appertains, if no address has been given to the Board by the Voting Members, provided that any such notice shall be delivered not less than ten (10) and not more than thirty (30) days prior to the date fixed for such meeting and shall state the time, place and purpose of such meeting. The Association (or Declarant, in the exercise of the powers set forth in Section 13.01 hereof) shall furnish any Unit Owner, within three (3) business days of delivery to it of a request therefor, the names, address, telephone numbers (if known) and the number of votes of each Unit Owner entitled to vote at each meeting to elect members of the Board. For purposes of this Section 5.05, a notice shall be deemed "delivered" upon compliance with the notice provision set forth in Section 13.02 hereof.

5.06 Board of Directors.

(a) Members; Number; Election and Term of Office. The initial Board of Directors designated by Declarant pursuant to Section 5.01 hereof shall consist of three (3) directors who shall serve without compensation. Such initial Board shall serve for a period commencing on the date this Declaration is executed and ending upon the qualification of the directors elected at the initial meeting held as provided in Section 5.04(b) hereof. Said initial Board may, on behalf of Declarant, exercise the rights reserved in Section 13.01 hereof. At the initial meeting held as provided in Section 5.04(b) hereof, the Voting Members shall elect the Board. In all elections for members of the Board, each Voting Member shall be entitled to (i) cast one vote for each position on the Board then up for election and (ii) vote on a cumulative voting basis so that a Voting Member may allocate one or more votes to one or more candidates. The candidates receiving the highest number of votes with respect to the number of offices to be filled shall be deemed to be elected. Members of the Board elected at the initial meeting shall serve until the first annual meeting. At the first annual meeting, five (5) Board members shall be elected. The three (3) persons receiving the highest number of votes shall be elected to a term of two (2) years and the two (2) persons receiving the next highest number of votes shall be elected for a term of one (1) year. The election as between candidates receiving the same number of votes shall be determined by lot. Any candidate for election to the Board, as such candidate's representative, shall have the right to be present at the counting of ballots at such election. All members of the Board shall be elected at large. Upon the expiration of the terms of office of the Board members so elected at the annual meeting and thereafter, successors shall be elected for a term of two (2) years each. The Unit Owners owning at least two-thirds (2/3) of the Unit Ownerships may from time to time at any annual or special meeting increase or decrease the term of office of Board members, provided that the terms of at least one-third (1/3) of the persons on the Board shall expire annually. Members of the Board shall receive no compensation for their services. Vacancies in the Board shall be filled by a vote of the Voting Members at the meeting at which the vacancy occurs, the next annual meeting or a special meeting of the Unit Owners called for such purpose. Vacancies may also be filled by the Board by a two-thirds (2/3) vote of the remaining members thereof at a special meeting of the Board which vacancy shall be filled until the next annual meeting of the Unit Owners or for a period terminating not later than thirty (30) days following the filing of a petition signed by Voting Members holding twenty percent (20%) of the votes of the Association requesting a meeting of the Unit Owners to fill the vacancy for the balance of the term. A meeting of the Unit Owners shall be called for purposes of filling a vacancy on the Board not later than thirty (30) days following the filing of a petition signed by Voting Members with twenty percent (20%) of the votes of the Association requesting such a meeting. Except as otherwise provided in this Declaration, the Property shall be managed by the Board and the Board shall act by majority vote of those present at its meetings when a quorum exists. Meetings of the Board may be called, held and conducted in accordance with such regulations as the Board may adopt; provided, however, that (i) each Unit Owner shall be entitled to notice, in the same manner as provided in Section 5.05 hereof, of any meeting of the Board called for the purpose of considering the adoption of the proposed annual budget or any increase or establishment of an assessment; and (ii) the Board shall meet not less than four (4) times each year. Two-thirds (2/3) of the total number of members on the Board shall constitute a quorum. Any member of the Board may succeed himself.

(b) Budget Increases. If the Board adopts a budget requiring assessment against the Unit Owners in any fiscal or calendar year exceeding one hundred fifteen percent (115%) of the assessments for the

preceding year, the Board, upon written petition by the Voting Members with twenty percent (20%) of the votes of the Association filed within fourteen (14) days of the Board action, shall call a meeting of the Unit Owners within thirty (30) days of the date of filing of the petition to consider the budget. Unless a majority of the votes of the Voting Members present are cast at the meeting to reject the budget, the budget shall be deemed to be ratified, regardless of whether or not a quorum is present. In any determination of whether assessments exceed one hundred fifteen percent (115%) of similar assessments in prior years, any authorized provisions for reasonable reserves for repair or replacement of the Property and anticipated expenses by the Association which are not anticipated to be incurred on a regular or annual basis shall be excluded from the computation.

(c) **Officers; Vacancies.** The Board shall elect from among its members a President who shall preside over both its meetings and those of the Unit Owners and who shall be the chief executive officer of the Board and the Association and who shall be designated to mail and receive all notices and execute all amendments hereto as provided herein and in the Act, a Secretary who shall keep the minutes of all meetings of the Board and of the Unit Owners and who shall, in general, perform all the duties incident to the office of the Secretary, and a Treasurer to keep the financial records and books of account, and such additional officers as the Board shall see fit to elect from among the members of the Board. No member of the Board shall serve as more than one officer. The term of office for each officer shall be until the next succeeding annual meeting of the Board and until his successor shall be duly elected or appointed and qualified pursuant hereto. Vacancies in any office shall be filled by the Board by a majority vote of the remaining members thereof at a special meeting of the Board. Any director elected to fill a vacancy shall hold office for a term equal to the unexpired term of the officer he succeeds. Any officer may be removed for cause at any time by a vote of two-thirds (2/3) of the total membership of the Board at a special meeting hereof. Any officer may succeed himself.

(d) **Notice of Meetings.** Written notice stating the place, date and hour of any meeting of the Board shall be delivered to each member of the Board not less than five (5) days prior to the date of such meeting. The purpose for which the meeting is called shall be stated in the notice.

(e) **Open Meetings.** All meetings of the Board, except as otherwise provided by the Act, shall be open to attendance by any Unit Owner and notice thereof, except as otherwise provided herein, shall be mailed or delivered to each Unit Owner not less than forty-eight (48) hours prior thereto unless a written waiver of such notice is signed by such Unit Owner before the meeting is convened. A copy of such notice of meeting required to be given hereunder shall be posted in a conspicuous place in the Building at least forty-eight (48) hours prior to the time fixed for such meeting. Any vote on matters which may, under the Act, be discussed in a meeting not open to attendance by any Unit Owners, shall be taken at a meeting or portion thereof open to any Unit Owners. Any Unit Owner may record the proceedings at meetings or portions thereof required to be open under the Act by tape, film or other means provided, however, that the Board may prescribe reasonable rules and regulations to be given the right to make such recordings.

(f) **Turnover Documents.** Within sixty (60) days following the election of a majority of members of the Board other than those members designated by Developer, Developer shall deliver to the Board the following:

(i) All original documents, if any, as recorded or filed pertaining to the Property, its administration and the Association, such as this Declaration, Articles of Incorporation for the Association, other condominium instruments, annual reports, the minutes of any meetings held by the Association and any rules and regulations governing the Property, contracts, leases or other agreements entered into by the Association. If any original documents are unavailable, copies may be provided if certified by affidavit of Developer, or an officer or agent of either of them, as being a complete copy of the actual document recorded as filed;

(ii) A detailed accounting by Developer setting forth the source and nature of receipts and expenditures in connection with the management, maintenance and operation of the Property and

copies of all insurance policies and a list of any loans or advances to the Association which are outstanding;

(iii) Any Association funds on hand which shall have been at all times segregated from any other funds of Developer;

(iv) A schedule of all real or personal property, equipment and fixtures owned by the Association, including documents such as invoices or bills of sale, if available, evidencing transfer of title to such property, warranties, if any, for all real and personal property and equipment, deeds, title insurance policies, and all tax bills; and

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

(g) **Removal; Succession.** Except for directors designated by Declarant pursuant to Section 5.01 hereof, any Board member may be removed from office, at any time after the election of directors at the initial meeting of Unit Owners pursuant to Section 5.06(a) hereof, by affirmative vote of the Voting Members representing at least two-thirds (2/3) of the Unit Ownerships, at any special meeting called for the purpose. A successor to fill the unexpired term of a Board member removed may be elected by the Voting Members at the same meeting or any subsequent meeting called for that purpose.

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

(a) **Management Agent.** Subject to the rights reserved by Declarant pursuant to Section 13.01 hereof, the Board may act as or engage the services of an agent to manage the Property for which the Board is responsible pursuant to this Declaration, to the extent deemed advisable by the Board; provided, however, that any agreement for professional management, except as hereinafter provided, shall provide for termination by the Board without cause upon ninety (90) days written notice without payment of a termination fee, provide for termination with cause by the Board on thirty (30) days written notice without payment of a termination fee and shall have a term not to exceed two (2) years, renewable by agreement of the parties for successive one (1) year periods. The initial agreement for professional management may provide for a monthly or quarterly rate and be subject to such terms as are consistent with competitive rates and terms prevailing in the area in which the Property is located for comparable buildings, expiring two (2) years from the date of recording of this Declaration, subject to termination for cause by the Association upon thirty (30) days written notice without payment of a termination fee. The management agreement shall require the management agent to furnish a fidelity bond if required pursuant to the Act.

(b) **Right of Entry.** The Board, or its agents, upon reasonable notice, or immediately in an emergency, may enter any Unit when necessary in connection with any maintenance, repair or replacement or construction for which the Board is responsible or to make emergency repairs as may be necessary to prevent damage to the Common Elements, the Unit or to any other Unit or Units. Upon making such repairs or replacements, the Board shall notify the Unit Owners and the appropriate insurance carriers and agents of the same.

(c) **Limitation.** Except as otherwise provided in the budget, the Board's powers hereinafter enumerated shall be limited in that the Board shall have no authority to acquire and pay for from the maintenance fund any structural alterations to, capital additions to, or capital improvements of, the Common Elements (other than for purposes of replacing or restoring portions of the Common Elements, subject to all

the provisions of this Declaration or unless required for emergency repair, protection or operation of the Common Elements) requiring an expenditure in excess of Five Thousand and No/100 Dollars (\$5,000.00) without in each case the prior written approval of Voting Members representing at least two-thirds (2/3) of the Unit Ownerships.

(d) **Contracts.** All agreements, contracts, deeds, leases, vouchers for payment of expenditures and other instruments shall be signed by such officer or officers, agent or agents of the Board and in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board, such documents shall be signed by the President of the Board and countersigned by the Treasurer or Secretary.

(e) **Employees.** The Board shall have the power and duty to provide for the designation, hiring and removal of employees and other personnel, including lawyers and accountants, engineers or architects to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management and operation of the Property, and to delegate any such powers to the manager or managing agent (and any such employees or other personnel as may be employees of the managing agent).

(f) **General Powers.** The Board shall have the power to exercise all other powers and duties of the Board of Directors or Unit Owners as a group referred to in this Declaration or the Act. More specifically, the Board shall exercise for the Association all powers, duties and authority vested in it by law or the Declaration except for such powers, duties and authority reserved thereby to the members of the Association. The powers and duties of the Board shall include, but shall not be limited to, the following matters:

(i) Operation, care, upkeep, maintenance, replacement and improvement of the Common Elements in a neat and orderly manner;

(ii) Preparation, adoption and distribution of the annual budget for the Property;

(iii) Levying of assessments and collection thereof from Unit Owners;

(iv) Borrowing funds;

(v) Employment and dismissal of the personnel necessary or advisable for the maintenance and operation of the Common Elements;

(vi) Obtaining adequate and appropriate kinds of insurance;

~~(vii) Purchasing and receiving conveyances of Unit Ownerships and owning, conveying, mortgaging, encumbering, leasing and otherwise dealing with Unit Ownerships conveyed to or purchased by it;~~

(viii) Adoption and amendment of rules and regulations covering the details of the operation and use of the Property, after a meeting of the Unit Owners called for the specific purpose of discussing the proposed rules and regulations, notice of which contains the full text of the proposed rules and regulations; however, no rules or regulations may impair any rights guaranteed by the First Amendment to the Constitution of the United States or Section 4 of Article I to the Illinois Constitution;

(ix) Keeping of detailed, accurate records of the receipts and expenditures affecting the use and operation of the Property;

(x) To have access to each Unit from time to time as may be necessary for the maintenance, repair or replacement of any Common Elements (to the extent the Association is responsible for such maintenance, repair or replacement) therein or accessible therefrom, or for making repairs therein necessary to prevent damage to the Common Elements or to other Unit or Units;

(xi) Pay real property taxes, special assessments and any other special taxes or charges of the State of Illinois or of any political subdivision thereof, or other lawful taxing or assessing body, which are authorized by law to be assessed and levied upon the real property of the condominium and are not payable by Unit Owners directly and contest real estate taxes as provided in Section 2.03;

(xii) Impose charges for late payments of a Unit Owner's proportionate share of the Common Expenses, or any other expenses lawfully agreed upon, and after notice and an opportunity to be heard, levy reasonable fines for violation of this Declaration and rules and regulations of the Association;

(xiii) By a majority vote of the entire Board, assign the Association's right to future income from Common Expenses or other sources and mortgage or pledge substantially all of the remaining assets of the Association;

(xiv) Record the dedication of a portion of the Common Elements to a public body for use as or in connection with a street or utility where authorized by the Unit Owners under the provisions of Section 4.11 hereof;

(xv) Record the granting of an easement pursuant to the provisions of Section 4.03 hereof and any instruments required under Sections 5.07(f)(vii) or (xiii) hereof or elsewhere in this Declaration;

(xvi) Except to the extent limited by this Declaration and the Act, the Board shall have the power and duty to exercise the rights of, and perform all of the covenants and obligations imposed upon, the Association or the Unit Owners, and to execute any and all instruments required pursuant thereto; and

(xvii) Adoption and amendment of rules and regulations or a schedule for the purpose of coordinating and regulating construction, use of Building elevators, loading docks and receiving rooms and move-in by other Unit Owners and Occupants and other purposes permitted hereunder and under the Act.

(g) Payment of Operating Expenses. Subject to the provisions of Section 4.06 and Section 6.08 hereof, the Board for the benefit of all the Unit Owners shall acquire and shall pay as Common Expenses, the following:

(i) Operating expenses of the Common Elements, including water, electricity, gas and telephone and other necessary utility service for the Common Elements and (if not separately metered or charged) for the Units;

(ii) Services of any person or firm to act on behalf of the Unit Owners in connection with real estate taxes and special assessments on the Unit Ownerships, and in connection with any other matter where the respective interests of the Unit Owners are deemed by the Board to be similar and nonadverse to each other paid as contemplated pursuant to Section 2.03;

(iii) Painting, cleaning, outside window washing, tuckpointing, maintenance, decorating, repair and replacement of the Common Elements (but not including the interior surfaces of the Units and of the perimeter doors appurtenant thereto, and repair of windows which the Unit Owners shall

paint, clean, decorate, maintain and repair) and such furnishings and equipment for the Common Elements as the Board shall determine are necessary and proper;

(iv) Any other materials, supplies, utilities, furniture, equipment, labor, services, cleaning, maintenance, repairs or structural alterations which the Board is required to secure or pay for pursuant to the terms of this Declaration and By-Laws, or which in its opinion shall be necessary or proper for the maintenance and operation of the Property as a first-class condominium development or for the enforcement of the restrictions contained herein;

(v) Any amount necessary to discharge any mechanic's lien or other encumbrance levied against the entire Property or any part thereof which may in the opinion of the Board constitute a lien against the Property or against the Common Elements, rather than merely against the interests therein of particular Unit Owners. Where one or more Unit Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it and any costs incurred by the Board by reason of said lien or liens shall be specifically assessed to said Unit Owners;

(vi) Maintenance, cleaning and/or repair of any Unit if such maintenance or repair is necessary, in the discretion of the Board, to protect the Common Elements or any other portion of the Building, or if a Unit Owner of any Unit has failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair delivered by the Board to said Unit Owner, provided that the Board shall levy a special assessment against such Unit Owner for the cost of said maintenance or repair.

(h) **Contracts by Developer.** Prior to the election by the Voting Members of the first Board, Developer shall, subject to the terms of this Declaration and the Act, have the authority to lease or to grant licenses, concessions, easements, leases and contracts with respect to any part of the Common Elements, all upon such terms as Developer deems appropriate. Included in such authority is the authority to enter into management agreements, tax protest agreements and concession contracts and to obtain all necessary or appropriate insurance policies and coverages, each with such parties as Developer may select. Upon election of the first Board, and thereafter, the Board by a vote of at least two-thirds (2/3) of the persons on the Board shall have the same authority as aforesaid.

(i) **Right to Purchase Units.** The Board shall have the power to bid for and purchase any Unit Ownership at a sale pursuant to a mortgage foreclosure, or a foreclosure of the lien for Common Expenses under the Act, or at a sale pursuant to an order of direction of a court, or other involuntary sale, upon the consent or approval of Voting Members representing not less than two-thirds (2/3) of the total votes.

(j) **Assessments.** The Association shall have no authority to forebear the payment of assessments by any Unit Owner.

5.08 Insurance.

(a) **Types.** The Board shall have the authority to and shall obtain insurance for the Property as follows:

(i) Physical damage insurance on the Property (but excluding additions, alterations, improvements and betterments to the Units), subject to the following conditions:

(A) Such insurance shall be "bare wall" insurance with respect to the Units:

(B) The Property shall be insured for an amount not less than one hundred percent (100%) of its full insurable replacement cost;

(C) Replacement cost values are to be reviewed annually, and the insurance policy or policies shall be endorsed with an agreed amount clause. The cost of any and all appraisals for insurance purposes shall be Common Expenses;

(D) Perils to be covered by such policies shall be no less than "all risk" or "special form" on real property and "broad form" named perils on personal property, and such other perils as may be deemed appropriate by the Board.

(ii) Comprehensive General Liability insurance covering personal injury and property damage insuring against hazards of premises/operations, products and completed operations, contractual liability, personal injury liability (with exclusions (a) and (c) deleted), independent contractors and other extensions as deemed necessary by the Board. Such insurance shall provide limits of liability as deemed desirable by the Board. Such policy shall be endorsed to cover cross-liability claims of one insured against the other.

(iii) Worker's Compensation and Employer Liability as necessary to comply with applicable laws, including Voluntary Compensation to cover employees not covered under the Illinois statute for benefits.

