



AGENDA ITEM EXECUTIVE SUMMARY

Agenda Item Number: 4g

Title:

Consideration of a request regarding The Reserve of St. Charles bike path.

Presenter:

Ellen Johnson

Meeting: Planning & Development Committee

Date: September 14, 2020

Proposed Cost: \$

Budgeted Amount: \$

Not Budgeted:

Executive Summary *(if not budgeted please explain):*

The Reserve of St. Charles subdivision is located on the west side of Rt. 31, north of Red Gate Road. The subdivision was approved in 2004. Approved plans included a 10 ft. wide bike path along Rt. 31 for the length of the subdivision, within HOA open space. The strip of land identified for the bike path is owned by the City. The southern portion of the bike path has been constructed while the northern portion has not.

The City holds a Letter of Credit for the cost of outstanding subdivision improvements required to be completed by the developer. This includes \$23,805 (115% of \$20,700 cost estimate) for construction of the bike path. Omni-Tech LLC (Meritus Homes) purchased the property from the original developer, Ryland Group, in 2009. Gary Janko of Omni-Tech has submitted a letter requesting the obligation of constructing the bike path be removed from the Letter of Credit. The HOA would then receive the funds for planting improvements.

Staff is seeking a recommendation from the Committee on the following:

1. Whether the City should require the developer to construct the Rt. 31 bike path.
2. Does the City wish to retain ownership of the strip of land identified for the bike path? As an alternative, an easement could be granted to the City for future use, should a bike path network be planned along Rt. 31.

From Staff's perspective, it may not be practical to require construction of the bike path given the lack of connectivity along Rt. 31. Doing so would not appear to serve a public purpose and the City would need to take on maintenance of the path.

There are no bike paths or sidewalks along Rt. 31 to the north or south of The Reserve. To the north is unincorporated, with an unincorporated parcel interrupting the planned bike path through The Reserve. No paths exist along Rt. 31 until The Timbers subdivision just north of downtown.

Since The Reserve was approved in 2004, north-south and east-west bike route linkages have been completed in the vicinity. Connection is provided to the Red Gate Road bike path via street connections internal to The Reserve and Rivers Edge to the south. From a regional perspective, Foley Lane serves as a bike route from Silver Glen Rd. to the north, through The Reserve, down to Red Gate Road, then connects south to Greenwood Lane which reaches Crane Road. Kane County DOT does not identify Rt. 31 as a planned future bike route. (See attached maps)

Attachments *(please list):*

Subdivision Map, Regional Bike Route Map, Letter from Gary Janko, Land Improvement Agreement

Recommendation/Suggested Action *(briefly explain):*

Based on the reasons outlined in the summary above, Staff has no objection to the request, but is seeking direction from the Committee on the following items:

