

**FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR THE COMMONS AT GRAND OAKS**

THIS FIRST AMENDMENT is entered into this ^{29th} day of September 2006, by PORTRAIT HOMES-COMMONS AT GRAND OAKS LLC, an Illinois limited liability company, (hereinafter referred to as "Declarant").

WHEREAS, Declarant executed that certain Declaration of Covenants, Conditions, and Restrictions for The Commons at Grand Oaks recorded in the Office of the Register of Deeds of Charleston County on December 29, 2005 in Book S567 Page 001.

WHEREAS, pursuant to Article XI, Declarant reserved the right and option to amend the Declaration, coupled with an irrevocable special power of attorney of Declarant to execute such amendment;

WHEREAS, Declarant owns all of the Lots within the Property at the time this Amendment was approved and executed;

WHEREAS, Declarant now desires and intends hereby to so amend the Declaration; and

NOW THEREFORE, Declarant does hereby amend the Declaration as follows:

1. Article V is hereby amended as follows:

The maximum annual assessment under Section Four shall be Four Thousand Eight Hundred Dollars (\$4,800.00) per Lot, except the maximum annual assessment for Lots owned by Declarant which are not occupied as a residence shall be One Thousand Two Hundred Dollars (\$1,200.00) per Lot. The maximum annual assessment is being amended only because of the increased insurance premiums charged to the Association at this time.

2. Article VIII is hereby amended by adding the following Section Four, as follows:

Section Four. Association's Insurance Rights. The Association may elect not to provide property insurance coverage on the individual Lots within the Properties and the Association agrees to give the Owners at least ninety (90) day of written notice of such election. The Owners and their mortgagees agree to such a right and election on the part of the Association. Upon receipt of such written notice of election, the Owners, and their mortgagees if applicable, agree to obtain property insurance coverage on his/her Lot pursuant to the following provisions:

(a) Policies. All insurance policies upon the Lots and all improvements thereon shall be purchased by the Owners at their sole cost and expense for the benefit of the Owner, the other Owners and the Association and their mortgagees as their interests may appear, and provisions shall be made for the issuance of certificates of insurance. Further, Owners may, at their option, obtain insurance coverage at own expense upon (i) their own personal property; and (ii) such other coverage, as they may desire.

(b) Coverage. Each Lot and the improvements thereon shall be insured by each Owner in an amount equal to one hundred percent (100%) of the insurable replacement value and the Association may require a minimum amount on a yearly basis but shall provide notice to Owners thereof. Such coverage shall provide protection against:

(i) Loss or damage by fire and other hazards covered by a standard extended coverage endorsement;

(ii) Such other risks as from time to time shall be customarily covered with respect to buildings on the land; and

(iii) If the Property is located in an area likely to encounter hurricanes, hurricane coverage and wind coverage; hail coverage; earthquake coverage; and flood coverage; and

(iv) Such other coverages as the Owner may require or that the Association may require from time to time.

Insurance policies obtained by the Owners on the Lots must provide that:

(i) Each Owner is insured under the policy with respect to liability arising out of his/her ownership of the Lot;

(ii) The insurer waives its right to subrogation under the policy against any other Owner and the Association;

(iii) No act or omission by any Owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or be a condition to recovery under the Policy;

(iv) The Association shall be named a loss payee, for the purposes set forth in this Declaration;

(v) Such policy shall be primary and non-contributory, in the event that there is other insurance for the benefit of an Owner covering the same risk covered by the policy to be obtained by the Owner;

(vi) All Property Insurance policies shall have an inflation guard endorsement and an agreed amount endorsement to the extent available;

(vii) No policy obtained by an Owner covering his or her Lot may be cancelled or substantially modified without at least thirty (30) days prior written notice to the Association and any mortgagee;

(viii) All Property Insurance policies shall be written with a company licensed to do business in a state where the Property is located holding a rating of B+ or better in the financial category as established by A.M. Best Company, Inc., if reasonably available, or if not reasonably available, the most nearly equivalent rating.

(c) Liability. Public liability insurance shall be secured by each Owner with limits of liability of no less than Three Hundred Thousand Dollars (\$300,000.00) per occurrence and shall include an endorsement to cover liability of the Association.

(d) Other Insurance Coverages. There shall also be obtained such other insurance coverage, as the Association shall direct the Owners to obtain from time to time.

(e) Premiums. Premiums for insurance policies purchased by each Owner shall be paid by the Owner without right of reimbursement from the Association.

(f) Proceeds. All insurance policies purchased by the Owner shall be for the benefit of the Owner, the other Owners and the Association, and their mortgagees, as their interest may appear, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustee under this Declaration. The sole duty of the Association as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes stated herein or stated in the Bylaws and for the benefit of the Owners and their mortgagees in the following shares:

(i) Proceeds on account of damage to Lots shall be held for the Owners of the damaged Lots to pay for the cost of repairing the damage suffered by each Owner.

(ii) In the event a mortgagee endorsement has been issued for any Lot, the share of the Owner shall be held in trust for the mortgagee and the Owner as their interests may appear.

(g) Deductibles. The Owners suffering any loss shall be responsible to bear the cost of any deductibles. Each Owner shall obtain an insurance policy that does not have any deductible in excess of One Thousand Dollars (\$1,000.00).

(h) Distribution of Insurance Proceeds. Proceeds of insurance policies received by the Association, as insurance trustee shall be distributed to or for the benefit of the Owners and mortgagees in the following manner:

(i) Expense of the Trust. All expenses of the insurance trustee shall be first paid or provisions made therefor.