(iv) If required pursuant to the Act, fidelity bond insuring the Association, the Board and the Unit Owners against loss of funds as a result of the fraudulent or dishonest acts of any employee of the Association or its management agent or of any other person handling the funds of the Association, the Board and the Unit Owners in such amounts as the Board shall deem necessary but not less than 100% of the annual operating expenses of the Association, including reserves (or the maximum amount of coverage available to protect such funds). The premium for such fidelity bond shall be a Common Expense. Such bond shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar expression. Such bond shall provide that it may not be canceled for non-payment of any premiums or otherwise substantially modified without sixty (60) days prior written notice to all holders of first mortgages of record. Notwithstanding anything contained herein to the contrary, if the Board does not hire a management company or if fidelity insurance is not required by the Act, the Board shall not be required to obtain such insurance.

(v) Directors and Officers Liability insurance in such amounts as the Board shall determine to be reasonable.

(vii) Such other insurance, which may include, without limitation, any or all of the following, in such amounts as the Board shall deem desirable; Plate Glass insurance; Errors and Omissions coverage for the directors of the Board; and Medical Payments coverage for members of the public (not Unit Owners) injured on the Property, without regard to liability of the Board or the Association;

The premiums for the above described insurance and bond, except as otherwise provided in this Section 5.08, shall be Common Expenses. Any management company holding reserve funds of the Association and other associations shall at all times maintain a separate account for each association provided, however, that for investment purposes, the Board may authorize the management company to maintain the Association's reserve funds in a single interest bearing account with similar funds of other associations. The management company shall at all times maintain records identifying all monies of each association in such investment accounts. The Board may also authorize the management company to hold all operating funds of the Association and other associations in a single operating account but such management company shall at all times maintain records identifying all monies of each association in such operating account. Any operating and reserve funds held by the management company for the Association shall not be subject to attachment by any creditors of the management company.

(b) **Insurance Companies; Ratings.** All insurance provided for in this Section 5.08 shall be effected under valid and enforceable policies issued by insurance companies authorized and licensed to transact business in the State of Illinois and holding not less than a current investment grade rating according to Best's Insurance Reports or a substantially equivalent rating from a nationally recognized insurance rating service. All such policies shall provide a minimum of sixty (60) days advance notice of modification or cancellation in writing to the insured thereunder unless such cancellation is for nonpayment of premium, in which case ten (10) days advance written notice shall be sufficient.

(c) **Policy Requirements.** All policies of insurance of the character described in clauses (i) and (ii) of Paragraph (a) of this Section 5.08: (i) shall name as insured: Developer, so long as Developer has liability under any warranty granted by it; Declarant, so long as Declarant has an insurable interest; the Board, as trustees for the Unit Owners, in the percentages established in Exhibit B to this Declaration; and shall also name as an assured the Insurance Trustee described in subparagraph 5.08(f)(ii) hereof, as the respective interests of all of such assureds may appear; (ii) shall be without contribution as respects other such policies of insurance carried individually by the Unit Owners, whether such other insurance covers their respective Units or the additions and improvements made by such Unit Owners to their respective Unit; (iii) shall provide that notwithstanding any provision thereof which gives the insurer an election to restore damage in lieu of making a cash settlement therefor, such option shall not be exercisable in the event the Unit Owners elect to sell the Property or remove the Property from the provisions of the Act; and (iv) shall contain an endorsement to the effect that such policy shall not be terminated for nonpayment of premiums without at least thirty (30) days' prior written notice to the First Mortgagee of each Unit Ownership. Policies of insurance of the character described in clause (i) of Paragraph (a) of this Section 5.08 may contain an endorsement extending coverage so as to include the payment of Common Expenses with respect to damaged Units during the period of reconstruction thereof. Notwithstanding the issuance of standard mortgage clause endorsements under the policies of insurance of the character described in clauses (i) and (ii) of Paragraph (a) of this Section 5.08, any losses under such policies shall be payable, and all insurance proceeds recovered thereunder shall be applied and disbursed, in accordance with the provisions of this Declaration.

(d) **Additional Requirements.** All policies of insurance of the character described in clauses (ii), (iii), (iv) and (v) of Paragraph (a) of this Section 5.08 shall name as assureds the Association, the Board, its managing company and the other agents and employees of such Association, Board and managing company, Developer, and Declarant in its capacity as a Unit Owner, Board member and beneficiary of a Unit Owner and shall also provide coverage for each Unit Owner (but as to the insurance described in Section 5.08(a)(iii) hereof, only with respect to those portions of the Property not reserved for their exclusive use). In addition, all policies of insurance of the character described in clauses (i) and (ii) of Paragraph (a) of this Section 5.08 shall contain an endorsement or clause whereby the insurer waives any right to be subrogated to any claim against the Association, its officers, members of the Board, Developer, Declarant, the managing agent, their respective employees and agents, and the Unit Owners and Occupants.

(e) **Premiums.** The Association, for the benefit of the Unit Owners and the First Mortgagee of each Unit Ownership, shall pay the premiums and obtain a binder on the policies of insurance described in Paragraph (a) of this Section 5.08 at least thirty (30) days prior to the expiration date of the respective policies, and upon written request therefor, shall notify the First Mortgagee of each Unit Ownership of such payment within ten (10) day after the date on which payment is made.

(f) **Adjustment of Loss.** Loss, if any, under any policies of insurance of the character described in clauses (i) and (ii) in Paragraph (a) of this Section 5.08 shall be adjusted with the Board, and the insurance proceeds on account of any such loss shall be paid to the Board, as trustee for each of the Unit Owners in their respective percentages of ownership in the Common Elements as established in this Declaration, which insurance proceeds, less the actual cost, fees and expenses, if any, incurred in connection with the adjustment of the loss, shall be applied to the payment of the cost of restoring the Property to substantially the same condition as it existed immediately prior to such damage or destruction, with each Unit and the Common

Elements having the same vertical and horizontal boundaries as before, free from vendor's, mechanic's, materialman's and other similar liens.

(g) **Unit Owner's Insurance.** Each Unit Owner shall be responsible for (i) physical damage insurance on the personal property in his Unit and elsewhere on the Property, and any additions, alterations and improvements to his Unit (whether installed by such Unit Owner or any prior Unit Owner or whether originally in his Unit); (ii) his personal liability to the extent not covered by the policies of liability insurance obtained by the Board for the benefit of all of the Unit Owners as above provided; and (iii) his additional living expense. All policies of casualty insurance carried by each Unit Owner shall be without contribution with respect to the policies of casualty insurance obtained by the Board for the benefit of all of the Unit Owners as above provided. For the purposes of Section 5.08(g) and 5.08(h) hereof, "additions, alterations and improvements" shall mean any property (excluding personal property readily removable without damage to the Unit) attached to the Unit, including without limitation, carpeting, flooring, wall covering, paint, paneling, toilets, fixtures and cabinetry. Each such policy shall name the Association as an additional insured.

(h) **Insurance of Alterations.** The Board shall not be responsible for obtaining physical damage insurance on any additions, alterations and improvements to a Unit or any personal property of a Unit Owner or any other insurance for which a Unit Owner is responsible pursuant to Section 5.08(g) hereof. If the Board does carry such insurance and the premium therefor is increased due to additions, alterations or improvements of a Unit Owner, then the Board may charge a special assessment against such Unit Owner.

(i) **Waiver.** Each Unit Owner hereby waives and releases any and all claims which he may have against any other Unit Owner, the Association, its officers, members of the Board, Declarant, the manager and managing company of the Property, if any, and their respective employees and agents, for any damage to the Common Elements, the Units or to any personal property located in the Unit or Common Elements caused by theft, fire or other casualty to the extent that such damage is covered by fire or other form of casualty insurance or would be covered by insurance for which such Unit Owner is responsible pursuant to Section 5.08(g) hereof.

(j) **Deductibles.** The Board shall have the right to select substantial deductibles to the insurance coverages required or permitted under this Section 5.08 if the economic savings justifies the additional risk and if permitted by law. The deductibles shall be on a per occurrence basis irrespective of the number of insureds suffering injury or damage. Expenses included within the deductible amount arising from insurable loss or damage shall be treated as Common Expenses.

5.09 Liability of the Board of Directors and Officers of the Association. Neither the members of the Board (specifically including those members of the Board designated by Declarant or Developer) nor the officers of the Association shall be liable to the Unit Owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such Board members and officers, except for any acts or omissions finally adjudged by a court to constitute gross negligence or fraud. The Unit Owners (including the members of the Board and the officers of the Association in their capacity as Unit Owners) shall indemnify and hold harmless each of the members of the Board and each of the officers of the Association against all contractual and other liabilities to others arising out of contracts made by or other acts of the Board and officers of the Association on behalf of the Unit Owners or arising out of their status as Board members or officers of the Association, unless any such contract or act shall have been finally adjudged by a court to have been made fraudulently or with gross negligence. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses (including, but not limited to, counsel fees, amounts of judgments paid and amounts paid or received in settlement) reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or other, in which any member of the Board or officers of the Association may be involved by virtue of such persons being or having been such member or officer; provided, however, that such indemnity shall not be operative with respect to (a) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for gross negligence or fraud in the performance of his duties as such member or officer, or (b) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Board, there is not reasonable ground for such persons being adjudged liable for gross negligence or fraud in the performance of his duties as such member or officer. It is also intended that the liability

of any Unit Owner arising out of any contract made by or other acts of the Board or officers of the Association, or out of the aforesaid indemnity in favor of the members of the Board or officers of the Association, shall be limited to such proportion of the total liability hereunder as his percentage of interest in the Common Elements bears to the total percentage interest of all the Unit Owners in the Common Elements. Every agreement made by the Board on behalf of the Unit Owners shall be deemed to provide that the members of the Board are acting only as agents for the Unit Owners, and shall have no personal liability thereunder (except as Unit Owners) and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his percentage of interest in the Common Elements bears to the total percentage interest of all Unit Owners in the Common Elements.

5.10 **Resale of Units.** In the event of a resale (i.e., any sale made after the initial sale) of any Unit Ownership by a Unit Owner other than Declarant, and within thirty (30) days after the written request by such Unit Owner, the Board shall deliver a copy of each of the documents and make the disclosures described in and required by Section 22.1 of the Act. The Board shall be allowed to charge a reasonable fee, not to exceed the maximum amount prescribed by the Act, if any, for providing such information.

ARTICLE 6 COMMON EXPENSES

6.01 **Preparation of Annual Budget.** On or before November 1 of each calendar year, the Board shall cause to be prepared a detailed proposed budget for the ensuing calendar year. Such budget shall take into account the estimated annual Common Expenses and cash requirements for the year, including wages, materials, insurance, services, supplies and all other Common Expenses, together with a reasonable amount considered by the Board to be necessary for adequate reserves, including, without limitation, amounts to maintain a Capital Reserve (as hereinafter defined in Section 6.02). The annual budget shall also take into account the estimated net available cash income for the year from the operation or use of the Common Elements and, to the extent that the assessments and other cash income collected from the Unit Owners during the preceding year are more or less than the expenses for the preceding year, the surplus or deficit shall also be taken into account. On or before November 15 of each year, the Board shall notify each Unit Owner in writing as to the proposed annual budget, with reasonable itemization thereof, including those portions intended for capital expenditures or repairs or payment of real estate taxes and containing each Unit Owner's respective assessment; provided, however, that such proposed annual budget shall be furnished to each Unit Owner at least thirty (30) days prior to its adoption by the Board. On or before January 1 of the ensuing calendar year, and the first day of each and every month of said year, each Unit Owner, jointly and severally, shall be personally liable for and obligated to pay to the board (or as it may direct) one-twelfth (1/12) of his proportionate share of the Common Expenses for each year as shown by the annual budget. Such proportionate share for each Unit Owner shall be in accordance with his respective percentage of ownership in the Common Elements as set forth in Exhibit B attached hereto. On or before April 1 of each calendar year following the initial meeting of the Unit Owners, the Board shall supply to all Unit Owners an itemized accounting of the Common Expenses for the preceding calendar year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the estimates provided, and showing the net amount over or short of the actual expenses plus reserves. Such accounting shall, upon the written request of any Unit Owner, be prepared by a certified public accountant, in which event such accounting shall be due as soon as reasonably possible after such request. Any net shortage or excess shall be applied as an adjustment to the installments due under the current year's estimate in the succeeding six (6) months after rendering of the accounting, subject, however, to the provisions of Section 6.02 hereof.

6.02 **Capital Reserve; Supplemental Budget.** The Association shall segregate and maintain a special reserve account to be used solely for making capital expenditures in connection with the Common Elements (the "Capital Reserve"). The Board shall determine the appropriate level of the Capital Reserve based on its reasonable estimates, a periodic review of the useful life of improvements to the Common Elements and equipment owned by the Association, projections of the cost of anticipated major repairs or improvements to the Common Elements or the purchase of equipment to be used by the Association in connection with its duties hereunder and the other factors set forth in Section 9(c)(2) of the Act. The Association may waive the requirement for Capital Reserves in accordance with Section 9(c)(3) of the Act and, if waived, may reinstate such requirement in accordance with said Section. If the Association waives the requirement for Capital Reserves, it shall comply with the provisions of Section 9(c)(4) of the Act. Each budget shall

disclose that percentage of the annual assessment which shall be added to the Capital Reserve and each Unit Owner shall be deemed to make a capital contribution to the Association equal to such percentage multiplied by each installment of the annual assessment paid by such Unit Owner. Extraordinary expenditures not originally included in the annual estimate which may become necessary during the year shall be charged first against such portions of any specific contingency reserve or the Capital Reserve, as applicable, which remains unallocated. If the estimated Common Expenses contained in the budget prove inadequate for any reason or in the event a nonrecurring Common Expense is anticipated for any year, then the Board may prepare and approve a supplemental budget covering the estimated deficiency or nonrecurring expense for the remainder of such year, copies of which supplemental budget shall be furnished to each Unit Owner, and thereupon a special or separate assessment shall be made to each Unit Owner for his proportionate share of such supplemental budget. All Unit Owners shall be personally liable for and obligated to pay their respective adjusted monthly amount. Any such special or separate assessment, if it involves proposed expenditures resulting in a total payment assessed to a Unit equal to the greater of (i) five (5) times the Unit's most recent monthly assessment or (ii) One Thousand Dollars (\$1,000.00), shall be subject to the affirmative vote of at least two-thirds (2/3) of the Voting Members at a meeting specifically called for approving such special or separate assessment.

6.03 Initial Budget. The initial Board appointed by Declarant shall determine and adopt, prior to the conveyance of the first Unit Ownership hereunder, an initial budget commencing with the first day of the month in which the sale of the first Unit Ownership is closed and ending on December 31 of the calendar year in which such sale occurs, and shall continue to determine the proposed annual budget for each succeeding calendar year until such time as the first Board elected hereunder takes office, and which may include such sums as collected from time to time at the closing of the sale of each Unit Ownership. Assessments shall be levied against the Unit Owners during said period as provided in Section 6.01 of this Article, except that if the closing of the sale of the first Unit Ownership is not on January 1, monthly assessments to be paid by Unit Owners shall be based upon the amount of the budget and the number of months and days remaining in such calendar year. The initial budget shall be made in good faith based on estimates deemed to be reasonable. Declarant and Developer make no representation or warranty regarding the accuracy of such estimates or initial budget, as the Building is or will be newly constructed and there is no operating history for it.

6.04 Failure to Prepare Annual Budget. The failure or delay of the Board to give notice to each Unit Owner of the annual budget shall not constitute a waiver or release in any manner of such Unit Owner's obligation to pay his respective monthly assessment, as herein provided, whenever the same shall be determined, and in the absence of the annual or adjusted budget, the Unit Owner shall continue to pay monthly assessment at the then existing monthly rate established for the previous period until the monthly assessment which is due more than ten (10) days after notice is given of such new annual budget.

6.05 Records of the Association. The managing company and the Board shall maintain the following records of the Association available for examination and copying at convenient hours of weekdays by the Unit Owners or their First Mortgagees and their duly authorized agents or attorneys:

(a) ~~Copies of this Declaration and any amendments; Articles of Incorporation of the Association,~~ annual reports and any rules and regulations adopted by the Association or its Board shall be available. Prior to the organization of the Association, Developer shall maintain and make available the records set forth in this Subsection (a) for examination and copying.

(b) Detailed accurate records in chronological order of the receipts and expenditures affecting the Common Elements, specifying and itemizing the maintenance and repair expenses of the Common Elements and any other expense incurred, and copies of all contracts, leases, or other agreements entered into by the Association shall be maintained.

(c) The minutes of all meetings of the Association and the Board shall be maintained. The Association shall maintain these minutes for a period of not less than seven (7) years.

(d) Such other records of the Association as are available for inspection by members of a not-for-profit corporation pursuant to Section 25 of the General Not-for-Profit Corporation Act, approved July 19, 1943, as amended, shall be maintained.

(e) A reasonable fee may be charged by the Association or its Board for the cost of copying.

(f) Upon ten (10) days' notice to the Board and payment of a reasonable fee, any Unit Owner shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Unit Owner.

6.06 Status of Collected Funds. All funds collected hereunder shall be held and expended for the purposes designated herein, and (except for such special assessments as may be levied hereunder against less than all the Unit Owners and for such adjustments as may be required to reflect delinquent or prepaid assessments or user charges) shall be deemed to be held for the benefit, use and account of all the Unit Owners in the percentages set forth in Exhibit C.

6.07 Start-Up Costs. At the time the initial sale of each Unit Ownership is closed, the purchaser of the Unit Ownership, but not Declarant, shall pay to the Association an amount equal to two (2) times the first full monthly assessment for such Unit Ownership based on the latest budget adopted by the Association prior to closing. This sum shall be used and applied for start-up costs and as a working capital fund in connection with all initial operating expenses of the Common Elements and held for future working capital needs. This payment shall not be refundable or be applied as a credit against the Unit Owner's monthly assessments. The Board or Developer shall have the right to transfer such funds from time to time as may be necessary to fund the Capital Reserve.

6.08 User Charges. The Board or Developer, acting pursuant to Section 13.01 hereof, may establish, and each Unit Owner shall pay, user charges to defray the expense of providing services, facilities, or benefits which may not be used equally or proportionately by all of the Unit Owners or which, in the judgment of the Board, should not be charged to every Unit Owner. Such expense may include such services and facilities provided to Unit Owners which the Board determines should not be allocated among all of the Unit Owners in the same manner as the Common Expenses. Such user charges may be billed separately to each Unit Owner benefitted thereby, or may be added to such Unit Owner's share of the Common Expenses, as otherwise determined, and collected as a part thereof. Nothing herein shall require the establishment of user charges pursuant to this Section 6.08, and the Board or Developer may elect to treat all or any portion thereof as Common Expenses.

6.09 Non-Use and Abandonment. No Unit Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Elements or abandonment of his or their Units.