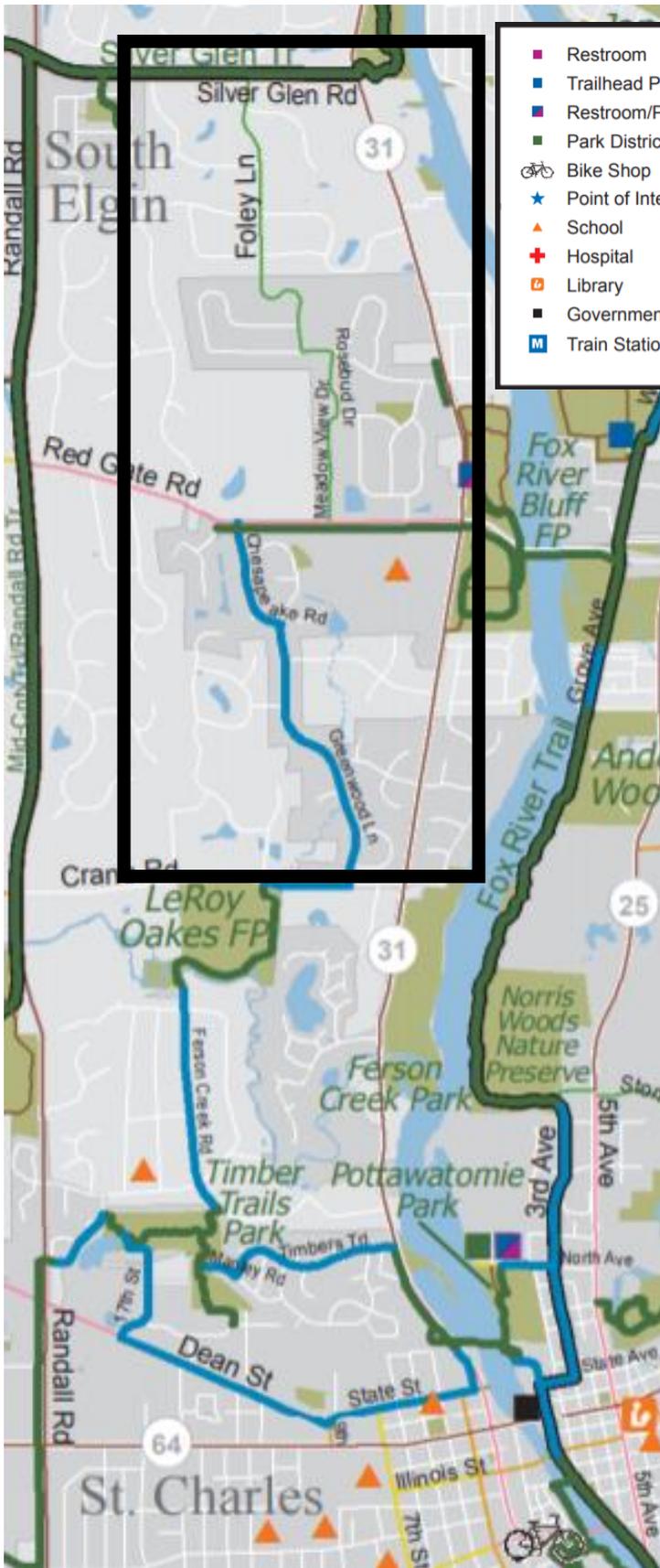
1. Whether the City should require the developer to construct the Rt. 31 bike path.
2. If not, does the City wish to retain ownership of the strip of land identified for the bike path? As an alternative, an easement could be granted to the City for future use.

Based on the direction, Staff will determine what documents will need to be prepared and/or amended to facilitate removal of the bike path from the Letter of Credit.

Subdivision Map



County Bike Map



<ul style="list-style-type: none"> ■ Restroom ■ Trailhead Parking ■ Restroom/Parking ■ Park District Facility 🚲 Bike Shop ★ Point of Interest ▲ School ⊕ Hospital 📖 Library ■ Government 🚉 Train Station 	<ul style="list-style-type: none"> 🌊 Water Body 🌲 Forest Preserve/Park ■ Incorporated ■ Rural <p>Types of Bikeways</p> <ul style="list-style-type: none"> — Multiuse Trail — Bike Lane — Bike Route — Trail Construction — Regional Trail — Forest Preserve Trail <i>May not be suitable for bikes</i> 	<p>Bicycle Level of Service See info panel for more information</p> <ul style="list-style-type: none"> Most Comfortable — A or B — High C — Low C — High D Least Comfortable — Low D or E <p>See Inserts to Right for Greater Detail</p>  <p>0 0.5 1 1.5 2 Miles</p> 
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July 29, 2020

Ellen Johnson
City of St. Charles
Planning & Zoning

I am writing to you concerning the Reserves of St. Charles subdivision which was purchased by Omni-Tech LLC, an entity of which I am the majority owner and Manager.