(ii) Reconstruction or Repair. The remaining proceeds shall be paid to defray the cost of repairs. Any proceeds remaining after defraying such cost shall be distributed to the beneficial Owners of the policies and the mortgagees thereon.

(i) Certificates of Insurance Coverage. At the time of the closing on the Lot, the Owner shall provide to the Association a certificate of insurance naming the Association as loss payee and providing for the coverages set forth herein, with a coverage period continuing through the next December 31. Each year thereafter prior to January 1, each Owner shall provide the Association a replacement certificate of insurance coverage naming the Association as loss payee and providing for the insurance coverages set forth herein, with a coverage period of January 1 through December 31 for the applicable year.

(j) Authority and Power of Attorney. Exclusive authority to adjust losses under the insurance policies obtained by the Owners shall be vested in the Association, provided however no mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto. Each Owner, by acceptance of a deed to a Lot, irrevocably appoints the Association or its designated representative, as attorney in fact for the purposes of collecting and disbursing the insurance proceeds on insurance policies obtained by the owners, the negotiation of losses and execution of releases of liability, the execution of all documents, and the performance of all acts necessary to accomplish such purposes. This power is for the benefit of each and every Owner and their respective mortgagees, and the Association, which runs with the land and is coupled with the interest.

(k) Additional Property Coverage. The Association may procure insurance coverage on improvements within the Properties which would cover uninsured losses, but in no way is the Association obligated to obtain such insurance. The Owners agree to pay the costs of such secondary coverage that shall apply only after all other insurance policies have paid on a primary non-contributory basis. In no event shall any insurance coverage obtained and maintained by the Association be brought into contribution with insurance purchased by the Owners or the mortgagees. The Owners agree that the cost of such secondary insurance shall be included in their assessments under Article V. Further, if an Owner fails or refuses to provide the Association with a copy of the insurance policy required under Section Four (or renewal or other reasonable evidence of current property damage and casualty insurance coverage on the Lot) within thirty (30) days following the Association's written notice to provide such insurance policy or evidence, the Association shall have the right to obtain and purchase such insurance as required by this Article on behalf of such Owner. In such event, the cost incurred by the Association procuring such insurance shall be assessed against the applicable Owner as an assessment levied against the Owner's Lot pursuant to Article V.

(l) Declarant Exemption. Provisions of this Article shall not apply to any Lots owned by Declarant, which Declarant shall insure under Declarant's corporate insurance policy or policies.

(m) Damage and Destruction. Any damage or destruction shall be repaired or reconstructed by the Association, unless by a vote of at least three-fourths (3/4) of all Members entitled to vote, a decision is made within sixty (60) days after the damage or loss occurs not to repair or reconstruct and the Association consents to not repair or reconstruct, and further provided, the Declarant consents not to repair or reconstruct as long as it so owns a Lot within the Properties. In the event that it should be determined by the Declarant, Association and Members in the manner described in this Declaration that the damage or destruction shall not be repaired or reconstructed and no alternative improvements are authorized, then in that event the Lot shall be restored to its natural state by the Owners thereof and maintained as an undeveloped portion of the Property by the Association in a neat and attractive condition.

(n) Mortgages and Assessments. Each Owner agrees to obtain the written permission of his or her mortgagee if applicable, for the Owner to obtain insurance on his/her unit without the Association being responsible for same on the Lot and agrees to give the Association such written permission. Upon their satisfying the requirements of Article VIII, Section Four, the Owner will not be billed for insurance obtained by the Association on the Owner's individual Lot, and the Owner's assessments shall be reduced accordingly.

(o) Insufficient Insurance. In the event the improvements that are on the Lot shall suffer damage or loss from any cause or peril insured against and the proceeds of any policy or policies insuring against such loss and damage and payable by reason thereof shall not be sufficient to pay the cost of repair, restoration or reconstruction, and the Owner of the Lot shall be assessed pursuant to Article V for the additional costs to make the repairs, restoration or reconstruction of the Lot so damaged and lost and such assessment shall have the same force and effect, and, if not paid, may be enforced in the same manner as herein provided for the non-payment of assessments.

3. All capitalized terms in this Amendment, to the extent not otherwise expressly defined herein, shall have the same meaning given to such terms in the Declaration.

4. Except as expressly amended herein, the terms and conditions of the Declaration shall continue in full force and effect and are hereby ratified in their entirety.

IN WITNESS WHEREOF, the Declarant has executed this Amendment to the Declaration this 29th day of September, 2006.

PORTRAIT HOMES-COMMONS AT GRAND OAKS LLC,
*An Illinois limited liability company

B.N. Campbell
witness

Paloma Y.G. Riordan
witness

[Signature]
By: **Michael J. Pasquinelli**

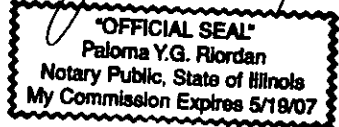
Its: Vice President

STATE OF Illinois)
)
COUNTY OF Cook) SS.

I, Paloma Y.G. Riordan, a Notary Public in and for County and State aforesaid, do hereby certify that **Michael J. Pasquinelli**, as Vice President of Portrait Homes-Commons at Grand Oaks LLC, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such, 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 limited liability company, for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this 29th day of Sept., 2006
Paloma Y.G. Riordan
Notary Public

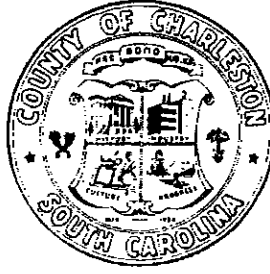
My Commission Expires: 5-19-07



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Charlie Lybrand, Register Charleston County, SC

JSC

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