ARTICLE 7
COVENANTS AND RESTRICTIONS
AS TO USE, OCCUPANCY AND RESALE

7.01 Covenants and Restrictions as to Use and Occupancy. The occupancy and use of the Units and the Common Elements shall be subject to the following restrictions:

(a) Each Unit (or any two or more adjoining Units together) shall be used for residential purposes only. That part of the Common Elements separating any two or more adjoining Units which are owned by the same Unit Owner may be altered or removed to afford ingress and egress to and from adjoining Units; provided, however, that (i) such alteration or removal shall not impair or weaken the structural integrity of any Unit or any portion of the Common Elements; (ii) the Unit Owner shall furnish the Board not less than ten (10) days prior to the date the Unit Owner desires to commence such work all plans detailing the work to be done; (iii) the Board consents to the performance of such work and a Certificate of Insurance naming the Board as an additional insured for any liability; (iv) the expense of such alterations shall be paid in full by the Unit Owner making such alterations; (v) such Unit Owner shall pay in full the expense of restoring such Common Elements

to their former condition prior to such alterations in the event such Units cease to be used together; and (vi) such Unit Owner and the work comply with all applicable building, health and safety laws, codes, rules, ordinance and regulations; provided, however, that the foregoing subsections (ii) and (iii) shall not apply to Declarant.

(b) There shall be no obstruction of the Common Elements nor shall anything be stored in the Common Elements (except in areas designated for such purpose, and except in areas which are Limited Common Elements serving exclusively the Unit of the Unit Owner obstructing same) without the prior consent of the Board or except as hereinafter expressly provided. Each Unit Owner shall be obligated to maintain and keep clean and in good order and repair his own Unit, Limited Common Elements and Unit entryway.

(c) Nothing shall be done or kept in any Unit or in the Common Elements serving the Units which will increase the rate of insurance on the Building or contents thereof without the prior written consent of the Board. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common Elements which will result in the cancellation of insurance of the Building, or contents thereof, or which would be in violation of any law. No waste shall be committed in the Common Elements.

(d) No animals shall be raised, bred or kept in any Unit or the Common Elements except as provided herein. Animals of a breed or variety commonly kept as household pets, such as dogs, cats, caged birds and fish, shall be allowed to be kept in a Unit by a Unit Owner so long as they are not kept or bred for any commercial purpose, are not allowed to run loose on the Property, are kept in strict accordance with such other rules and regulations relating to household pets as may be from time to time adopted or approved by the Board, and do not, in the judgment of the Board constitute a nuisance to others. Each Unit Owner and each Occupant shall be responsible for picking up after any animal bred or kept in such Unit Owner's or Occupant's respective Unit, including, without limitation, removing any waste deposited by such animal anywhere on the Common Elements.

(e) No noxious, unlawful or offensive activity shall be carried on in any Unit or in the Common Elements, nor shall anything be done therein, either wilfully or negligently, which may be or become an annoyance or nuisance to the other Unit Owners or Occupants or which shall in the judgment of the Board cause unreasonable noise or disturbance to others.

(f) Nothing shall be done in any Unit or in, on or to the Common Elements which will impair the structural integrity of the Building or which would structurally change the Unit or the Building except as is otherwise provided herein. No Unit Owner shall overload the electric wiring in the Unit or the Building, or operate machines, appliances, accessories or equipment in such manner as to cause, in the judgment of the Board, an unreasonable disturbance to others or connect any machines, appliances, accessories or equipment to the electrical, television, telephone, cable, heating or plumbing systems, without the prior consent of the board or the managing agent, acting in accord with the Board's direction. No Unit Owner shall overload the floors of any Unit or the Common Elements. Waterbeds and other furnishings which may cause floor overloads shall not be placed, kept or used in any Unit except only in accordance with advance written Board approval.

(g) No Unit Owner shall display, hang, store or use any signs, lighting, clothing, sheets, blankets, laundry or other articles outside his Unit, or which may be visible from the outside of his Unit (other than approved draperies, curtains or shades of a customary nature and appearance and "For Sale" signs, subject to the rules and regulations of the Board which shall provide for notice to management company prior to any such installation and managing agent's approval of the method of installation prior to any such installation), or paint or decorate or adorn the outside of his Unit, or install outside his Unit any canopy or awning, or outside radio or television antenna, dish or other receptive or transmitting device, or other equipment, fixtures or items of any kind, without the prior written permission of the Board or the managing agent, acting in accord with the Board's direction; provided, however, that the foregoing shall not apply to Declarant. However, satellite cable reception dishes may be installed by Unit Owners for their Units provided the satellite dishes are not visible from the street; provided that the Board reasonably approves the type, location and installation of conduit for such satellite dishes. No shortwave radio or other type of radio transmitter shall be permitted in or about any Unit

which may interfere with the radio or television reception in any Unit. No Unit Owner shall at any time install speakers in or on common walls or common ceilings of a Unit. The Owner of the Unit shall be responsible for the addition of any soundproofing in such Unit should it become necessary to prevent sound from audio equipment from being transmitted into adjoining Units. Declarant makes no representation or warranty regarding the adequacy of any insulation installed by Developer as an absolute or adequate sound barrier.

(h) Articles of personal property belonging to any Unit Owner, such as garbage cans, storage boxes, baby carriages, bicycles, wagons, toys, furniture, clothing and other articles, shall not be stored or kept in any area constituting part of the Common Elements except in approved Limited Common Element Storage Areas dedicated to such Unit, if any, and for such vehicles as may be stored in the Parking Spaces.

(i) During the period that Developer, Declarant, or their agents, successors or assigns, are engaged in the marketing, sales or leasing of Units, or performing work in or about the Building, including, without limitation, work resulting from warranty claims, Developer, Declarant and their agents, employees, successors, assigns, contractors, subcontractors, brokers, licensees and invitees and each of them shall be entitled to (i) have access, ingress and egress to and from the Units, the Building and Common Elements and use such portion of the Units, the Building and Common Elements as may be necessary or desirable in connection with the aforescribed marketing, sales, leasing of Units or performance of work; (ii) use or show one or more unsold and non-conveyed Units or portion or portions of the Common Elements as a model Unit or Units (for sale or lease), sales office, construction, or refurbishment office or administrative or management offices or for such other purposes deemed necessary or desirable in connection with the aforescribed construction, refurbishment, administration, marketing, sales or leasing of Units or performing work in or about the Building; (iii) post and maintain such signs banners and flags, or other advertising material in, or about the Building and Common Elements in such form as deemed desirable by Developer or Declarant, and as may be deemed necessary or desirable in connection with the marketing, sales, leasing or management of Units or performing work in or about the Building or in connection with (i) and (ii) above; and (iv) make alterations of and additions and improvements to, the Units or the Common Elements in connection with any of Developer's or Declarant's activities in connection with the construction of the Building or the construction, promotion, marketing, sales or leasing of the Units or performing work in or about the Building. The foregoing shall not be amended or modified in any manner without the express written consent of Developer or its successors or assigns.

(j) Each Unit Owner of a Unit shall deposit with the Board duplicate keys for all locks relating to the entryway of the Unit and the Storage Areas appurtenant to such Unit, if any. Each Unit Owner hereby waives any and all liability, claims and damages against Developer, Declarant, the Association, the Board and any management agent with regard to loss, theft or damage of property or personal injury resulting from such deposit of keys with the Board.

(k) ~~The Unit restrictions in paragraph (a) of Section 7.01 shall not, however, be construed in such~~ a manner as to prohibit a Unit Owner from; (i) maintaining his personal professional library therein; (ii) keeping his personal business or professional records or accounts therein; (iii) handling his personal business or professional telephone calls or correspondence therefrom; (iv) maintaining a computer or other office equipment within the Unit; or (v) utilizing secretarial help and having occasional business visitors. Such uses are expressly declared customarily incident to the principal resident use and not in violation of paragraph (a) of this Section 7.01. In addition, provided that the use of a Unit remains principally and primarily that of a condominium residence and not as a business, a Unit Owner may operate a lawful business enterprise out of said Unit in compliance with all applicable governmental laws, statutes, ordinances, rules and regulations, including, without limitation, applicable health, safety, building and zoning laws, and in compliance with all reasonable regulations promulgated by the Board, as long as such business use does not create a nuisance for any other Unit Owner or Occupant. It is the intention of this provision that the operators (including the employees thereof) of such a business be limited to the Unit Owner or another Occupant of the Unit. Except pursuant to Section 7.01(a), notwithstanding the foregoing, no Unit Owner shall suffer or permit the regular or consistent entry of customers or clients.

(l) No alterations, additions or improvements may be made to the exterior, facade or windows of the Building without the prior written consent of the Board.

(m) The provisions of the Act, this Declaration and rules and regulations that relate to the use of a Unit or the Common Elements shall be applicable to any person leasing a Unit Ownership and shall be deemed to be incorporated in any lease executed in connection with a Unit Ownership. The Association may prohibit a tenant from occupying a Unit until the Unit Owner complies with the leasing requirements prescribed in Article 12 hereof or as may be adopted by the Association. The Board may proceed directly against a tenant, at law or in equity, or under the provisions of Article IX of the Illinois Code of Civil Procedure, for any breach by a tenant of any covenants, rules, regulations or By-Laws, without excluding any other rights or remedies. The remedies set forth in Article IX of the Code of Civil Procedure shall be available to the Association and against the Unit Owner and the Unit Owner's lessee in the event of any violation of this sentence or of any other provision of this Declaration concerning Unit Ownership leasing, without excluding any other rights or remedies.

(n) No campers, trucks, mobile homes, snowmobiles, trailers, buses, commercial vehicles, vans, vehicles not bearing a current license plate, inoperable vehicles, boats, motorcycles, bicycles, sleds or other recreational vehicles shall be parked on the Common Elements or the Building, except inside the garage therefor, if any. No maintenance of any vehicle shall be performed on the Common Elements. No vehicle shall be parked on any portion of the Common Area Elements permitted pursuant to rules and regulations adopted by the Board. The foregoing restriction shall not apply to any trucks or other vehicles owned by the Developer, Declarant, their contractors, subcontractors, material suppliers, agents and employees which may be parked on any portion of the Common Elements during the construction and marketing of the Development or necessary to make service calls.

(o) With the exception of machinery, equipment, building materials and supplies and similar items which the Developer may store or permit to be stored upon the Common Elements, no machinery, equipment, building materials and supplies or similar items may be stored, kept or maintained on any part of the Common Elements. No lawn furniture, swing sets, playpens, sandboxes, barbeques or other recreational or playground equipment may be placed or used on any part of the Common Elements. No basketball poles or nets shall be permitted on the exterior of the Building or anywhere on the Common Elements. No swimming pools (other than portable, non-permanent children's wading pools) shall be permitted on the Common Elements. No statuary, sculpture or other objects purporting to be artistic in nature shall be located outside on the Common Elements without the prior written approval of the Board.

(p) All exterior lighting and seasonal lighting and decorating on a Unit shall be subject to rules, regulations and limitations of the Board and all seasonal lighting and decorating shall be removed no later than thirty (30) days after the last day of the holiday to which they relate.

(q) No wall sleeve or window air conditioning unit shall be installed in any Unit without the prior approval of the Board. Each wall sleeve or window air conditioning unit permitted or approved pursuant to the immediately preceding sentence shall be neat, properly maintained and in keeping with the character of the community and shall be allowed only between May 1 and September 30 of each year.

(r) No sheds, greenhouses, solariums, out buildings, storage buildings, tents or other structures of any kind shall be erected on any part of a Unit or the Common Elements. Carports and garages, if any, shall be used for storage of vehicles as permitted herein and for no other purpose including, but not limited to, the making of mechanical repairs to vehicles. Garage doors, if any, shall remain closed to the extent possible.

(s) No Owner shall alter the grading of the Building or the Common Elements from the grading originally installed by the Developer. No Owner shall alter the landscaping originally furnished to the Building or the common Elements by the Developer or remove or add any shrubbery, trees, gardens, plants, rock gardens, fountains or other elements of landscaping on his the Building or Common Elements. No modifications in the

color, materials or otherwise of the exterior of a Unit from that originally furnished by the Developer shall be permitted without the approval of the Board.

(t) Possession and occupancy of each Unit, other than those owned by Declarant, the Highland Park Housing Commission or such other not-for-profit corporation established by either of them for the express purpose of owning and leasing Units, shall be expressly limited to the respective Unit Owner thereof, such Unit Owner's spouse and, provided that the Unit Owner or the Unit Owner's spouse remains in occupancy of his or her Unit, a resident caregiver and members of the Unit Owner's immediate family. If the foregoing restrictions on possession and occupancy are deemed to be restraints on alienation, they are hereby deemed to be reasonable restraints on alienation.

7.02 Repurchase Option. Each and every Unit Owner hereby grants a permanent, irrevocable option to repurchase his or her Unit (the "Option") to a Resale Entity (being defined as The Sunset Woods Housing Association, an Illinois not-for-profit corporation, or such other not-for-profit corporation established by the Highland Park Housing Commission for the purpose of acting as repurchaser and reseller of the Unit). The Option shall be operative upon the earlier of (i) the death of said Unit Owner and (ii) upon said Unit Owner or his or her agent providing written notice to the Resale Entity that said Unit Owner no longer desires to reside in the Unit (provided, however, that the Option shall not become operative if the spouse of said Unit Owner desires to continue to reside in the Unit until such time as such spouse no longer resides in the Unit). The Resale Entity shall, within thirty (30) days after receipt of notice of said Unit Owner's death or of said Unit Owner's desire to no longer reside in the Unit, elect to (a) repurchase the Unit from said Unit Owner or his or her successor in interest at the Formula Price (as hereinafter defined) or (b) assign its rights to acquire the Unit at the Formula Price (as hereinafter defined) to a third party purchaser from a waiting list to be developed by the Housing Commission. The Resale Entity shall give written notice of its election to said Unit Owner or his or her agent within five (5) days thereafter. If the Resale Entity assigns its rights to a third party purchaser, the transaction shall proceed directly between said Unit Owner or his or her successor in interest on the one hand, and the third party purchaser, on the other. The Resale Entity shall have an additional sixty (60) days after notice of its election within which to close the transaction where the Resale Entity elects to repurchase the Unit directly. The "Formula Price" shall be the lower of:

(a) the then-fair market value of the Unit as determined by an appraisal performed by an appraiser approved by the Housing Commission taking into account applicable use and occupancy restrictions which may be binding on the Unit; and

(b) the purchase price under the agreement by which said Unit Owner purchased the Unit, increased by an amount equal to the lesser of (i) three percent (3%) for each year (or part thereof) after the Closing Date during which said Unit Owner resided in the Unit and (ii) inflation as measured by the Consumer Price Index (All Urban Consumers, All Cities average, residential real estate) for the period of time that said Unit Owner resided in the Unit.

Said Unit Owner or his or her successor in interest shall deliver good and merchantable title to the Unit at the closing of the transaction contemplated pursuant to the Option, free and clear of all liens and encumbrances except for easements, covenants and restrictions of record, then-current general real estate taxes, special assessments, if any, and the liens of lenders on other Units. The costs and fees associated with the transaction contemplated pursuant to the Option shall be paid by the parties customarily obligated to pay such costs and fees in the resale of other condominium units in Lake County, Illinois at and around the time of the ripening of the Option.

7.03 Park Disclaimer. Every deed to a Unit shall contain, and all Unit Owners agree to be bound by the following provision: "Grantee represents and warrants that (i) he or she is aware that the Dwelling Unit hereby conveyed is included in a condominium which is adjacent to the property commonly known as 'Sunset Park'; (ii) Sunset Park is operated by the Park District of Highland Park and is extensively used for active public recreational purposes ('Purposes'); (iii) the Purposes cause and result in noise, light and pedestrian and vehicular traffic that are different and, in some cases, greater and more extreme, than results and causes from other property used for the same or similar purposes ('Results'); (iv) the purchase by Grantee is being made having been fully apprised of the Purposes and Results

and, based on the foregoing, Grantee does hereby waive, release and discharge the City of Highland Park, and all agencies and commissions thereof, the Park District of Highland Park, Grantor, and their respective officers, directors, shareholders, agents, employees, attorneys, successors and assigns (collectively, the 'Released Parties') of and from all manner of actions, causes of action, suits, trespasses, damages, judgments, claims and demands whatsoever, in law or in equity (collectively, 'Claims'), which Grantee or any successor or assign of Grantee ever had, now has or hereafter can, shall or may have against the Released Parties for, upon or by reason of the Purposes or Results."

7.04 Ownership and Rental Restrictions. Each Unit Owner, other than Declarant, the Highland Park Housing Commission or such other not-for-profit corporation established by either of them for the express purpose of owning and leasing Units, shall meet the following qualifications: (a) the head of the purchasing household (as the term "head of household" is defined in the Internal Revenue Code) or the spouse of such person, must be a Senior Citizen (62 years of age or older) on the date the contract to purchase the Unit is executed; (b) the Unit Owner shall meet the local preference and selection requirements established by the Highland Park Housing Commission from time to time; and (c) the Unit Owner will be either (i) one of eighteen (18) Unit Owners whose adjusted annual income does not exceed eight percent (8%) of the area median income, adjusted for family size (as published from time to time by the U.S. Department of Housing and Urban Development) or (ii) one of thirty (30) Unit Owners whose income does not exceed one hundred fifteen percent (115%) of area median income, adjusted for family size. All tenants of the Units owned by Declarant, the Highland Park Housing Commission or such other not-for-profit corporation established by either of them for the express purpose of owning and leasing Units, shall meet the following qualifications: (x) the head of the tenant household (as the term "head of household" is defined in the Internal Revenue Code) or the spouse of such person, must be a Senior Citizen (62 years of age or older) on the date the application to lease the Unit is executed; and (y) the tenants shall meet the local preference and selection requirements established by the Highland Park Housing Commission from time to time (such qualification, preference and selection requirements and policies being subject to the income, rent limitations and other program requirements imposed by any party providing financing with respect to Units owned by Declarant, the Highland Park Housing Commission or such other not-for-profit corporation established by either of them).

ARTICLE 8
DAMAGE, DESTRUCTION, CONDEMNATION
AND RESTORATION OF BUILDING

8.01 Sufficient Insurance. If the improvements forming a part of the Property, or any portion thereof, including any Units, shall suffer damage or destruction from any cause and the proceeds of any policy or policies insuring against such loss or damage, and payable by reason thereof, plus Capital Reserves, shall be sufficient to pay the cost of repair or restoration or reconstruction, then such repair, restoration or reconstruction shall be undertaken and the insurance proceeds and, if necessary, the Capital Reserve shall be applied by the Board or the payee of such insurance proceeds in payment therefor; provided, however, that in the event within one hundred eighty (180) days after said damage or destruction, the Unit Owners shall elect either to sell the Property as hereinafter provided in Article 9 hereof or to withdraw the Property from the provisions of this Declaration and from the provisions of the Act as therein provided, then such repair, restoration or reconstruction shall not be undertaken. In the event such repair, restoration or reconstruction shall not be undertaken, the net proceeds of insurance policies shall be divided by the Board or the payee of such insurance proceeds among all Unit Owners according to each Unit Owner's percentage of ownership in the Common Elements as set forth in Exhibit B, after first paying from the share of each Unit Owner the amount of any unpaid liens on his Unit, in the order of the priority of such liens.