The original developer was the Ryland Group, Inc. and Omni-Tech LLC purchased the development from Ryland in July 2009. Omni-Tech and a related company of mine, Meritus Homes, Inc. have been building out the single-family homes in the subdivision over the last 10 years.

Concurrently with the purchase of the property from Ryland Group, Omni-Tech, LLC entered into a Land Improvement Agreement with the City of St. Charles to clarify the outstanding development obligations that remain for the Reserves of St. Charles. These obligations and the Letter of Credit requirements which provided the surety for these improvements were broken into Phases 1 and 2 and a separate surety amount for Phase 3. All of the development requirements for Phase 1 and 2 have been completed and the corresponding surety reduced for these obligations except for the "Bike Path" listed on the "Engineers Opinion of Probable Cost" for an amount of \$20,700 which is securitized by a letter of credit amount equal to 115% of that amount equal to \$23,805. Phase 3 improvements, per the Land Improvement Agreement and securitized by a Letter of Credit for \$343,000.00 still remains. A copy of the Land Improvement Agreement is attached.

Recently, Omni-Tech LLC and Meritus Homes, Inc. were approached by The Reserves of St. Charles Homeowners Association to discuss some issues they have with the adjoining property owner who is trespassing on to the Association's property. I believe they are in the process of applying for a home permit to restrict this neighbor from using the HOA's property. During discussions with the HOA, the subject about the bike path came up and we informed the HOA that Omni-Tech has a Letter of Credit up for \$23,805 for payment towards a bike path through their property that the City of St. Charles has a deeded exclusive right over. There was a discussion about why a bike path was even planned through the property and since Omni-Tech LLC was not involved in the original planning we could not answer that. After conducting a Google Earth search, there are no other surrounding properties that have a bike path on their property, thus this bike path would appear to go nowhere.

The concept was discussed to have Omni-Tech LLC pay the HOA the \$23,805, (the Letter of Credit amount), to the HOA to do additional planting improvements to the HOA property upon which the Letter of Credit would be returned to Omni-Tech LLC and the obligation for the bike path removed from the Land Improvement Agreement.

The HOA representatives informed us that Omni-Tech LLC needed to write a letter requesting this modification and this would be reviewed by The City Development Committee.

Please let us know if you have any further questions concerning this request as the HOA is moving forward and has asked us for any updates. I am sure you could contact the HOA directly to support this request.

Sincerely,

Omni-Tech, LLC



Gary Janko
Manager

LAND IMPROVEMENT AGREEMENT

THIS AGREEMENT made and entered into this ____ day of July, 2009, by and among the City of St. Charles, Kane and DuPage Counties, Illinois, a municipal corporation of the State of Illinois, having its principal offices at 2 E. Main Street, St. Charles, Illinois (hereinafter called the "City"), Omni-Tech LLC, an Illinois limited liability company (hereinafter called "Developer") and The Ryland Group, Inc., a Maryland corporation (hereinafter called "Original Developer:").

WITNESSETH:

WHEREAS, on or about February 9, 2006, the City granted final subdivision approval to that certain Plat of Subdivision prepared by Cemcon, Ltd. recorded with the Kane County Recorder's Office on February 9, 2006 as Document No. 2006K015402, Certificate of Correction thereto recorded on February 14, 2006 as Document No. 2006K016494 and Certificate of Correction thereto recorded on May 30, 2006 as Document No. 2006K058157 (as so corrected, the "Final Plat"), with respect to the property legally described (and described by phases) on Exhibit "A" attached hereto which is, by this reference, incorporated herein ("Project Realty") so as to permit the construction of a residential development named The Reserve of St. Charles ("Project") by the Original Developer; and,

WHEREAS, pursuant to that certain Partial Assignment of Annexation Agreement and Prepaid Impact Fees executed by the Original Developer, a copy of which attached hereto as Exhibit "C", the Developer has acquired a portion of the Project Realty legally described on Exhibit "A-1" attached hereto which is, by this reference, incorporated herein (the "Subject Realty") from the Original Developer, who completed some, but not all, of the Land Improvements required by the St. Charles Municipal Code (the "City Code"); and,

WHEREAS, this Agreement is entered into as provided by Section 16.12.220 of the City Code.

