

ARTICLE 5
MAINTENANCE RESERVE FUND

ESTABLISHMENT AND TERMS

As a security for the maintenance of the Common Areas, including but not limited to, outlot detention facilities, cul-de-sac islands, entryway boulevards, monument entryway signs, landscape easements, etc., the Lot Owner at the time of closing on the Purchase of Lot shall make a one time, non-refundable, non-transferable deposit contribution of an amount equal to three-hundred (\$300.00) dollars in an interest bearing "Maintenance Reserve Fund," to be established at a banking institution with offices in the Village of Frankfort. The purpose of the fund is to provide additional assurance to the Lot Owners and the Village of Frankfort that the Common Areas will be maintained in the manner in which they were designed. The Homeowner's Association shall also be required to collect membership dues on a regular basis for the purposes of providing such maintenance. However, if maintenance obligations exceed the funds made available by the association, the association may apply to the Village for release of a portion of the fund, and the Village may, at its discretion, allow for such a release. Said bank shall agree to be bounded by the terms of this section of these covenants by noting the same, including the recorder's document number, in the account records. In addition to all rights set forth herein, the Village of Frankfort shall be entitled to be fully and immediately reimbursed for any and all costs incurred under any of the terms of these covenants, including but not limited to those set forth under Article VI, Section 2 of this Declaration, by presenting the following to the banking institution:

A letter setting forth the nature of the default of the Association, which includes an itemized list of the costs to be reimbursed;
A statement that a demand for payment has been made upon the Association and the Association has not paid the amount due.

Upon presentation of the foregoing, the banking institution shall treat this notice in the same fashion as a draw on a Letter of Credit (and this matter shall be governed by the rules applicable to a Letter of Credit) and shall promptly make payment to the Village in accordance herewith.

ACCOUNT BALANCE LIMITATIONS

At no time shall the monies held in the Maintenance Reserve Fund exceed the sum of a dollar amount calculated by the following formula:

$$1.2 \times (\text{Total number of Lots} \times \$300)$$

In the event the fund reaches this sum, the excess shall be turned over to the Homeowner's Association.

INSUFFICIENT FUNDS

In the event the funds held in the Maintenance Reserve Fund are insufficient to reimburse the Village for any and all of its costs associated with its required

maintenance, each Lot owner shall be liable and responsible for the shortfall. The Village shall have the right to place a lien on any or all of the Lots in the subdivision, and to foreclose on said lien as if said lien is a mechanic's lien as defined by Illinois Statute; provided, such lien shall be subordinate to the lien of any mortgagees.

ANNUAL REPORT

The Association shall provide to the Village of Frankfort an annual report on the status of the Maintenance Reserve Fund.