8.02 Insufficient Insurance.

(a) If the insurance proceeds and the Capital Reserve are insufficient to reconstruct the Building and the Unit Owners and all other parties in interest do not voluntarily make provision for reconstruction of the Building within one hundred eighty (180) days from the date of damage or destruction, then the provisions of the Act shall apply.

(b) In the case of damage or other destruction in which fewer than one-half (1/2) of the Units are rendered uninhabitable, upon the unanimous affirmative vote of the Voting Members at a meeting called for the purpose, the Building or other portion of the Property shall be reconstructed. The meeting shall be held within thirty (30) days following the final adjustment of insurance claims, if any; otherwise, such meeting shall be held within ninety (90) days of the occurrence of the damage or other destruction. At such meeting the Board or its representatives shall present to the members present an estimate of the cost of repair or reconstruction, and the estimated amount of necessary assessments against each Unit Owner.

(c) In the case of damage or other destruction, upon the unanimous affirmative vote of the Voting Members at a meeting called for that purpose, any portion of the Property affected by such damage or destruction may be withdrawn from the Act. Upon the withdrawal of any Unit or portion thereof, the percentage of interest in the Common Elements appurtenant to such Unit or portion thereof shall be reallocated among the remaining Units on the basis of the percentage of interest of each remaining Unit. If only a portion of a Unit is withdrawn, the percentage of interest appurtenant to that Unit shall be reduced accordingly, upon the basis of diminution in market value of the Unit, as determined by the Board. The payment of just compensation, or the allocation of any insurance or other proceeds to any withdrawing or remaining Unit Owner shall be on an equitable basis, which need not be a Unit's percentage interest. Any insurance or other proceeds available in connection with the withdrawal of any portion of the Common Elements, not necessarily including the Limited Common Elements, shall be allocated on the basis of each Unit Owner's percentage interest therein. Any proceeds available from the withdrawal of any Limited Common Elements will be distributed in accordance with the interest of those entitled to their use. Upon the withdrawal of any Unit or portion thereof, the responsibility for the payment of assessments on such Unit or portion thereof by the Unit Owner shall cease.

8.03 Eminent Domain. If any portion of the Property is taken by condemnation or eminent domain proceedings, provision for withdrawal of the portions so taken from the provisions of the Act may be made by the Board. Upon the withdrawal of any Unit or portion thereof due to eminent domain, the percentage of interest in the Common Elements appurtenant to such Unit or portion so withdrawn shall be reallocated among the remaining Units on the basis of the percentage of interest of each remaining Unit. If only a portion of a Unit is withdrawn, the percentage of interest appurtenant to that Unit shall be reduced accordingly, upon the basis of diminution in market value of the Unit, as determined by the Board, and the other unit Owners' percentages shall be correspondingly increased. The allocation of any condemnation award or other proceeds to any withdrawing or remaining Unit Owner shall be on an equitable basis, which need not be a Unit's percentage interest. Any condemnation award or other proceeds available in connection with the withdrawal of any portion of the Common Elements, not necessarily including the Limited Common Elements, shall be allocated on the basis of each Unit Owner's percentage interest therein. Proceeds available from the withdrawal of any Limited Common Element will be distributed in accordance with the interests of those entitled to their use. Upon the withdrawal of any Unit or portion thereof, the responsibility for the payment of assessments on such Unit or portion thereof by the Unit Owner shall cease. The Association shall represent the Unit Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for the acquisition of the Common Elements or any part thereof. In the event of the total taking of the Property by eminent domain, the condemnation award available in that connection shall be divided by the Association among all Unit Owners according to each Unit Owner's percentage of ownership in the Common Elements as set forth in Exhibit B, after first paying from the share of each Unit Owner the amount of any unpaid liens on his Unit, in the order of the priority of such liens.

8.04 Repair, Restoration or Reconstruction of the Improvements. As used in this Article, "repair, restoration or reconstruction" of improvements means restoring the improvements to substantially the same condition in which they existed prior to the damage or destruction, with each Unit and Common Element having the same vertical and horizontal boundaries as before, unless, if allowed by the Act, other action is approved by First Mortgagees of Unit Ownerships, whose Unit Owners constitute a Majority of the Unit Owners. Any repair, restoration or reconstruction shall be in accordance with law and this Declaration.

ARTICLE 9
SALE OF THE PROPERTY

9.01 Sale. At a meeting duly called for such purpose and attended by all Unit Owners, the Unit Owners by affirmative vote of Unit Owners who own eighty-five percent (85%) or more in the aggregate of the entire percentage ownership interest in the Common Elements may elect to sell the Property as a whole. Within ten (10) days after the date of the meeting at which such sale is approved, the Board shall give written notice of such action to each First Mortgagee. Such action shall be binding upon all Unit Owners, and it shall thereupon become the duty of every Unit Owner to execute and deliver such instruments and to perform all acts as in manner and form may be necessary to effect such sale.

ARTICLE 10
REMEDIES

10.01 Violations. Upon the occurrence of any one or more of the following events, the Board shall have the rights and remedies set forth in Section 10.02 of this Declaration:

(a) Failure by a Unit Owner to pay when due any sums required to be paid by such Unit Owner pursuant to Sections 4.05, 4.06 and 4.08(b), Article 6, or other provisions of this Declaration, for thirty (30) days after written notice of such nonpayment shall have been given such Unit Owner; provided that such defaulting Unit Owner shall not be entitled to written notice and opportunity to cure such failure if such Unit Owner has been given three (3) or more notices pursuant to this Section 10.01(a) during the twelve (12) month period immediately preceding the first day of such failure.

(b) Violation or breach by a Unit Owner or an Occupant of any provision, covenant or restriction of the Act, Declaration, the By-Laws, contractual obligation to the Board or Association undertaken by such Unit Owner, or rules and regulations promulgated by the Board, and continuation of such violation or breach for thirty (30) days after written notice thereof shall have been given such Unit Owner; provided that such defaulting Unit Owner shall not be entitled to written notice and opportunity to correct such violation or breach if such Unit Owner has been given three (3) or more notices pursuant to this Section 10.01(b) during the twelve (12) month period immediately preceding the first day of such violation or breach.

10.02 Remedies. Upon the occurrence of any one or more of the events described in Section 10.01, the Board shall have the following rights and remedies:

(a) The Board shall have the right to immediate possession of the defaulting Unit Owner's Unit after service by the Board on such Unit Owner, in the manner set forth in Section 13.02 hereof, of a notice to quit and deliver up possession, which right may be enforced by an action for possession under "An Act in regard to Forcible Entry and Detainer," approved February 16, 1874, as amended.

(b) For a violation or breach described in Section 10.01(b) hereof, the Board shall have the right: (i) to enter upon that part of the Property where such violation or breach exists and summarily abate or remove or do whatever else may be necessary to correct, at the expense of the defaulting Unit Owner, any such violation or breach or the cause of such violation or breach, and Declarant, or its successors or assigns, or the Board, or its agents, shall not thereby be deemed guilty in any manner of trespass; or (ii) to enjoin, abate or remedy by a proceeding at law or in equity the continuance of any such violation or breach provided, however, that no summary abatement shall be undertaken in connection with any alteration or demolition of improvements until judicial proceedings are instituted.

(c) Upon the occurrence of one of the events described in Section 10.01(a) hereof, including, without limitation, failure by a Unit Owner to pay his percentage share of Common Expenses or user charges, the Board shall have a lien on the interest of the defaulting Unit Owner in his Unit Ownership in the amount of any sums due from such Unit Owner; provided, however, that such lien shall be subordinate to the lien of a prior recorded first mortgage on the interest of such Unit Owner. Except as hereinafter provided, the lien

provided for in this Section 10.02(c) shall not be affected by any transfer of title to the Unit Ownership. Where title to the Unit Ownership is transferred pursuant to a decree of foreclosure or by deed or assignment in lieu of foreclosure, such transfer of title shall, to the extent permitted by law, extinguish the lien described in this Section 10.02(c) for any sums which became due prior to (i) the date of the transfer of title, or (ii) the date on which the transferee comes into possession of the Unit Ownership, whichever occurs first. However, the transferee of a Unit Ownership shall be liable for his share of any sums with respect to which a lien against his Unit Ownership has been extinguished pursuant to the preceding sentence which are reallocated among the Unit Owners pursuant to a subsequently adopted annual revised or special assessment, and nonpayment thereof by such transferee shall result in a lien against the transferee's Unit Ownership as provided in this Section 10.02(c).

(d) The Board shall have the power to issue to the defaulting Unit Owner a ten (10) day notice in writing to terminate the right of said defaulting Unit Owner to continue as a Unit Owner and to continue to occupy, use or control his Unit Ownership and thereupon an action may be filed by the Board against the defaulting Unit Owner for a decree declaring the termination of the defaulting Unit Owner's right to occupy, use or control the Unit owned by him and ordering that all the right, title and interest of said defaulting Unit Owner in the Property shall be sold at a judicial sale, upon such notice and terms as the court shall determine, except that the court shall enjoin and restrain the defaulting Unit Owner from reacquiring his interest in the Unit Ownership at such judicial sale. It shall be a condition of any such sale and the decree shall so provide that the purchaser shall take the interest in the Unit Ownership sold subject to this Declaration. The proceeds of any such judicial sale shall first be paid to discharge court costs, court reporter charges, reasonable attorney's fees, and all other expenses of the proceeding and sale, and all such items shall be taxes against the defaulting Unit Owner in said decree. Any balance of proceeds, after satisfaction of such charges and any unpaid assessments or other sums due hereunder or any liens, shall be paid to the defaulting Unit Owner. Upon the confirmation of such sale, the purchaser at such sale shall be entitled to a deed to the Unit Ownership and to immediate possession of the Unit sold and may apply to the court for a writ of assistance for the purpose of acquiring such possession.

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

(f) Upon the occurrence of one of the events described in Section 10.01(a), the Board may accelerate the maturity of the remainder of installments of Common Expenses due from such defaulting Unit Owner for the balance of the assessment year.

(g) All expenses incurred by the Board in connection with any actions, proceedings or self-help in connection with the exercise of its rights and remedies under this Article, including, without limitation, court costs, reasonable attorneys fees and all other fees and expenses, and all damages, together with interest thereon at the rate of eighteen percent (18%) per annum (or such lesser rate charged by law should eighteen percent (18%) be held to be in excess of the maximum legal rate allowable by law), shall be charged to and assessed against the defaulting Unit Owner, and shall be added to and deemed part of his respective share of the Common Expenses, and the Board shall have a lien for all of the same upon the Unit Ownership of such defaulting Unit Owner and upon all of his additions and improvements thereto and upon all his personal property in his Unit or located elsewhere on the Property.

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10.03 Enforcement by Unit Owners. Any aggrieved Unit Owner may enforce the provisions of this Declaration, the By-Laws or any rules and regulations promulgated by the Board by an action at law or in equity against the defaulting Unit Owner or Occupant upon a violation or breach described in Section 10.01(b) hereof against any person or persons either to restrain such violation or breach or to recover damages.

10.04 Mediation of Disputes. For claims or disputes among Unit Owners, between a Unit Owner and the Board or the Association, between Unit Owners and Developer or Declarant or between the Board or the Association and Developer or Declarant, if the matter in controversy (a) has no specific monetary value, (b) has a value not exceeding \$10,000, or (c) arises out of violations of this Declaration, the By-Laws or the rules and regulations of the Association, the parties involved in such claims or disputes shall first attempt to resolve the claims or disputes through non-binding mediation before pursuing such claims or disputes in a court of competent jurisdiction. By agreement of the parties involved, claims and disputes falling outside the scope of (a), (b) and (c) also may elect to enter into mediation first. The mediator shall be from a mediation organization generally recognized in the Chicago metropolitan area. The parties involved in such claims or disputes shall bear the costs of such mediation equally; provided, however, that if one party clearly prevails, the mediator may require the non-prevailing party to bear the costs of such mediation. Each claim, counterclaim and dispute shall specify the nature of such claim, counterclaim or dispute and the requested remedy sought and, if mediation fails to resolve the claims and disputes, any future suit or claim brought in a court of competent jurisdiction shall be based on the claims, counterclaims and disputes brought to mediation.

ARTICLE 11 MISCELLANEOUS PROVISIONS RESPECTING MORTGAGES

11.01 Mortgages. The following provisions are intended for the benefit of each holder of a recorded first mortgage or trust deed encumbering a Unit Ownership ("First Mortgagee") and to the extent, if at all, that any other provisions of this Declaration conflict with the following provisions, the following provisions shall control:

(a) Upon request in writing to the Association identifying the name and address of the First Mortgagee or the insurer or guarantor of a recorded first mortgage or trust deed on a Unit ("Insurer or Guarantor") and the Unit number, the Association shall furnish each First Mortgagee, Insurer or Guarantor a written notice of any Unit Owner's obligations under this Declaration which is not cured within thirty (30) days. Any First Mortgagee of a Unit, as well as any other holder of a prior recorded mortgage on a Unit Ownership, who comes into possession of the said Unit Ownership pursuant to the remedies provided in the mortgage, foreclosure of the mortgage or deed (or assignment) in lieu of foreclosure shall, to the extent permitted by law, take such property free of any claims for unpaid assessments or charges in favor of the Association against the mortgaged Unit Ownership which become due prior to (i) the date of the transfer of title, or (ii) the date on which the holder comes into possession of the Unit Ownership, whichever occurs first (except for any sums which are reallocated among the Unit Owners pursuant to the last sentence of Section 10.02(c) hereof).

(b) Upon request in writing, each First Mortgagee, Insurer or Guarantor shall have the right:

(i) to examine current copies of this Declaration, the By-Laws, rules and regulations and the books and records of the Association during normal business hours;

(ii) to receive, without charge and within a reasonable time after such request, (1) in the case of Blanket Mortgagee, audited financial statements which are prepared and distributed by the Association to the Unit Owners at the end of each of its respective fiscal years, and (2) in the case of First Mortgagees, any annual audited or unaudited financial statements which are prepared and distributed by the Association to the Unit Owners at the end of each of its respective fiscal years; provided, however, that in the event an audited financial statement is not available, at the request of fifty-one percent (51%) or more of the First Mortgagees (by number), the First Mortgagees shall be entitled to have such an audited statement prepared at their expense;

(iii) to receive written notices of all meetings of the Association and to designate a representative to attend all such meetings, such notice to be given not less than five (5) days prior to any such meeting;

(iv) to receive written notice of any decision by the Unit Owners to make a material amendment to the Declaration, By-Laws contained herein or Articles of Incorporation;

(v) to receive written notice of any lapse, cancellation or modification of any insurance policy or fidelity bond maintained by the Association;

(vi) to receive written notice of any action which would require the consent of a specified percentage of First Mortgagees; and

(vii) to receive written notice of any judgment entered against the Association in a court with appropriate jurisdiction.

(c) No provision of this Declaration or the Articles of Incorporation of the Association or any similar instrument pertaining to the Property or the Units therein shall be deemed to give a Unit Owner or any other party priority over the rights of the First Mortgagees pursuant to their mortgages in the case of distribution to Unit Owners of insurance proceeds or condemnation awards for losses to or a taking of the Units, or the Common Elements, or any portion thereof or interest therein. In such event, the First Mortgagees, Insurers or Guarantors of the Units affected shall be entitled, upon specific written request, to timely written notice of any such loss.

(d) Unless the First Mortgagees of all of the Unit Ownerships which are a part of the Property have given their prior written approval, neither the Association nor the Unit Owners shall be entitled to:

(i) by act or omission seek to abandon or terminate the condominium regime, except for abandonment provided by the Act in case of substantial loss to or condemnation of the Units or the Common Elements.

(ii) change the prorata interest or obligations of any Unit Owner for (1) purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, and (2) determining the prorata share of ownership of each Unit Owner in the Common Elements, except as provided in Sections 8.02 and 8.03 hereof.

(iii) use hazard insurance proceeds for losses to any Property (whether to Units or to Common Elements) for other than the repair, replacement or construction of such improvements, except as provided by the Act in case of substantial loss to the Units or the Common Elements.

(e) Unless the First Mortgagees of the individual Unit Ownership representing at least fifty one percent (51%) of the votes in the Association and Blanket Mortgagee have given their prior written approval, neither the Association nor the Unit Owners shall be entitled to do or permit to be done any of the following:

(i) Adoption of an amendment to this Declaration which (1) changes Section 10.02(c), (2) changes Article 11 or any other provision of this Declaration which specifically grants rights to First Mortgagees, (3) materially changes insurance and fidelity bond requirements, (4) imposes a right of first refusal or similar restriction on the right of an Owner to sell, transfer or otherwise convey his Unit Ownership materially different from that presently contained in this Declaration, or (5) changes the provisions concerning the leasing of Unit Ownerships which would be binding on First Mortgagees;

(ii) The abandonment, partition, subdivision, encumbrance, sale or transfer of the Common Elements (except for the granting of easements for public utilities or for other purposes consistent with

the intended use of the Property and except for the encumbrance, sale or transfer of the percentage of ownership in the Common Elements in connection with the encumbrance, sale or transfer of a Unit Ownership or the lease, license, concession or grant of easement with respect to the Common Elements permitted by this Declaration);

(iii) The sale of the Property;

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

(v) The effectuation of a decision by the Association to terminate professional management and assume self-management of the condominium; and

(vi) The modification of the provisions of this Declaration pertaining to (1) the Unit Owners' voting rights, (2) the assessment determinations or the liens that arise from the nonpayment of assessments, or (3) the creation and use of the Capital Reserve; and

(vii) the reallocation of the Unit Owners' interests in the Common Elements.

(f) Upon specific written request to the Association, each First Mortgagee, Insurer or Guarantor of a Unit Ownership shall be furnished notice in writing by the Association of any damage to or destruction or taking of the Common Elements if such damage or destruction or taking exceeds Ten Thousand Dollars (\$10,000.00), or if damages shall occur to a Unit in excess of One Thousand Dollars (\$1,000.00), notice of such event shall also be given.

(g) If any Unit or portion thereof or the Common Elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the First Mortgagee, Insurer or Guarantor of the Unit Ownership involved will be entitled to timely written notice, upon specific written request, of any such proceeding or proposed acquisition and no provisions of any documents will entitle the owner of a Unit Ownership or other party to priority over such First Mortgagee with respect to the distribution of the proceeds of any award or settlement.