NOW, THEREFORE, it is mutually agreed as follows:

1. Developer shall furnish, or cause to be furnished, at its own cost and expense, all the necessary materials, labor and equipment to complete the Land Improvements for the Project which have not yet been completed and accepted by the City, including but not limited to the following: storm sewer systems, including all appurtenances thereto, curbs, final lift paving for streets, street lighting in phase 2, sidewalks, seeding, bike path and parkway tree plantings, as described in Exhibit "B" (the "Developer Obligations"). The Developer Obligations shall not include any obligations with respect to the off site sanitary sewer and the off site sanitary sewer lift station previously completed by the Original Developer, accepted by the City and covered by the \$322,976.71 maintenance security previously posted by the Original Developer with the City. Any repairs or renewals to such off site sanitary sewer and off site sanitary sewer lift station during the warranty period therefore and determined by the Development Engineering Division Manager to be necessary following final inspection thereof by the City shall remain the obligation of the Original Developer (the "Original Developer's Obligations"). All Land Improvements shall be constructed in accordance with the standards, specifications, and requirements of the City of St. Charles and that certain Annexation Agreement recorded with the Kane County Recorder's Office on May 10, 2005 as Document No. 2005K052734 (the "Annexation Agreement") and Annexation Ordinance No. 2005-M-9 recorded with the Kane County Recorder's Office on May 10, 2005 as Document No. 2005K052735 (the "Annexation Ordinance"). Such Land Improvements are identified on the Final Engineering Plans (the "Final Engineering Plans") prepared by Cemcon, Ltd., dated April 20, 2005, and bearing the latest revision date of April 7, 2006, together with any amendments thereto approved by the City, and shall be constructed in a good and workmanlike manner and in accordance with all pertinent ordinances and regulations of the City and/or other agreements between the City and Developer.

2. Attached hereto and incorporated herein as Exhibit "B" is a complete cost estimate for the construction of the required Land Improvements (the "Engineer's Estimate"). The City Code and/or any applicable ordinance or agreement provides that the Developer shall collateralize its obligation to construct all required Land Improvements. The Developer shall submit either a performance bond or letter of credit (the "Surety"). Whichever form of surety Developer provides shall be issued by a sound financial institution authorized to transact business and maintaining an authorized agent for service in the State of Illinois. Such Surety shall contain such terms and provisions

required by the City Code, shall be subject to approval by the City Attorney of the City and shall be deposited with the City simultaneously with the execution of this Agreement. At such time as the Surety is so deposited by the Developer, and simultaneous with its receipt thereof, the City shall return Surety Bond No. 929378893 to the Original Developer.

Said Surety shall be in a principal amount of not less than one hundred fifteen percent (115%) of the approved Engineer's Estimate.

The Surety may provide for its reduction from time to time, based upon the Development Engineering Division Manager's determination of the value of any of the Land Improvements installed. The Development Engineering Division Manager's recommendation shall not be subject to question by the Developer. In no event shall the Surety be reduced to an amount less than one hundred fifteen percent (115%) of the Development Engineering Division Manager's estimate of the cost of completion of all remaining Land Improvements. So long as any portion of the Land Improvements remain uncompleted or unaccepted, the Developer shall not permit the Surety to expire, but shall, at least ninety (90) days prior to its expiration date, cause said Surety to be renewed. Failure of the Developer to renew said Surety shall be a breach of this Agreement. Any language in the Surety with respect to its reduction shall be subject to the approval of the City Attorney. In no event shall the Development Engineering Division Manager's authorization for a reduction to the Surety constitute final acceptance of any of the Land Improvements.

3. Developer shall furnish qualified field supervision for the installation of all Land Improvements in the person of a professional engineer licensed in the State of Illinois.

4. Developer will pay to the City all plan review, inspection and other fees as required by the City's form of Reimbursement of Fees Agreement or otherwise required by the City Code.

5. The Developer shall furnish the City with evidence of liability insurance in the amount of at least \$1,000,000/\$2,000,000 covering the construction activities of the Developer contemplated by this Agreement. Such insurance shall be written by a company rated by Best Reporting Service A VI or better or the carrier certificate attached hereto. Such certificate of insurance shall be deposited before the commencement of any work by the Developer. The policy shall provide a thirty (30) day "prior notice of termination" provision in favor of the City. Should the Developer allow such liability insurance to terminate prior to the final acceptance of all of the Land Improvements, the City may have recourse against the Surety for funds sufficient to cause the liability insurance to remain in effect until the final acceptance of all of the Land Improvements.

6. The Developer, by its execution of this Agreement, agrees to indemnify, hold harmless, defend, pay costs of defense, and pay any and all claims or judgments which may hereafter accrue against the City, or its agents, servants and employees, arising out of any of the Developer's construction activities contemplated by this Agreement.

7. Developer shall cause the Land Improvements to be completed, and as-built drawing tendered to the Development Engineering Division Manager, within two (2) years of the date of this Agreement, unless such time period is extended in writing by the City pursuant to the City Code.

If work relating to the Land Improvements is not completed within the time prescribed herein, the City shall have the right, but not the obligation, to provide for completion by drawing on the Surety in addition to any other available remedies.

8. Upon completion of any Land Improvement and, further, upon the submission to the City of a certificate from the engineering firm employed by Developer stating that the said Land Improvement has been completed in conformance with this Agreement, the Annexation Agreement, the City Code, the final engineering Plans and Specifications relative thereto, any applicable agreements and all State and Federal laws and standards, the Development Engineering Division Manager shall, within twenty (20) days after the City receives the aforesaid

certification from the Developer's engineer, either (i) recommend to the City's corporate authorities final acceptance of said Land Improvement, or (ii) designate in writing to Developer all corrections or alterations which shall be required to obtain a recommendation of final acceptance of said Land Improvement, specifically citing sections of the final engineering Plans and Specifications, the City Code or this Agreement, any applicable agreement or State or Federal law or standard, relied upon by said Development Engineering Division Manager. Should the Development Engineering Division Manager reject any Land Improvement, or any portion or segment thereof, for a recommendation of final acceptance, the Developer shall cause to be made to such Land Improvement such corrections or modifications as may be required by the Development Engineering Division Manager. The Developer shall cause the Land Improvement to be submitted and resubmitted as herein provided until the Development Engineering Division Manager shall recommend final acceptance of same to the corporate authorities of the City and the corporate authorities shall finally accept same. No Land Improvement shall be deemed to be finally accepted until the corporate authorities shall, by appropriate resolution, finally accept same.

Upon completion and as a condition of final acceptance by the City, Developer agrees to convey and transfer those Land Improvements which are deemed to be public improvements to the City by appropriate Bill(s) of Sale.

9. The Developer guarantees that the workmanship and materials furnished under the final Plans and Specifications and used in said Land Improvements will be furnished and performed in accordance with well-known established practices and standards recognized by engineers in the trade. All Land Improvements shall be new and of the best grade of their respective kinds for the purpose.

All materials and workmanship shall be warranted by the Developer for a period of twelve (12) months from the date of final acceptance by the City.

To partially secure the Developer's warranty, at the time or times of final acceptance by the City of the installation of any Land Improvement in accordance with this Agreement, Developer shall deposit with the City a Maintenance Surety in the amount of fifteen percent (15%) of the Engineer's Estimate of the Land Improvement finally accepted by the City. This Surety shall be deposited with the City and shall be held by the City.