(h) Whenever required, the consent of a First Mortgagee shall be deemed granted unless the party seeking the consent is advised to the contrary in writing by the First Mortgagee within thirty (30) days after making the request for counsel.

If any or all of the foregoing provisions of this Section 11.01 are violated, the First Mortgagees shall retain any and all rights at law or in equity to enforce such provisions.

ARTICLE 12 TRANSFER OF A UNIT

12.01 Limits on Transfers. Provided that a proposed purchaser or tenant of any Unit agree to abide by the terms and conditions of the Act, this Declaration and the rules and regulations promulgated by the Board, the Board shall not have the first right and option to purchase or lease such Unit Ownership. The foregoing shall in no way affect or diminish the Option granted pursuant to Section 7.02 hereof.

12.02 Limits on Lease Terms. No Unit shall be leased or subleased except for Units owned by Declarant, the Highland Park Housing Commission or such other not-for-profit corporation established by either of them for the express purpose of owning and leasing Units. Each lease of any one or more Units shall be in writing and a copy of every such lease, as and when executed shall be furnished to the Board. The lessee under every such lease shall be bound by and subject to all of the obligations under this Declaration and By-Laws and the failure of the lessee to comply therewith shall constitute a default under the lease which shall be enforceable by the Board or the Association, and the lease shall

be deemed to expressly so provide. The Unit Owner making such lease shall not be relieved thereby from any of said obligations. Notwithstanding the foregoing, Declarant may lease any Unit owned by them for any term until such time as Declarant ceases owning such Unit.

12.03 Consent of Voting Members. The Board shall not purchase or lease any Unit Ownership or interest therein, without the prior written consent of the Voting Members having not less than two-thirds (2/3) of the total votes. The Board or its duly authorized representatives, acting on behalf of the other Unit Owners, may bid to purchase at any sale of a Unit Ownership or interest therein of any Unit Owner, which is held pursuant to an order or direction of a court, upon the prior written consent of the voting members having not less than two-thirds (2/3) of the total votes, which consent shall set forth a maximum price which the Board or its duly authorized representatives are authorized to bid and pay for said Unit Ownership or interest therein.

12.04 No Right of First Refusal Certificate. Upon the request of a Unit Owner, the Secretary of the Board of the Association shall execute and deliver a certificate stating that the Board does not have a right of first refusal to purchase or lease such Unit Owner's Unit. Such a certificate may be part of an assessment letter.

12.05 Proof of Termination of Option. The certificate described in Section 12.04 hereof shall be conclusive evidence upon the Board and the Unit Owners in favor of all persons who rely thereon in good faith and such certificate shall be furnished to any Unit Owner who has in fact complied with the provisions of this Article 12, upon request at a reasonable fee not to exceed Ten Dollars (\$10.00).

12.06 Financing of Purchase by Association. The Board shall have authority to make such mortgage arrangements and other financing arrangements, and to authorize such special assessments proportionately among the respective Unit Owners, as the Board may deem desirable, in order to close and consummate the purchase or lease of a Unit Ownership, or interest therein, by the Association.

12.07 Miscellaneous.

(b) The Association shall hold title to or lease any Unit Ownership, pursuant to the terms hereof, in the name of the Association, or a nominee thereof delegated by the Board, for the sole benefit of all Unit Owners. The Board shall have the authority at any time to sell, mortgage, lease or sublease said Unit Ownership on behalf of the Association upon such terms as the Board shall deem desirable, but in no event shall a Unit be sold (other than pursuant to a foreclosure or deed in lieu of foreclosure) for less than the amount paid by the Association to purchase said Unit Ownership unless Unit Owners owning not less than seventy five percent (75%) of the total ownership of the common Elements first authorize the sale for such lesser amount. All of the net proceeds from such a sale, mortgage, lease or sublease shall be applied in such manner as the Board shall determine.

(c) The Board may adopt rules and regulations, from time to time, not inconsistent with the provisions of this Article 12, for the purpose of implementing and effectuating said provisions.

ARTICLE 13
GENERAL PROVISIONS

13.01 Certain Rights of Developer and Declarant. Until the time established by the Declaration for the election of the initial Board by the Unit Owners, the rights, titles, powers, privileges, trusts, duties and obligations vested in or imposed upon the Board in the Act and in this Declaration shall be held and performed by Developer and/or Declarant, which may be exercised by the designation of an initial Board in accordance with Sections 5.01 and 5.06 hereof. If the initial Board shall not be elected by the Unit Owners at the time established by this Declaration, Developer and/or Declarant shall continue in the aforesaid office for a period of thirty (30) days after written notice of its resignation is sent to all of the Unit Owners entitled to vote at such election. In exercising such rights and the other rights reserved by Developer and/or Declarant pursuant to this Declaration, Developer and/or Declarant shall not be under any disability which would otherwise be imposed by law by reason of Developer's and/or Declarant's interest in the subject matter of

any transaction, provided, however, that any such transaction shall have been entered into in good faith. Without limiting the foregoing rights, Developer and Declarant also shall retain the right prior to the election of the initial Board by the Unit Owners to retain a management company to operate the Property in the manner set forth in Section 5.07 hereof, such management company's fees to be reasonably consistent with similarly sized and situated condominium properties in the Chicago metropolitan area. The management company, if any, retained by Developer and/or Declarant may be an affiliate of Developer.

13.02 Manner of Giving Notices. Notices provided for in this Declaration and in the Act to be given to the Board or Association shall be in writing and addressed to the Unit address of each member of the Board or at such other address as otherwise provided herein. Notices provided for in this Declaration and in the Act to any Unit Owner shall be in writing and addressed to the Unit address of said Unit Owner, or at such other address as otherwise provided herein, including, without limitation, in Section 5.05 hereof. Any Unit Owner may designate a different address or addresses for notices to him by giving written notice of his change of address to the Board or Association. Notices addressed as above shall be deemed delivered when mailed by United States registered or certified mail or when delivered in person with written acknowledgment of the receipt thereof, or, if addressed to a Unit Owner, when deposited in his mailbox at such address as is designated pursuant hereto.

13.03 Notice to Mortgagees. Upon written request to the Board, notices shall be given to a First Mortgagee as required under Article 11.

13.04 Notices of Estate or Representatives. Notices required to be given any devisee, heir or personal representative of a deceased Unit Owner may be delivered either personally or by mail to such party at his or its address appearing in the records of the court wherein the estate of such deceased Unit Owner is being administered.

13.05 Conveyance and Leases. Each grantee of Declarant, each subsequent grantee by the acceptance of a deed of conveyance, each purchaser under Articles of Agreement for Deed, and each tenant under a lease for a Unit Ownership, accepts the same subject to all restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations hereby imposed, shall be deemed and taken to be covenants running with the land and shall bind any person having at any time an interest or estate in the Property, and shall inure to the benefit of such Unit Owner in like manner as though the provisions of the Declaration were recited and stipulated at length in each and every deed of conveyance.

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

13.07 Change, Modification or Rescission. No provision of this Declaration affecting the rights, privileges and duties of Developer and/or Declarant may be modified without their respective written consent. The provisions of Article 11, Section 10.02, Section 13.12 and the following provisions of this Section 13.07 may be changed, modified or rescinded by an instrument in writing setting forth such change, modification or rescission, signed and acknowledged by the President or a Vice-President of the Board, and by all of the Unit Owners and all First Mortgagees. Other provisions of this Declaration may be changed, modified or rescinded as provided in Section 13.12 hereof or by an instrument in writing setting forth such change, modification or rescission signed and acknowledged by the President or a Vice-President of the Board, and approved by the Unit Owners having, in the aggregate, at least sixty-seven percent (67%) of the total vote, at a meeting called for that purpose; provided, however, that (i) all First Mortgagees have been notified by certified mail of any change, modification or rescission, (ii) an affidavit by the Secretary of the Board certifying to such mailing is made a part of such instrument, and (iii) any provisions herein which specifically grant rights to First Mortgagees may be amended only with the written consent of all such First Mortgagees, except in those instances in which the approval of less than all First Mortgagees is required. The change, modification or rescission shall be effective upon recordation of such instrument in the Office of the Recorder of Deeds of Cook County, Illinois; provided, however, that no such change, modification or rescission, other than as provided in Section 13.12 hereof, shall change the boundaries of any Unit, the allocation of percentages of ownership in the Common Elements and votes in the

Association, quorum and voting requirements for action by the Association, or liability for Common Expenses assessed against any Unit, except to the extent authorized by other provisions of this Declaration or by the Act.

13.08 **Partial Invalidity.** The invalidity of any covenant, restriction, condition, limitation or any other provision of this Declaration, or any part of the same, shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Declaration.

13.09 **Perpetuities and Other Invalidity.** If any of the options, privileges, covenants or rights created by this Declaration would otherwise be unlawful or void for violation of (i) the rule against perpetuities or some analogous statutory provisions, (ii) the rule restricting restraints on alienation, or (iii) any other statutory or common law rules imposing time limits, then such provision shall continue only until twenty-one (21) years after the death of the survivor of the now living lawful descendants of William J. Clinton, President of the United States.

13.10 **Liberal Construction.** The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of a first-class condominium development.

13.11 **Ownership by Land Trustee.** If title to any Unit Ownership is conveyed to a land title holding trust, under the terms of which all powers of management, operation and control of the Unit Ownership remain vested in the trust beneficiary or beneficiaries, then the Unit Ownership under such trust and the beneficiaries thereunder from time to time shall be responsible for payment of all obligations, liens or indebtedness and for the performance of all agreements, covenants and undertakings chargeable or created under this Declaration against such Unit Ownership. No claim shall be made against any such title holding trustee personally liable for payment of any lien or obligation hereunder created and the trustee shall not be obligated to sequester funds or trust property to apply in whole or in part against such lien or obligation. The amount of such lien or obligation shall continue to be a charge or lien upon the Unit Ownership and the beneficiaries of such trust notwithstanding any transfers of the beneficial interest of any such trust or any transfers of title of such Unit Ownership.

13.12 **Special Amendment.** Developer and/or Declarant reserve the right and power to record a special amendment ("Special Amendment") to this Declaration at any time and from time to time which amends this Declaration (i) to comply with requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, the Federal Housing Association, the Veteran's Administration or any other governmental agency or any other public, quasi-public or private entity which performs (or may perform) functions similar to those currently performed by such entities, (ii) to induce any of such agencies or entities to make, purchase, sell, insure or guarantee first mortgages covering Unit Ownerships, (iii) to bring this Declaration into compliance with the Act, (iv) to correct clerical or typographical or similar errors in this Declaration or any Exhibit hereto or any supplement or amendment thereto or (v) to modify, combine, subdivide or otherwise alter Units or Limited Common Elements owned by Declarant; provided, however, that such supplements or amendments have no material impact on other Unit Owners, including no impact on such other Unit Owners' percentage interest in the Common Elements. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to Developer and/or Declarant to vote in favor of, make or consent to a Special Amendment on behalf of each Unit Owner as proxy or attorney-in-fact, as the case may be. Each deed, mortgage, trust deed, other evidence of obligation or other instrument affecting a Unit Ownership, and the acceptance thereof, shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of, the power to Developer and/or Declarant to vote in favor of, make, execute and record Special Amendments. The right of Developer and/or Declarant to act pursuant to rights reserved or granted under this Section shall terminate at such time as Declarant no longer holds or controls title to a Unit Ownership.

13.13 **Zoning.** No Unit Owner shall make any alteration, addition or improvement or allow any use of their Unit or take or fail to take any action which would violate the provisions of the City of Highland Park Zoning Ordinance, as said ordinance may be amended from time to time, or any similar or successor ordinance in effect from time to time hereafter and applicable to the Property or any portions thereof. No Unit Owner shall have the right to request or obtain any amendment to the City of Highland Park Zoning Ordinance as applicable to the Property without the consent of

three-fourths (3/4) of the votes of the other Unit Owners voting on the basis of their respective percentage interests in the Common Elements as provided in Section 5.03(a) hereof.

13.14 Assignments by Declarant. All rights which are specified in this Declaration to be rights of Declarant are mortgageable, pledgeable, assignable or transferable. Any successor to, or assignee of, the rights of Declarant hereunder (whether as the result of voluntary assignment, foreclosure, assignment in lieu of foreclosure or otherwise) shall hold or be entitled to exercise the rights of Declarant hereunder as fully as if named as such party herein. No party exercising rights as Declarant hereunder shall have or incur any liability for the acts of any other party which previously exercised or subsequently shall exercise such rights.

IN WITNESS WHEREOF, Developer and Declarant have executed this Declaration as of the date first set forth above.

DEVELOPER:

INTERSHORE HOUSING PARTNERS, L.L.C., an Illinois limited liability company

By: BRINSHORE DEVELOPMENT LLC, an Illinois limited liability company, its Managing Member

By: BRINT DEVELOPMENT, INC., an Illinois corporation, a Managing Member

By: _____
Its: President

DECLARANT:

THE SUNSET WOODS ASSOCIATION, an Illinois not-for-profit corporation

By: _____
Its: President
Secretary

STATE OF ILLINOIS)
)SS
COUNTY OF COOK)

The undersigned, a Notary Public in and for the County and State aforesaid, do hereby certify that David B. BRINT, the President of Brint Development, Inc., personally known to me to be the same person whose name is subscribed to the foregoing instrument as such President, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act, as the free and voluntary act of said corporation, as the free and voluntary act of Brinshore Development LLC, of which said corporation is a managing member, and as the free and voluntary act of Intershore Housing Partners, L.L.C., of which Brinshore is the managing member, for the uses and purposes therein set forth.

GIVEN, under my hand and Notarial Seal June 17, 2002.



Myrna R. Tyson
Notary Public

My Commission Expires: 11/02/05

STATE OF ILLINOIS)
)SS
COUNTY OF LAKE)

Jeffrey Beckman Secretary
The undersigned, a Notary Public in and for the County and State aforesaid, do hereby certify that Jeffrey Beckman the President of The Sunset Woods Association, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such President, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN, under my hand and Notarial Seal June 17, 2002.



Myrna R. Tyson
Notary Public

My Commission Expires: 11/02/05

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STATE OF ILLINOIS)
)SS
COUNTY OF COOK)

The undersigned, a Notary Public in and for the County and State aforesaid, do hereby certify that David B. BRINT, the President of Brint Development, Inc., personally known to me to be the same person whose name is subscribed to the foregoing instrument as such President, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act, as the free and voluntary act of said corporation, as the free and voluntary act of Brinshore Development LLC, of which said corporation is a managing member, and as the free and voluntary act of Intershore Housing Partners, L.L.C., of which Brinshore is the managing member, for the uses and purposes therein set forth.

GIVEN, under my hand and Notarial Seal June 17, 2002.



Myrna R. Tyson
Notary Public
My Commission Expires: 11/02/05

STATE OF ILLINOIS)
)SS
COUNTY OF LAKE)

The undersigned, a Notary Public in and for the County and State aforesaid, do hereby certify that _____, the President of The Sunset Woods Association, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such President, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN, under my hand and Notarial Seal June 17, 2002.

Notary Public

My Commission Expires: _____

CONSENT OF JUNIOR MORTGAGEE

The Illinois Housing Development Authority, holder of a certain Junior Mortgage (the "Junior Mortgage") on the Property dated May 3, 2001 and recorded May 4, 2001 as Document Number 4685716 hereby consents to the execution, delivery and recording of the Declaration of Condominium Ownership and of Easements, Restrictions, Covenants and By-laws for the Sunset Woods Condominium Association (the "Declaration") and agrees that the lien of the Junior Mortgage is subordinate to the Declaration and is subordinate to the provisions of the Illinois Condominium Property Act.

IN WITNESS WHEREOF, The Illinois Housing Development Authority has caused this Consent of Junior Mortgagee to be signed by its duly authorized officer on its behalf; all done at Chicago, Illinois, on this 17th day of June, 2002.

THE ILLINOIS HOUSING DEVELOPMENT AUTHORITY

By: [Signature]
Its: Assistant Executive Director

RM

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

The undersigned, a Notary Public in and for said County and State, do hereby certify that Peter K. Lennon, the Assistant Executive Director of The Illinois Housing Development Authority, a body politic and corporate, as such Assistant Executive Director appeared before me this day in person and acknowledged that he signed, sealed and delivered said instrument as his free and voluntary act, and as the free and voluntary act of said body politic and corporate, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal June 17, 2002.

[Signature]
Notary Public
My Commission Expires: 9-29-02



CERTIFICATE OF DEVELOPER

INTERSHORE HOUSING PARTNERS, L.L.C., an Illinois limited liability company, hereby certifies that, prior to the execution by it or its agent of any agreement for the sale of a Unit, it has given a copy of the Notice of Intent required by the Act to all persons who were tenants of the Property on the date the Notice of Intent was given.

Dated: June 17, 2002

INTERSHORE HOUSING PARTNERS, L.L.C., an Illinois limited liability company

By: BRINSHORE DEVELOPMENT LLC, an Illinois limited liability company, its Managing Member

By: BRINT DEVELOPMENT, INC., an Illinois corporation, a Managing Member

By: *David B. Brint*
Its: President

STATE OF ILLINOIS)
)SS
COUNTY OF COOK)

The undersigned, a Notary Public in and for the County and State aforesaid, do hereby certify that David B. Brint, the President of Brint Development, Inc., personally known to me to be the same person whose name is subscribed to the foregoing instrument as such President, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act, as the free and voluntary act of said corporation, as the free and voluntary act of Brinshore Development LLC, of which said corporation is a managing member, and as the free and voluntary act of Intershore Housing Partners, L.L.C., of which Brinshore is the managing member, for the uses and purposes therein set forth.

GIVEN, under my hand and Notarial Seal June 17, 2002.