The Developer shall make or cause to be made at its own expense, any and all repairs which may become necessary under and by virtue of this maintenance warranty and shall leave the Land Improvements in good and sound condition, satisfactory to the City and the Development Engineering Division Manager, at the expiration of the warranty period. In said event and at the expiration of such period, said Maintenance Surety(s) shall be returned to the Developer.

If during said warranty period, any Land Improvement shall require any repairs or renewals, in the opinion of the Development Engineering Division Manager, necessitated by reason of settlement of foundation, structure or backfill, or other defective workmanship or materials, the Developer shall, upon notification by the Development Engineering Division Manager of necessity for such repairs or renewals, make such repairs or renewals, at its own cost and expense. Should the Developer fail to make such repairs or renewals within thirty (30) days of such notification, or such additional time due to weather delays which shall extend the repair period for like number of days, as approved by the City, the City may cause such work to be done, either by contract or otherwise, and the City may draw upon said Maintenance Surety to pay the entire cost or expense thereof, including attorneys' fees and consultants' costs. Should such cost or expense exceed the amount set forth in said Maintenance Surety, the Developer will remain liable for any additional cost or expense incurred in the correction process.

The Developer's warranty and maintenance obligations under this Agreement are applicable to all of the Land Improvements for the Project, whether originally constructed by the Developer or the Original Developer, except for the off site sanitary sewer and lift station described in paragraph 1.

10. The Developer shall furnish the City with copies of lien waivers showing that all persons who have done work, or have furnished materials under this Agreement and are entitled to a lien therefore under any laws of the State of Illinois, have been fully paid or are no longer entitled to such lien.

11. The Developer shall be responsible for the maintenance of the Land Improvements until such time as they are finally accepted by the City. This maintenance shall include routine maintenance, as well as emergency maintenance such as sewer blockages and water main breaks. Such maintenance shall be sufficient to render the Land Improvements compliant with the Plans and Specifications at the time of their final acceptance by the City.

12. Developer shall be responsible for any and all damage to the Land Improvements which may occur during the construction of the Subject Realty irrespective of whether the Land Improvements damaged have or have not been finally accepted hereunder. Developer shall replace and repair damage to the Land Improvements installed within, under or upon the Subject Realty resulting from construction activities by Developer, its successors or assigns and its employees, agents, contractors or subcontractors during the term of this Agreement, but shall not be deemed hereby to have released any other party from liability or obligation in this regard.

13. The rights and remedies of the City as provided herein, in the ordinances of the City and/or in any agreements between the City and Developer regarding the Subject Realty, shall be cumulative and concurrent, and may be pursued singularly, successively, or together, at the sole discretion of the City, and may be exercised as often as occasion therefor shall arise. Failure of the City, for any period of time or on more than one occasion, to exercise such rights and remedies shall not constitute a waiver of the right to exercise the same at any time thereafter or in the event of any subsequent default. No act of omission or commission of the City, including specifically any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same; any such waiver or release to be effected only through a written document executed by the City and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as a waiver or release of any subsequent event or as a bar to any subsequent exercise of the City's rights or remedies hereunder. Except as otherwise specifically required, notice of the exercise of any right or remedy granted to the City is not required to be given.

14. From and after the date on which the Development Engineering Division Manager notifies the Developer, in writing, that the Developer is in default of any of its obligations under this Agreement, the Developer shall pay to the City, upon demand, all of the City's fees, costs and expenses incurred in enforcing the provisions of this Agreement against Developer, including, without limitation, engineers' and attorneys' fees, costs and expenses, and, if any litigation is filed as part of such enforcement, any court costs and filing fees.

15. This Agreement shall be binding upon and inure to the successors and assigns of the parties to this Agreement. The Developer shall provide written notice to the City not less than fourteen (14) days prior to any assignment of this Agreement.

16. The invalidity of any provision of this Agreement shall not impair the validity of any other provision. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable, that provision will be deemed severable and this Agreement may be enforced with that provision severed or as modified by the court.