Myrna R. Tyson
Notary Public
My Commission Expires: *11/02/05*

**EXHIBIT A
TO
DECLARATION OF CONDOMINIUM OWNERSHIP AND BY-LAWS,
EASEMENTS, RESTRICTIONS AND COVENANTS FOR
SUNSET WOODS CONDOMINIUM ASSOCIATION**

Legal Description of Property

**EXHIBIT C
TO
DECLARATION OF CONDOMINIUM OWNERSHIP AND BY-LAWS,
EASEMENTS, RESTRICTIONS AND COVENANTS FOR
SUNSET WOODS CONDOMINIUM ASSOCIATION**

Percentage Ownership in Common Elements

<u>Unit</u>	<u>Percentage Ownership</u>	<u>Unit</u>	<u>Percentage Ownership</u>	<u>Unit</u>	<u>Percentage Ownership</u>
101	1.7299%	212	1.2614%	306	1.5032%
102	1.6085%	214	1.2614%	307	1.5032%
103	1.2614%	215	1.9615%	309	1.7299%
104	1.3771%	216	1.2614%	311	1.9615%
105	1.3771%	217	1.9615%	312	1.2614%
106	1.3771%	219	1.9615%	314	1.2614%
107	1.3771%	221	1.9615%	315	1.9615%
109	1.7299%	223	1.7299%	316	1.2614%
111	1.9615%	230	1.6085%	317	1.9615%
112	1.2614%	231	1.9615%	319	1.9615%
115	1.9615%	232	1.9615%	321	1.9615%
201	1.7299%	233	1.9615%	323	1.9615%
202	1.5032%	234	1.9615%	330	1.4928%
203	1.2614%	235	1.9615%	331	1.9615%
204	1.3771%	236	1.7299%	332	1.9615%
205	1.5032%	237	1.7299%	333	1.9615%
206	1.3771%	301	1.9615%	334	1.9615%
207	1.5032%	303	1.2614%	335	1.9615%
209	1.7299%	304	1.3771%	336	1.7299%
211	1.7299%	305	1.3771%	337	1.7299%
				Total:	100.0000%

FRANK B. PEERS HOUSING

Balance Sheet

Month Ending 04/30/13

ASSETS

Current Assets

1110-0000 - Petty Cash	300.00
1121-0000 - Cash - Operating	15,619.00
1130-0000 - Tenant/member accounts receivable	87.00
1131-0000 - Accounts receivable - subsidy	53,062.00
1240-0000 - Prepaid property and liability insurance	4,073.18
Total Current Assets	73,141.18

Other Assets

1290-0000 - Misc Prepaid Expenses	542.48
1192-0000 - Tenant Sec Dep	21,887.68
1310-0000 - Real estate tax escrow	137,567.80
1311-0000 - Insurance escrow	26,463.01
1330-0000 - Debt Service Escrow	138,750.39
1140-0000 - Accounts Receivable - Other	3,284.36
1630-0000 - Utility Deposit - Gas	2,458.00
1320 - Replacement Reserve	147,358.47
1340 - Residual Receipt	31,874.62
Total Other Assets	510,186.81

Fixed Assets

1420-0000 - Building	1,848,860.15
1420-0001 - Building Improvements	86,413.87
1430-0000 - Land Improvements	1,619,406.39
1450-0000 - Furniture for project/tenant use	507,019.34
1497-0000 - Site improvements	172,218.77
4120-0000 - Accum depr - buildings	(3,157,701.64)
1498-0000 - Current F/A	579.15
Total Fixed Assets	1,076,796.03

Financing Costs

1900-0001 - Deferred Financing Costs	192,398.85
1999-0000 - Accum Amort - Bond Costs	(57,387.22)
Total Financing Costs	135,011.63

Partnership Assets

1701-0000 - Cash - Partnership	12,892.66
1702-0000 - Partnership MM	2,124,014.58
1703-0000 - Partnership Receivable	267,013.69
Total Partnership Assets	2,403,920.93

Total Assets

4,199,056.58

FRANK B. PEERS HOUSING

Balance Sheet

Month Ending 04/30/13

Liabilities & Equity

Current Liabilities

2110-0000 - Accounts payable	16,301.51
2113-0000 - Flex Benefit Payable	7.92
2120-0000 - Accrued wages and p/r taxes payable	3,206.52
2150-0000 - Accrued property taxes	147,385.00
2180-0000 - Misc current liabilities	5,368.21
Total Current Liabilities	<u>172,269.16</u>

Non-Current Liabilities

2190-0000 - Sec. Dep. In Transit	(30,506.00)
2191-0000 - Security deposits-residential	16,259.00
2191-0001 - Pet Deposit	895.00
2210-0000 - Prepaid Rent	33.00
2211-0000 - Prepaid HUD	40,331.00
2320-1000 - Mortgage payable - 2nd note	2,290,000.00
2320-0000 - Mortgage Payable (long term)	1,839,439.97
Total Non-Current Liabilities	<u>4,156,451.97</u>

Owner's Equity

3100-0000 - Limited Partners Equity	2,402,918.63
3209-0000 - Prior Year Retained Earnings	(2,601,328.52)
3210-0000 - Retained earnings	53,891.86
Current YTD Earnings	14,853.48
Total Owner's Equity	<u>(129,664.55)</u>

Total Liability & Owner Equity

4,199,056.58

FRANK B. PEERS HOUSING
Actual vs Budget Accrual Operating Statement

	Month Ending 04/30/13			Year To Date 04/30/13			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
GROSS OPERATING INCOME							
RESIDENTIAL RENTAL INCOME							
5120-0000 - Apartment rent	22,189.00	36,910.00	(14,721.00)	90,342.00	147,640.00	(57,298.00)	442,920.00
5121-0000 - Tenant assistant payments	63,865.00	46,976.00	16,889.00	253,874.00	187,904.00	65,970.00	563,712.00
5140-0000 - Commercial base rent	60.00	60.00	0.00	664.66	240.00	424.66	720.00
TOTAL RESIDENTIAL RENTAL INCOME	86,114.00	83,946.00	2,168.00	344,880.66	335,784.00	9,096.66	1,007,352.00
VACANCIES & ADJUSTMENTS							
5220-0000 - Vacancy loss - apartments	(3,066.00)	(2,468.00)	(598.00)	(14,734.00)	(9,872.00)	(4,862.00)	(22,212.00)
5221-0000 - Non-Revenue Units	(1,243.00)	(1,234.00)	(9.00)	(4,972.00)	(4,936.00)	(36.00)	(14,808.00)
TOTAL VACANCIES & ADJUSTMENTS	(4,309.00)	(3,702.00)	(607.00)	(19,706.00)	(14,808.00)	(4,898.00)	(37,020.00)
OTHER INCOME							
5910-0000 - Laundry income	0.00	205.00	(205.00)	448.00	820.00	(372.00)	2,460.00
5922-0000 - Late fees	45.00	5.00	40.00	45.00	20.00	25.00	60.00
5945-0000 - Damages	0.00	50.00	(50.00)	0.00	200.00	(200.00)	600.00
5990-0000 - Misc other income	0.00	0.00	0.00	0.00	0.00	0.00	600.00
5410-0000 - Interest Income Project Operations	0.00	0.00	0.00	7.42	0.00	7.42	0.00
5413-0000 - Interest income - escrow	0.00	2.00	(2.00)	1.13	8.00	(6.87)	24.00
TOTAL OTHER INCOME	45.00	262.00	(217.00)	501.55	1,048.00	(546.45)	3,744.00
GROSS OPERATING INCOME	81,850.00	80,506.00	1,344.00	325,676.21	322,024.00	3,652.21	974,076.00
ADVERTISING & RENTING EXPENSE							
6213-0000 - Employee Recruitment	0.00	25.00	25.00	40.19	100.00	59.81	300.00
6253-0000 - Credit Report Fees	0.00	30.00	30.00	109.00	120.00	11.00	360.00
TOTAL ADVERTISING & RENTING EXPENSE	0.00	55.00	55.00	149.19	220.00	70.81	660.00
ADMINISTRATIVE EXPENSE							
6311-0000 - Office supplies	371.92	225.00	(146.92)	1,693.68	900.00	(793.68)	2,700.00
6316-0000 - Office Equipment	205.07	405.00	199.93	964.79	1,620.00	655.21	4,860.00
6320-0000 - Management fee	4,080.45	4,167.00	86.55	17,786.33	16,668.00	(1,118.33)	50,004.00
6340-0000 - Legal Expense - Project	0.00	100.00	100.00	1,000.00	400.00	(600.00)	1,200.00
6350-0000 - Audit Expense	6,100.00	0.00	(6,100.00)	11,600.00	4,566.00	(7,034.00)	13,700.00
6360-0000 - Telephone	827.50	750.00	(77.50)	2,849.99	3,000.00	150.01	9,000.00
6360-0001 - Answering Service/ Pagers	60.51	61.00	0.49	242.80	244.00	1.20	732.00
6365-0000 - Training & Education Expense	0.00	125.00	125.00	0.00	500.00	500.00	1,500.00
6370-0000 - Bad debts	0.00	417.00	417.00	0.00	1,668.00	1,668.00	5,004.00
6371-0000 - Fees Dues & Contributions	0.00	0.00	0.00	165.27	0.00	(165.27)	0.00
6380-0000 - Consulting/study costs	0.00	250.00	250.00	0.00	1,000.00	1,000.00	3,000.00
6385-0000 - Temporary Help	0.00	84.00	84.00	0.00	336.00	336.00	1,008.00
6390-0000 - Misc administrative expenses	0.00	184.00	184.00	675.00	736.00	61.00	2,208.00
6390-0002 - Computer Supplies/Data Processing	161.94	150.00	(11.94)	716.51	600.00	(116.51)	1,800.00
6395-0000 - Tenant Retention	356.78	500.00	143.22	2,072.67	2,000.00	(72.67)	7,000.00
6431-0000 - Travel & Expense Reimbursement	376.95	170.00	(206.95)	1,209.23	680.00	(529.23)	2,040.00
6860-0000 - Security Deposit Interest	(0.56)	0.00	0.56	(2.07)	0.00	2.07	0.00
TOTAL ADMINISTRATIVE EXPENSE	12,540.56	7,588.00	(4,952.56)	40,974.20	34,918.00	(6,056.20)	105,756.00
PAYROLL & RELATED COSTS							
6310-0000 - Office salaries	4,829.18	4,889.00	59.82	19,136.71	19,145.00	8.29	63,145.00

FRANK B. PEERS HOUSING
Actual vs Budget Accrual Operating Statement

	Month Ending 04/30/13			Year To Date 04/30/13			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
6510-0000 - Janitor and cleaning payroll	1,139.07	2,468.00	1,328.93	7,652.46	9,872.00	2,219.54	32,120.00
6540-0000 - Repairs payroll	3,701.60	2,144.00	(1,557.60)	12,298.31	8,576.00	(3,722.31)	27,903.00
6900-0000 - Social Service Coordinator	1,140.68	1,348.00	207.32	3,956.68	5,755.00	1,798.32	17,093.00
6715-0000 - Payroll Taxes	1,339.55	1,220.00	(119.55)	6,577.99	7,294.00	716.01	14,198.00
6722-0000 - Workers compensation	271.25	275.00	3.75	828.00	1,100.00	272.00	3,300.00
6723-0000 - Employee health insurance	275.75	550.00	274.25	4,196.60	2,200.00	(1,996.60)	6,894.00
6724-0000 - Union Benefits	1,310.83	1,200.00	(110.83)	2,436.87	4,800.00	2,363.13	14,415.00
6726-0001 - Contingency	0.00	235.00	235.00	1,144.00	2,964.00	1,820.00	5,504.00
TOTAL PAYROLL & RELATED COSTS	14,007.91	14,329.00	321.09	58,227.62	61,706.00	3,478.38	184,572.00
OPERATING EXPENSES							
6515-0000 - Janitors and cleaning supplies	258.59	300.00	41.41	1,364.42	1,200.00	(164.42)	3,600.00
6516-0000 - Bulbs & Tubes	0.00	100.00	100.00	0.00	400.00	400.00	1,200.00
6517-0000 - Outside Cleaning Service	0.00	0.00	0.00	0.00	0.00	0.00	1,500.00
6518-0000 - Uniforms	0.00	0.00	0.00	0.00	500.00	500.00	500.00
6519-0000 - Exterminating Contract	105.00	110.00	5.00	420.00	440.00	20.00	1,320.00
6525-0000 - Rubbish removal	328.40	310.00	(18.40)	1,297.48	1,240.00	(57.48)	3,720.00
6490-0000 - Misc operating expenses	1,600.00	50.00	(1,550.00)	1,600.00	200.00	(1,400.00)	600.00
TOTAL OPERATING EXPENSES	2,291.99	870.00	(1,421.99)	4,681.90	3,980.00	(701.90)	12,440.00
UTILITIES							
6450-0000 - Electricity	1,314.39	1,800.00	485.61	4,962.54	7,200.00	2,237.46	21,600.00
6451-0000 - Water	2,508.61	950.00	(1,558.61)	2,283.37	3,800.00	1,516.63	11,400.00
6452-0000 - Gas	989.87	1,000.00	10.13	10,187.49	6,000.00	(4,187.49)	16,000.00
TOTAL UTILITIES	4,812.87	3,750.00	(1,062.87)	17,433.40	17,000.00	(433.40)	49,000.00
MAINTENANCE EXPENSES							
6536-0000 - Ground supplies	0.00	292.00	292.00	0.00	1,168.00	1,168.00	3,504.00
6537-0000 - Grounds Contractor (Landscaper)	197.00	650.00	453.00	197.00	650.00	453.00	5,200.00
6541-0000 - Repair materials (general supplies)	12.56	560.00	547.44	330.92	2,240.00	1,909.08	6,720.00
6541-0001 - Appliance Parts	27.07	50.00	22.93	362.89	200.00	(162.89)	600.00
6541-0002 - Plumbing Supplies	171.36	100.00	(71.36)	513.99	400.00	(113.99)	1,200.00
6541-0003 - Electrical Supplies	91.89	100.00	8.11	102.33	400.00	297.67	1,200.00
6541-0004 - Heating/Cooling Supplies	0.00	50.00	50.00	24.56	200.00	175.44	600.00
6541-0005 - Hand Tools	0.00	0.00	0.00	0.00	300.00	300.00	300.00
6541-0006 - Expendable Tools	0.00	0.00	0.00	0.00	400.00	400.00	400.00
6541-0007 - Safety Equipment	0.00	50.00	50.00	0.00	200.00	200.00	600.00
6541-0009 - Window Supplies	0.00	0.00	0.00	0.00	200.00	200.00	200.00
6541-0010 - Carpentry/Hardware	0.00	50.00	50.00	389.55	200.00	(189.55)	600.00
6545-0000 - Elevator Contractor (Annual Maintenance Contract)	0.00	290.00	290.00	587.10	1,160.00	572.90	3,480.00
6546-0000 - Heating/Cooling Contractor	245.00	213.00	(32.00)	245.00	852.00	607.00	2,556.00
6548-0000 - Snow removal	710.00	2,608.00	1,898.00	4,218.93	10,432.00	6,213.07	15,648.00
6551-0000 - Elevator Contractor (Special Repairs)	0.00	125.00	125.00	0.00	500.00	500.00	1,500.00
6560-0000 - Decorating (Tenant Pntg-Cycle/Turnover by Contractor)	0.00	1,000.00	1,000.00	4,045.00	4,000.00	(45.00)	12,000.00
6564-0000 - Decorating (Common Areas - by Contractor)	0.00	208.00	208.00	0.00	832.00	832.00	2,496.00
6580-0000 - Equipment repairs	0.00	0.00	0.00	0.00	0.00	0.00	500.00
6581-0000 - Window Washing	0.00	750.00	750.00	0.00	750.00	750.00	1,500.00
6582-0000 - Fire Protection	162.07	400.00	237.93	744.32	1,600.00	855.68	4,800.00
6582-0001 - Fire Safety Equipment	0.00	500.00	500.00	0.00	2,000.00	2,000.00	6,000.00
6590-0000 - Miscellaneous Repair	0.00	100.00	100.00	156.00	400.00	244.00	1,200.00

FRANK B. PEERS HOUSING
Actual vs Budget Accrual Operating Statement

	Month Ending 04/30/13			Year To Date 04/30/13			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
6591-0000 - Electrical Repairs	0.00	300.00	300.00	0.00	1,200.00	1,200.00	3,600.00
6592-0000 - Boiler Repairs	656.43	500.00	(156.43)	1,312.86	2,000.00	687.14	6,000.00
6594-0000 - Carpentry Repairs	0.00	100.00	100.00	0.00	400.00	400.00	1,200.00
6595-0000 - Plumbing Repairs	0.00	790.00	790.00	1,797.94	3,160.00	1,362.06	9,480.00
6596-0000 - Floor Repairs/Cleaning	0.00	150.00	150.00	605.00	600.00	(5.00)	1,800.00
6598-0000 - Roof Repairs	0.00	100.00	100.00	0.00	400.00	400.00	1,200.00
TOTAL MAINTENANCE EXPENSES	2,273.38	10,036.00	7,762.62	15,633.39	36,844.00	21,210.61	96,084.00
TAXES AND INSURANCE							
6710-0000 - Real estate taxes	9,000.00	9,000.00	0.00	36,000.00	36,000.00	0.00	108,000.00
6720-0000 - Property and liability insurance	2,036.62	2,083.00	46.38	8,146.48	8,332.00	185.52	24,996.00
6721-0000 - Fidelity bond insurance	0.00	10.00	10.00	0.00	40.00	40.00	120.00
TOTAL TAXES AND INSURANCE	11,036.62	11,093.00	56.38	44,146.48	44,372.00	225.52	133,116.00
TOTAL OPERATING EXPENSES	46,963.33	47,721.00	757.67	181,246.18	199,040.00	17,793.82	581,628.00
NET OPERATING INCOME (LOSS)	34,886.67	32,785.00	2,101.67	144,430.03	122,984.00	21,446.03	392,448.00
FINANCIAL EXPENSES							
6820-0000 - Mortgage interest	20,124.64	20,125.00	0.36	80,802.36	80,805.00	2.64	239,947.00
7104-0000 - Replacement Reserve	1,863.67	1,864.00	0.33	7,454.68	7,456.00	1.32	22,368.00
7108-0000 - Mortgage Payable (long term)	10,362.90	10,312.00	(50.90)	41,147.80	40,946.00	(201.80)	125,294.00
TOTAL FINANCIAL EXPENSES	32,351.21	32,301.00	(50.21)	129,404.84	129,207.00	(197.84)	387,609.00
NET OPER INC/(LOSS) BEFORE CAP. EXP.	2,535.46	484.00	2,051.46	15,025.19	(6,223.00)	21,248.19	4,839.00
NET INCOME (LOSS)	2,535.46	484.00	2,051.46	15,025.19	(6,223.00)	21,248.19	4,839.00
Partnership Income							
8005-0000 - Mortgagor Entity Income	91.45	0.00	91.45	864.21	0.00	864.21	0.00
8010-0000 - Other Entity Expense	0.00	0.00	0.00	(10.00)	0.00	(10.00)	0.00
Total Partnership Activity	91.45	0.00	91.45	854.21	0.00	854.21	0.00
CAPITAL EXPENDITURES & ESCROWS							
7105-0000 - Replacement Reserve Reimbursement	0.00	(98,000.00)	(98,000.00)	0.00	(642,998.00)	(642,998.00)	(660,998.00)
6991-0000 - Capital expenditures	0.00	98,000.00	98,000.00	0.00	98,000.00	98,000.00	98,000.00
6991-0002 - Windows	0.00	0.00	0.00	0.00	544,998.00	544,998.00	544,998.00
6991-0016 - Concrete Repairs	0.00	0.00	0.00	0.00	0.00	0.00	2,500.00
6993-0000 - Appliance Replacement	0.00	120.00	120.00	0.00	480.00	480.00	1,440.00
6993-0002 - Water Heaters	0.00	0.00	0.00	0.00	0.00	0.00	11,000.00
6993-0003 - A/C Replacements	0.00	225.00	225.00	0.00	900.00	900.00	2,700.00
6994-0000 - Carpet & tile	579.15	650.00	70.85	579.15	2,600.00	2,020.85	7,800.00
TOTAL CAPITAL EXPENDITURES & ESCROWS	579.15	995.00	415.85	579.15	3,980.00	3,400.85	7,440.00
GAIN/(LOSS) AFTER CAPITAL EXP. & ESCROWS	2,047.76	(511.00)	2,558.76	15,300.25	(10,203.00)	25,503.25	(2,601.00)

WALNUT PLACE

Balance Sheet

Month Ending 04/30/13

ASSETS

Current Assets

1110-0000 - Petty Cash	900.00
1121-0000 - Cash - Operating	19,822.48
1130-0000 - Tenant/member accounts receivable	18,558.43
1131-0000 - Accounts receivable - subsidy	42,534.00
1240-0000 - Prepaid property and liability insurance	4,073.18
Total Current Assets	85,888.09

Other Assets

1290-0000 - Misc Prepaid Expenses	753.91
1192-0000 - Tenant Sec Dep	21,088.24
1310-0000 - Real estate tax escrow	176,701.76
1311-0000 - Insurance escrow	29,302.83
1330-0000 - Debt Service Escrow	136,095.88
1320 - Replacement Reserve	170,747.68
1340 - Residual Receipt	27,094.59
Total Other Assets	561,784.89

Fixed Assets

1410-0000 - Land	220,000.00
1420-0000 - Building	2,907,088.00
1420-0001 - Building Improvements	23,774.27
1430-0000 - Land Improvements	321,376.00
1440-0000 - Building Equipment Portable	354,185.56
1450-0000 - Furniture for project/tenant use	398,382.24
4120-0000 - Accum depr - buildings	(3,408,821.59)
1498-0000 - Current F/A	5,270.50
Total Fixed Assets	821,254.98

Financing Costs

1900-0001 - Deferred Financing Costs	174,813.03
1999-0000 - Accum Amort - Bond Costs	(44,920.51)
Total Financing Costs	129,892.52

Partnership Assets

1701-0000 - Cash - Partnership	104,535.90
Total Partnership Assets	104,535.90

Total Assets

1,703,356.38

WALNUT PLACE
Balance Sheet
Month Ending 04/30/13

Liabilities & Equity

Current Liabilities

2110-0000 - Accounts payable	23,510.06
2113-0000 - Flex Benefit Payable	7.92
2120-0000 - Accrued wages and p/r taxes payable	3,206.46
2150-0000 - Accrued property taxes	173,300.00
2155-0000 - Accrued professional services	14,714.00
2180-0000 - Misc current liabilities	6,214.78
Total Current Liabilities	<u>220,953.22</u>

Non-Current Liabilities

2190-0000 - Sec. Dep. In Transit	(15,143.00)
2191-0000 - Security deposits-residential	18,889.00
2191-0001 - Pet Deposit	1,175.00
2210-0000 - Prepaid Rent	669.00
2211-0000 - Prepaid HUD	20,108.00
2320-1000 - Mortgage payable - 2nd note	2,546,000.00
2320-4000 - Deferred Revenue	237,622.00
2320-0000 - Mortgage Payable (long term)	1,874,366.27
Total Non-Current Liabilities	<u>4,683,686.27</u>

Owner's Equity

3100-0000 - Limited Partners Equity	104,375.87
3209-0000 - Prior Year Retained Earnings	(3,627,759.44)
3210-0000 - Retained earnings	315,066.84
Current YTD Earnings	7,033.62
Total Owner's Equity	<u>(3,201,283.11)</u>

Total Liability & Owner Equity

1,703,356.38

WALNUT PLACE
Actual vs Budget Accrual Operating Statement

	Month Ending 04/30/13			Year To Date 04/30/13			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
GROSS OPERATING INCOME							
RESIDENTIAL RENTAL INCOME							
5120-0000 - Apartment rent	21,545.00	38,120.00	(16,575.00)	83,713.00	152,480.00	(68,767.00)	457,440.00
5121-0000 - Tenant assistant payments	65,775.00	48,516.00	17,259.00	265,567.00	194,064.00	71,503.00	582,192.00
5140-0000 - Commercial base rent	0.00	0.00	0.00	304.18	0.00	304.18	0.00
TOTAL RESIDENTIAL RENTAL INCOME	87,320.00	86,636.00	684.00	349,584.18	346,544.00	3,040.18	1,039,632.00
VACANCIES & ADJUSTMENTS							
5220-0000 - Vacancy loss - apartments	(1,401.00)	(2,000.00)	599.00	(2,802.00)	(8,000.00)	5,198.00	(24,000.00)
5221-0000 - Non-Revenue Units	(1,260.00)	(1,260.00)	0.00	(5,040.00)	(5,040.00)	0.00	(15,120.00)
TOTAL VACANCIES & ADJUSTMENTS	(2,661.00)	(3,260.00)	599.00	(7,842.00)	(13,040.00)	5,198.00	(39,120.00)
OTHER INCOME							
5910-0000 - Laundry income	722.00	0.00	722.00	1,446.00	700.00	746.00	2,800.00
5922-0000 - Late fees	23.00	10.00	13.00	23.00	40.00	(17.00)	120.00
5930-0000 - Credit Check Fees	0.00	30.00	(30.00)	0.00	120.00	(120.00)	360.00
5413-0000 - Interest income - escrow	0.00	0.00	0.00	1.25	0.00	1.25	0.00
TOTAL OTHER INCOME	745.00	40.00	705.00	1,470.25	860.00	610.25	3,280.00
GROSS OPERATING INCOME	85,404.00	83,416.00	1,988.00	343,212.43	334,364.00	8,848.43	1,003,792.00
ADVERTISING & RENTING EXPENSE							
6213-0000 - Employee Recruitment	0.00	0.00	0.00	40.19	0.00	(40.19)	0.00
6253-0000 - Credit Report Fees	0.00	30.00	30.00	28.00	120.00	92.00	360.00
TOTAL ADVERTISING & RENTING EXPENSE	0.00	30.00	30.00	68.19	120.00	51.81	360.00
ADMINISTRATIVE EXPENSE							
6311-0000 - Office supplies	264.54	225.00	(39.54)	1,414.31	900.00	(514.31)	2,700.00
6316-0000 - Office Equipment	205.07	405.00	199.93	964.77	1,620.00	655.23	4,860.00
6320-0000 - Management fee	4,405.55	4,137.00	(268.55)	17,753.56	16,548.00	(1,205.56)	49,644.00
6340-0000 - Legal Expense - Project	0.00	167.00	167.00	1,000.00	668.00	(332.00)	2,004.00
6350-0000 - Audit Expense	8,321.00	1,083.00	(7,238.00)	10,500.00	4,332.00	(6,168.00)	12,996.00
6360-0000 - Telephone	1,295.31	850.00	(445.31)	3,843.57	3,400.00	(443.57)	10,200.00
6360-0001 - Answering Service/ Pagers	60.51	62.00	1.49	242.79	248.00	5.21	744.00
6365-0000 - Training & Education Expense	0.00	110.00	110.00	0.00	440.00	440.00	1,320.00
6370-0000 - Bad debts	0.00	583.00	583.00	452.00	2,332.00	1,880.00	6,996.00
6371-0000 - Fees Dues & Contributions	0.00	0.00	0.00	165.27	0.00	(165.27)	0.00
6380-0000 - Consulting/study costs	0.00	0.00	0.00	0.00	0.00	0.00	3,500.00
6390-0000 - Misc administrative expenses	0.00	155.00	155.00	586.90	620.00	33.10	1,860.00
6390-0002 - Computer Supplies/Data Processing	162.12	150.00	(12.12)	717.23	600.00	(117.23)	1,800.00
6395-0000 - Tenant Retention	674.11	400.00	(274.11)	1,916.21	1,600.00	(316.21)	7,000.00
6431-0000 - Travel & Expense Reimbursement	376.94	188.00	(188.94)	1,209.19	752.00	(457.19)	2,256.00
6860-0000 - Security Deposit Interest	(0.55)	0.00	0.55	(2.08)	0.00	2.08	0.00
TOTAL ADMINISTRATIVE EXPENSE	15,764.60	8,515.00	(7,249.60)	40,763.72	34,060.00	(6,703.72)	107,880.00
PAYROLL & RELATED COSTS							
6310-0000 - Office salaries	4,826.28	4,889.00	62.72	19,125.11	19,145.00	19.89	63,145.00
6510-0000 - Janitor and cleaning payroll	1,139.07	1,122.00	(17.07)	4,124.00	4,488.00	364.00	14,605.00
6540-0000 - Repairs payroll	3,701.60	3,490.00	(211.60)	15,826.77	13,960.00	(1,866.77)	45,418.00
6900-0000 - Social Service Coordinator	1,140.68	1,348.00	207.32	3,956.68	5,755.00	1,798.32	17,093.00

WALNUT PLACE
Actual vs Budget Accrual Operating Statement

	Month Ending 04/30/13			Year To Date 04/30/13			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
6715-0000 - Payroll Taxes	1,339.30	1,257.00	(82.30)	6,576.35	7,294.00	717.65	14,198.00
6722-0000 - Workers compensation	271.25	271.00	(0.25)	554.00	1,084.00	530.00	3,252.00
6723-0000 - Employee health insurance	278.65	537.00	258.35	4,208.20	2,148.00	(2,060.20)	6,738.00
6724-0000 - Union Benefits	1,310.83	1,200.00	(110.83)	2,436.87	4,800.00	2,363.13	14,415.00
6726-0001 - Contingency	0.00	220.00	220.00	1,144.00	2,024.00	880.00	2,684.00
TOTAL PAYROLL & RELATED COSTS	14,007.66	14,334.00	326.34	57,951.98	60,698.00	2,746.02	181,548.00
OPERATING EXPENSES							
6515-0000 - Janitors and cleaning supplies	251.73	320.00	68.27	1,311.07	1,280.00	(31.07)	3,840.00
6516-0000 - Bulbs & Tubes	0.00	75.00	75.00	0.00	300.00	300.00	900.00
6517-0000 - Outside Cleaning Service	0.00	750.00	750.00	0.00	750.00	750.00	1,500.00
6518-0000 - Uniforms	0.00	0.00	0.00	0.00	500.00	500.00	500.00
6519-0000 - Exterminating Contract	90.00	150.00	60.00	368.10	600.00	231.90	1,800.00
6525-0000 - Rubbish removal	278.40	355.00	76.60	1,292.48	1,420.00	127.52	4,260.00
6490-0000 - Misc operating expenses	0.00	50.00	50.00	0.00	200.00	200.00	600.00
TOTAL OPERATING EXPENSES	620.13	1,700.00	1,079.87	2,971.65	5,050.00	2,078.35	13,400.00
UTILITIES							
6450-0000 - Electricity	929.83	1,200.00	270.17	3,914.41	4,800.00	885.59	14,400.00
6451-0000 - Water	707.68	600.00	(107.68)	3,199.43	2,400.00	(799.43)	7,200.00
6452-0000 - Gas	1,249.32	1,666.00	416.68	10,986.25	6,664.00	(4,322.25)	20,000.00
TOTAL UTILITIES	2,886.83	3,466.00	579.17	18,100.09	13,864.00	(4,236.09)	41,600.00
MAINTENANCE EXPENSES							
6536-0000 - Ground supplies	0.00	333.00	333.00	0.00	1,332.00	1,332.00	3,996.00
6537-0000 - Grounds Contractor (Landscaper)	0.00	650.00	650.00	0.00	650.00	650.00	5,200.00
6541-0000 - Repair materials (general supplies)	193.33	250.00	56.67	383.17	1,000.00	616.83	3,000.00
6541-0001 - Appliance Parts	27.07	50.00	22.93	194.98	200.00	5.02	600.00
6541-0002 - Plumbing Supplies	557.16	100.00	(457.16)	1,723.14	400.00	(1,323.14)	1,200.00
6541-0003 - Electrical Supplies	570.08	100.00	(470.08)	635.43	400.00	(235.43)	1,200.00
6541-0004 - Heating/Cooling Supplies	0.00	85.00	85.00	36.08	340.00	303.92	1,020.00
6541-0005 - Hand Tools	0.00	50.00	50.00	0.00	200.00	200.00	600.00
6541-0006 - Expendable Tools	0.00	50.00	50.00	0.00	200.00	200.00	600.00
6541-0007 - Safety Equipment	0.00	50.00	50.00	0.00	200.00	200.00	600.00
6541-0009 - Window Supplies	0.00	100.00	100.00	442.79	400.00	(42.79)	1,200.00
6541-0010 - Carpentry/Hardware	275.03	60.00	(215.03)	275.03	240.00	(35.03)	720.00
6545-0000 - Elevator Contractor (Annual Maintenance Contract)	135.00	300.00	165.00	722.10	1,200.00	477.90	3,600.00
6546-0000 - Heating/Cooling Contractor	2,201.90	385.00	(1,816.90)	2,705.90	1,540.00	(1,165.90)	4,620.00
6548-0000 - Snow removal	3,006.94	1,973.00	(1,033.94)	7,672.76	7,892.00	219.24	11,838.00
6551-0000 - Elevator Contractor (Special Repairs)	0.00	100.00	100.00	0.00	400.00	400.00	1,200.00
6560-0000 - Decorating (Tenant Pntg-Cycle/Turnover by Contractor)	3,010.00	1,000.00	(2,010.00)	6,460.00	4,000.00	(2,460.00)	12,000.00
6564-0000 - Decorating (Common Areas - by Contractor)	0.00	100.00	100.00	0.00	400.00	400.00	1,200.00
6580-0000 - Equipment repairs	0.00	0.00	0.00	0.00	0.00	0.00	500.00
6581-0000 - Window Washing	0.00	1,000.00	1,000.00	0.00	1,000.00	1,000.00	2,000.00
6582-0000 - Fire Protection	153.15	300.00	146.85	153.15	1,200.00	1,046.85	3,600.00
6582-0001 - Fire Safety Equipment	0.00	50.00	50.00	0.00	200.00	200.00	600.00
6590-0000 - Miscellaneous Repair	0.00	100.00	100.00	0.00	400.00	400.00	1,200.00
6591-0000 - Electrical Repairs	707.53	300.00	(407.53)	707.53	1,200.00	492.47	3,600.00
6592-0000 - Boiler Repairs	0.00	200.00	200.00	3,613.20	800.00	(2,813.20)	2,400.00
6594-0000 - Carpentry Repairs	586.54	100.00	(486.54)	1,691.54	400.00	(1,291.54)	1,200.00

WALNUT PLACE
Actual vs Budget Accrual Operating Statement

	Month Ending 04/30/13			Year To Date 04/30/13			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
6595-0000 - Plumbing Repairs	245.00	700.00	455.00	2,359.00	2,800.00	441.00	8,400.00
6596-0000 - Floor Repairs/Cleaning	0.00	100.00	100.00	125.00	400.00	275.00	1,200.00
6598-0000 - Roof Repairs	0.00	170.00	170.00	1,814.63	680.00	(1,134.63)	2,040.00
6599-0000 - Window repairs	0.00	100.00	100.00	0.00	400.00	400.00	1,200.00
TOTAL MAINTENANCE EXPENSES	11,668.73	8,856.00	(2,812.73)	31,715.43	30,474.00	(1,241.43)	82,334.00
TAXES AND INSURANCE							
6710-0000 - Real estate taxes	10,000.00	10,000.00	0.00	40,000.00	40,000.00	0.00	120,000.00
6720-0000 - Property and liability insurance	2,036.62	2,037.00	0.38	8,146.48	8,148.00	1.52	24,444.00
6721-0000 - Fidelity bond insurance	0.00	0.00	0.00	0.00	0.00	0.00	25.00
TOTAL TAXES AND INSURANCE	12,036.62	12,037.00	0.38	48,146.48	48,148.00	1.52	144,469.00
TOTAL OPERATING EXPENSES	56,984.57	48,938.00	(8,046.57)	199,717.54	192,414.00	(7,303.54)	571,591.00
NET OPERATING INCOME (LOSS)	28,419.43	34,478.00	(6,058.57)	143,494.89	141,950.00	1,544.89	432,201.00
FINANCIAL EXPENSES							
6820-0000 - Mortgage interest	21,394.97	21,395.00	0.03	85,926.56	85,927.00	0.44	254,965.00
7104-0000 - Replacement Reserve	1,836.67	1,850.00	13.33	7,346.68	7,400.00	53.32	22,200.00
7108-0000 - Mortgage Payable (long term)	12,091.98	12,034.00	(57.98)	48,021.24	47,791.00	(230.24)	146,175.00
TOTAL FINANCIAL EXPENSES	35,323.62	35,279.00	(44.62)	141,294.48	141,118.00	(176.48)	423,340.00
NET OPER INC/(LOSS) BEFORE CAP. EXP.	(6,904.19)	(801.00)	(6,103.19)	2,200.41	832.00	1,368.41	8,861.00
NET INCOME (LOSS)	(6,904.19)	(801.00)	(6,103.19)	2,200.41	832.00	1,368.41	8,861.00
Partnership Income							
8005-0000 - Mortgagor Entity Income	9.16	0.00	9.16	34.36	0.00	34.36	0.00
Total Partnership Activity	9.16	0.00	9.16	34.36	0.00	34.36	0.00
CAPITAL EXPENDITURES & ESCROWS							
7105-0000 - Replacement Reserve Reimbursement	0.00	0.00	0.00	0.00	0.00	0.00	(41,550.00)
6991-0000 - Capital expenditures	0.00	2,400.00	2,400.00	0.00	2,400.00	2,400.00	30,900.00
6993-0000 - Appliance Replacement	0.00	400.00	400.00	1,153.00	800.00	(353.00)	1,600.00
6993-0002 - Water Heaters	0.00	1,500.00	1,500.00	0.00	1,500.00	1,500.00	3,000.00
6993-0003 - A/C Replacements	0.00	0.00	0.00	0.00	0.00	0.00	4,000.00
6994-0000 - Carpet & tile	2,261.00	750.00	(1,511.00)	4,117.50	3,000.00	(1,117.50)	9,000.00
TOTAL CAPITAL EXPENDITURES & ESCROWS	2,261.00	5,050.00	2,789.00	5,270.50	7,700.00	2,429.50	6,950.00
GAIN/(LOSS) AFTER CAPITAL EXP. & ESCROWS	(9,156.03)	(5,851.00)	(3,305.03)	(3,035.73)	(6,868.00)	3,832.27	1,911.00

RAVINIA HOUSING

Balance Sheet

Month Ending 04/30/13

ASSETS

Current Assets

1110-0000 - Petty Cash	150.00
1121-0000 - Cash - Operating	13,721.54
1130-0000 - Tenant/member accounts receivable	32,325.00
1130-1000 - Allowance for Doubtful Accounts	(16,727.40)
1131-0000 - Accounts receivable - subsidy	17,864.00
1240-0000 - Prepaid property and liability insurance	1,080.24
1250-0000 - Prepaid Mortgage Insurance	1,522.55
Total Current Assets	49,935.93

Other Assets

1290-0000 - Misc Prepaid Expenses	228.03
1192-0000 - Tenant Sec Dep	8,484.71
1310-0000 - Real estate tax escrow	29,165.28
1311-0000 - Insurance escrow	5,606.81
1312-0000 - Mortgage Insurance Escrow	352.86
1140-0000 - Accounts Receivable - Other	635.36
1350-0000 - Construction Escrow	136,984.44
1320 - Replacement Reserve	555,635.62
Total Other Assets	737,093.11

Fixed Assets

1420-0000 - Building	1,074,166.20
1420-0001 - Building Improvements	59,174.00
1421-0000 - Construction In Progress	(0.18)
1430-0000 - Land Improvements	221,122.66
1450-0000 - Furniture for project/tenant use	362,158.84
1497-0000 - Site improvements	193,982.00
4120-0000 - Accum depr - buildings	(1,114,142.47)
1498-0000 - Current F/A	20,223.47
Total Fixed Assets	816,684.52

Financing Costs

1900-0001 - Deferred Financing Costs	62,658.71
1999-0000 - Accum Amort - Bond Costs	(1,915.30)
Total Financing Costs	60,743.41

Partnership Assets

1701-0000 - Cash - Partnership	81,900.94
Total Partnership Assets	81,900.94

Total Assets

1,746,357.91

RAVINIA HOUSING
Balance Sheet
Month Ending 04/30/13

Liabilities & Equity

Current Liabilities

2110-0000 - Accounts payable	7,778.43
2113-0000 - Flex Benefit Payable	2.16
2114-0000 - 401K Payable	24.00
2120-0000 - Accrued wages and p/r taxes payable	874.49
2130-0000 - Accrued interest - mortgage	1,532.37
2131-0001 - Accrued Interest - 2nd Note	22,566.52
2131-1000 - Accrued Interest - Notes Payable	3,650.00
2150-0000 - Accrued property taxes	59,034.00
2180-0000 - Misc current liabilities	142,258.44
Total Current Liabilities	<u>237,720.41</u>

Non-Current Liabilities

2190-0000 - Sec. Dep. In Transit	810.00
2191-0000 - Security deposits-residential	7,093.00
2210-0000 - Prepaid Rent	1,334.00
2211-0000 - Prepaid HUD	12,025.00
2310-1000 - Notes Payable - (Long Term)	62,063.00
2320-1000 - Mortgage payable - 2nd note	713,396.28
2320-0000 - Mortgage Payable (long term)	408,631.48
Total Non-Current Liabilities	<u>1,205,352.76</u>

Owner's Equity

3100-0000 - Limited Partners Equity	144,465.21
3111-0000 - Contributions - Current Year	(0.29)
3209-0000 - Prior Year Retained Earnings	388,704.59
3210-0000 - Retained earnings	(224,762.37)
Current YTD Earnings	(5,122.40)
Total Owner's Equity	<u>303,284.74</u>

Total Liability & Owner Equity

1,746,357.91

RAVINIA HOUSING
Actual vs Budget Accrual Operating Statement

	Month Ending 04/30/13			Year To Date 04/30/13			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
GROSS OPERATING INCOME							
RESIDENTIAL RENTAL INCOME							
5120-0000 - Apartment rent	5,616.00	9,554.00	(3,938.00)	19,687.00	38,216.00	(18,529.00)	114,648.00
5121-0000 - Tenant assistant payments	16,097.00	12,159.00	3,938.00	67,165.00	48,636.00	18,529.00	145,908.00
TOTAL RESIDENTIAL RENTAL INCOME	21,713.00	21,713.00	0.00	86,852.00	86,852.00	0.00	260,556.00
VACANCIES & ADJUSTMENTS							
5220-0000 - Vacancy loss - apartments	(376.00)	(833.00)	457.00	(1,146.00)	(3,332.00)	2,186.00	(10,000.00)
TOTAL VACANCIES & ADJUSTMENTS	(376.00)	(833.00)	457.00	(1,146.00)	(3,332.00)	2,186.00	(10,000.00)
OTHER INCOME							
5413-0000 - Interest income - escrow	43.48	30.00	13.48	138.65	120.00	18.65	360.00
TOTAL OTHER INCOME	43.48	30.00	13.48	138.65	120.00	18.65	360.00
GROSS OPERATING INCOME	21,380.48	20,910.00	470.48	85,844.65	83,640.00	2,204.65	250,916.00
ADVERTISING & RENTING EXPENSE							
6213-0000 - Employee Recruitment	22.08	0.00	(22.08)	33.03	0.00	(33.03)	0.00
6250-0000 - Renting expenses	0.00	20.00	20.00	140.00	80.00	(60.00)	240.00
TOTAL ADVERTISING & RENTING EXPENSE	22.08	20.00	(2.08)	173.03	80.00	(93.03)	240.00
ADMINISTRATIVE EXPENSE							
6311-0000 - Office supplies	672.07	521.00	(151.07)	2,018.50	2,084.00	65.50	6,252.00
6320-0000 - Management fee	810.62	765.00	(45.62)	3,576.98	3,060.00	(516.98)	9,180.00
6340-0000 - Legal Expense - Project	0.00	100.00	100.00	1,525.00	400.00	(1,125.00)	1,200.00
6350-0000 - Audit Expense	4,900.00	985.00	(3,915.00)	8,900.00	3,940.00	(4,960.00)	11,820.00
6360-0000 - Telephone	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6365-0000 - Training & Education Expense	0.00	50.00	50.00	0.00	200.00	200.00	600.00
6370-0000 - Bad debts	0.00	433.00	433.00	0.00	1,732.00	1,732.00	5,196.00
6371-0000 - Fees Dues & Contributions	0.00	0.00	0.00	41.32	0.00	(41.32)	0.00
6390-0000 - Misc administrative expenses	102.81	100.00	(2.81)	5,197.40	400.00	(4,797.40)	1,200.00
6390-0002 - Computer Supplies/Data Processing	72.51	70.00	(2.51)	308.79	280.00	(28.79)	840.00
6860-0000 - Security Deposit Interest	(0.21)	0.00	0.21	(0.73)	0.00	0.73	0.00
TOTAL ADMINISTRATIVE EXPENSE	6,557.80	3,024.00	(3,533.80)	21,567.26	12,096.00	(9,471.26)	36,288.00
PAYROLL & RELATED COSTS							
6310-0000 - Office salaries	1,316.20	1,333.00	16.80	5,215.80	5,218.00	2.20	17,216.00
6510-0000 - Janitor and cleaning payroll	1,320.18	1,246.00	(74.18)	5,699.29	4,984.00	(715.29)	16,214.00
6900-0000 - Social Service Coordinator	311.09	368.00	56.91	1,079.09	1,568.00	488.91	4,661.00
6715-0000 - Payroll Taxes	365.23	338.00	(27.23)	1,793.56	1,988.00	194.44	3,867.00
6722-0000 - Workers compensation	71.46	71.00	(0.46)	226.84	284.00	57.16	852.00
6723-0000 - Employee health insurance	122.01	144.00	21.99	1,490.72	576.00	(914.72)	1,818.00
6724-0000 - Union Benefits	357.52	327.00	(30.52)	715.02	1,308.00	592.98	3,927.00
6726-0001 - Contingency	0.00	36.00	36.00	276.00	552.00	276.00	732.00
TOTAL PAYROLL & RELATED COSTS	3,863.69	3,863.00	(0.69)	16,496.32	16,478.00	(18.32)	49,287.00
OPERATING EXPENSES							
6515-0000 - Janitors and cleaning supplies	687.52	100.00	(587.52)	1,434.27	400.00	(1,034.27)	1,200.00
6520-0000 - Miscellaneous Repair Contractors	5,825.48	2,575.00	(3,250.48)	7,348.87	10,300.00	2,951.13	30,900.00

RAVINIA HOUSING
Actual vs Budget Accrual Operating Statement

	Month Ending 04/30/13			Year To Date 04/30/13			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
6525-0000 - Rubbish removal	143.47	500.00	356.53	1,863.12	2,000.00	136.88	6,000.00
TOTAL OPERATING EXPENSES	6,656.47	3,175.00	(3,481.47)	10,646.26	12,700.00	2,053.74	38,100.00
UTILITIES							
6450-0000 - Electricity	306.62	269.00	(37.62)	1,232.19	1,049.00	(183.19)	3,129.00
6451-0000 - Water	240.92	27.00	(213.92)	281.63	108.00	(173.63)	324.00
6452-0000 - Gas	0.00	125.00	125.00	0.00	500.00	500.00	1,500.00
6453-0000 - Sewer	0.00	50.00	50.00	320.00	200.00	(120.00)	600.00
TOTAL UTILITIES	547.54	471.00	(76.54)	1,833.82	1,857.00	23.18	5,553.00
MAINTENANCE EXPENSES							
6541-0000 - Repair materials (general supplies)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6546-0000 - Heating/Cooling Contractor	271.24	42.00	(229.24)	441.24	168.00	(273.24)	504.00
6548-0000 - Snow removal	1,230.00	500.00	(730.00)	7,739.67	5,800.00	(1,939.67)	7,000.00
6591-0000 - Electrical Repairs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6595-0000 - Plumbing Repairs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL MAINTENANCE EXPENSES	1,501.24	542.00	(959.24)	8,180.91	5,968.00	(2,212.91)	7,504.00
TAXES AND INSURANCE							
6710-0000 - Real estate taxes	3,500.00	3,500.00	0.00	14,000.00	14,000.00	0.00	42,000.00
6720-0000 - Property and liability insurance	539.10	540.00	0.90	2,156.40	2,160.00	3.60	6,480.00
6721-0000 - Fidelity bond insurance	0.00	0.00	0.00	0.00	0.00	0.00	50.00
TOTAL TAXES AND INSURANCE	4,039.10	4,040.00	0.90	16,156.40	16,160.00	3.60	48,530.00
TOTAL OPERATING EXPENSES	23,187.92	15,135.00	(8,052.92)	75,054.00	65,339.00	(9,715.00)	185,502.00
NET OPERATING INCOME (LOSS)	(1,807.44)	5,775.00	(7,582.44)	10,790.65	18,301.00	(7,510.35)	65,414.00
FINANCIAL EXPENSES							
6820-0000 - Mortgage interest	3,017.64	1,532.00	(1,485.64)	12,083.48	6,143.00	(5,940.48)	18,323.00
6850-0000 - Mortgage Service Fee	304.50	152.00	(152.50)	644.88	608.00	(36.88)	1,824.00
7104-0000 - Replacement Reserve	1,333.33	1,333.00	(0.33)	5,333.32	5,332.00	(1.32)	15,996.00
7108-0000 - Mortgage Payable (long term)	575.81	576.00	0.19	2,290.37	2,291.00	0.63	6,976.00
TOTAL FINANCIAL EXPENSES	5,231.28	3,593.00	(1,638.28)	20,352.05	14,374.00	(5,978.05)	43,119.00
NET OPER INC/(LOSS) BEFORE CAP. EXP.	(7,038.72)	2,182.00	(9,220.72)	(9,561.40)	3,927.00	(13,488.40)	22,295.00
NET INCOME (LOSS)	(7,038.72)	2,182.00	(9,220.72)	(9,561.40)	3,927.00	(13,488.40)	22,295.00
Partnership Income							
8005-0000 - Mortgagor Entity Income	7.18	0.00	7.18	26.92	0.00	26.92	0.00
Total Partnership Activity	7.18	0.00	7.18	26.92	0.00	26.92	0.00
CAPITAL EXPENDITURES & ESCROWS							
7105-0000 - Replacement Reserve Reimbursement	(18,381.00)	0.00	18,381.00	(91,010.00)	0.00	91,010.00	(3,200.00)
6991-0000 - Capital expenditures	18,228.00	0.00	(18,228.00)	18,228.00	0.00	(18,228.00)	0.00
6994-0000 - Carpet & tile	1,995.47	0.00	(1,995.47)	1,995.47	0.00	(1,995.47)	3,200.00
TOTAL CAPITAL EXPENDITURES & ESCROWS	1,842.47	0.00	(1,842.47)	(70,786.53)	0.00	70,786.53	0.00
GAIN/(LOSS) AFTER CAPITAL EXP. & ESCROWS	(8,874.01)	2,182.00	(11,056.01)	61,252.05	3,927.00	57,325.05	22,295.00

Sunset Woods Housing
Income Statement
For the Four Months Ending April 30, 2013

	Current Month Actual	Current Month Budget	Year to Date Actual	Year to Date Budget
Revenues				
Rents	\$ 9,031.00	\$ 9,388.00	\$ 36,061.00	\$ 37,551.00
Interest Income Assn	32.71	0.00	156.14	0.00
Interest Income	3.01	0.00	13.78	0.00
Total Revenues	9,066.72	9,388.00	36,230.92	37,551.00
Expenses				
Office Supplies	0.00	8.00	11.50	32.00
Management Fee	585.65	610.00	2,296.44	2,440.00
Legal and Accounting Assn	0.00	0.00	9,175.00	0.00
Credit Ck Fees	0.00	4.00	0.00	16.00
Heating & Air	0.00	41.00	0.00	164.00
Electrical & Plumbing Maint	0.00	41.00	411.45	164.00
Painting & Decorating Assn	0.00	84.00	0.00	335.00
Appliance Repairs	0.00	41.00	385.00	164.00
Supplies	0.00	41.00	0.00	164.00
Locks Assn	0.00	0.00	168.00	0.00
Locks	0.00	0.00	117.50	0.00
Carpet	0.00	41.00	1,060.00	164.00
Maintenance	690.81	41.00	730.81	164.00
Security	0.00	8.00	0.00	32.00
Condo Assessment Rental Units	2,500.78	3,167.00	9,829.60	12,668.00
Cable TV	510.00	583.00	2,040.00	2,332.00
Real Estate tax expense	0.00	1,250.00	0.00	5,000.00
Loan Interest	1,686.91	2,500.00	6,599.07	10,000.00
Bldg Insurance	0.00	216.00	0.00	864.00
Total Expenses	5,974.15	8,676.00	32,824.37	34,703.00
Net Income	\$ 3,092.57	\$ 712.00	\$ 3,406.55	\$ 2,848.00

Sunset Woods Housing
Balance Sheet
April 30, 2013

ASSETS

Current Assets		
Assn FBHP Checking	\$	16,661.90
FBHP General Checking		27,024.45
FBHP Security Dep. Savings		10,497.11
Assn FBHP Savings		128,404.16
FBHP Savings		9,111.72
Financing Costs		8,135.00
Tax Reserve		8,679.57
Accounts Receivable		<u>650.00</u>
Total Current Assets		209,163.91
Property and Equipment		
Building		1,552,988.40
Building Unit 231		135,000.32
Building Unit 319		134,999.62
Accum Dep Building		<u>(359,131.00)</u>
Total Property and Equipment		1,463,857.34
Other Assets		
		<u>0.00</u>
Total Other Assets		<u>0.00</u>
Total Assets	\$	<u><u>1,673,021.25</u></u>

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts Payable	\$	9,600.00
Due to Peers Housing Assn		258,832.40
Accrued RE Tax		13,000.00
Accrued RE Taxes Assn		2,500.00
Security Deposits		<u>9,516.00</u>
Total Current Liabilities		293,448.40
Long-Term Liabilities		
Notes Payable, Lake Co		69,391.35
Notes Payable, FHLB		434,772.82
Notes Payable, IHDA		<u>124,869.30</u>
Total Long-Term Liabilities		<u>629,033.47</u>
Total Liabilities		922,481.87
Capital		
Equity-Retained Earnings		747,132.83
Net Income		3,406.55

Total Capital

750,539.38

Total Liabilities & Capital

\$ 1,673,021.25

Sunset Woods Housing
Account Register
For the Period From Apr 1, 2013 to Apr 30, 2013
1103M13 - FBHP General Checking

Date	Trans No	Type	Trans Desc	Deposit Amt	Withdrawal Amt	Balance
			Beginning Balance			26,362.33
4/1/13	1510	Withdrawal	Sunset Woods Condominium Assoc		3,010.78	23,351.55
4/1/13	4/1/13	Deposit	Tenant	348.00		23,699.55
		Deposit	Tenant	381.00		24,080.55
		Deposit	Tenant	257.00		24,337.55
		Deposit	Tenant	614.00		24,951.55
		Deposit	Tenant	663.00		25,614.55
		Deposit	Tenant	241.00		25,855.55
		Deposit	Tenant	302.00		26,157.55
		Deposit	Tenant	411.00		26,568.55
4/1/13	loan1304	Other	ihda/auto pymt		100.00	26,468.55
4/8/13	1511	Withdrawal	RC Paint & Home Improvements		690.81	25,777.74
4/8/13	4/10/13	Deposit	Tenant	362.00		26,139.74
		Deposit	Tenant	316.00		26,455.74
		Deposit	Tenant	835.00		27,290.74
		Deposit	Tenant	145.00		27,435.74
		Deposit	Tenant	473.00		27,908.74
		Deposit	Tenant	795.00		28,703.74
		Deposit	Tenant	407.00		29,110.74
		Deposit	Tenant	423.00		29,533.74
		Deposit	Tenant	240.00		29,773.74
		Deposit	Tenant	253.00		30,026.74
		Deposit	Tenant	204.00		30,230.74
		Deposit	Tenant	711.00		30,941.74
4/22/13	1512	Withdrawal	Housing Opportunity Dev. Corp.		585.65	30,356.09
4/26/13	loan1304	Other	FBHP/auto pymt		3,331.64	27,024.45
			Total	8,381.00	7,718.88	

Sunset Woods - April 30, 2013

Ending balance checking	\$	27,024
Ending balance operating reserve	\$	<u>9,112</u>
TOTAL	\$	36,136