17. This Agreement sets forth an agreement of the parties insofar as it specifically contradicts, modifies or amplifies any provision of the City Code. To the extent that this Agreement does not address an applicable provision of the City Code, the City Code shall continue to control the parties' activities contemplated by this Agreement regardless of the fact that the City Code has not been addressed within the specific terms of this Agreement.

18. This Agreement shall be in full force and effect from the date set forth above until the maintenance and warranty period for each any every Land Improvement terminates.

19. This Agreement shall be interpreted and construed in accordance with the laws of the State of Illinois.
20. All notices hereunder shall be in writing and must be served either personally or by registered or certified mail to:

A. City at:

City St. Charles
Attention: Development Engineering Division Manager
2 E. Main Street
St. Charles, Illinois 60174
Telefax No: 630-762-6922

B. Developer at:

Omni-Tech LLC
Attn: Gary R Janko
1650 Lake Cook Road
Suite 130
Deerfield, IL 60015
Telefax: 847-940-8815

With Copy to:
Evon Solms
Legal Counsel
1650 Lake Cook Road
Suite 130
Deerfield, IL 60015
Direct Fax: 650-360-6670

C. Original Developer at:

The Ryland Group, Inc.
1141 East Main Street, Suite 108
East Dundee, IL 60118
Attn: Matt Pagoria
Telefax: 224-293-3101

With a copy to:

Peter G. Skelly
Senior Vice President
The Ryland Group, Inc.
21925 Field Parkway, Suite 230
Deer Park, IL 60010
Telefax: 847-726-2628

21. This Agreement is executed in multiple counterparts, each of which shall be deemed to be and shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals on the date first above written.

CITY OF ST. CHARLES

By: _____
Mayor

ATTEST:

City Clerk

DEVELOPER
Omni-Tech LLC

By: _____
Its Manager, Gary R Janko

ORIGINAL DEVELOPER
The Ryland Group, Inc.

By: _____

STATE OF ILLINOIS)
) SS.
COUNTY OF ~~LAKE~~ COOK)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Gary R. Janko, Manager of Omni-Tech, LLC, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Manager 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 this 16 day of July, 2009.
Charla Stence
Notary Public

STATE OF ILLINOIS)
) SS.
COUNTY OF KANE)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that _____, Mayor of the City of St. Charles, and _____, City Clerk of said City, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such Mayor and City Clerk, respectively appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act and as the free and voluntary act of said City, for the uses and purposes therein set forth; and the said City Clerk then and there acknowledged that she, as custodian of the corporate seal of said City, did affix the corporate seal of said City to said instrument, as her own free and voluntary act and as the free and voluntary act of said City, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this _____ day of _____, 20____.

Notary Public

STATE OF ILLINOIS)
) SS.
COUNTY OF _____)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that _____, _____ of The Ryland Group, Inc., 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 corporation, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this _____ day of _____, 2009.

Notary Public

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROJECT REALTY

All Lots and Outlots in The Reserve of St. Charles, being a subdivision of Part of the South Half of Section 9, Part of the Southwest Quarter of Section 10, Part of the Northwest Quarter of Section 15, and Part of the Northeast Quarter of Section 16, Township 40 North, Range 8 East of the Third Principal Meridian, in Kane County, Illinois, pursuant to the plat thereof recorded in Kane County, Illinois, on February 9, 2006, as Document No. 2006K015402, Certificate of Correction thereto recorded on February 14, 2006 as Document No. 2006K016494 and Certificate of Correction thereto recorded on May 30, 2006 as Document No. 2006K058157.

Phase 1:

Lots 1 through 22, both inclusive, 82 through 104, both inclusive, in The Reserve of St. Charles, being a subdivision of part of the South Half of Section 9, part of the Southwest Quarter of Section 10, part of the Northwest Quarter of Section 15, and part of the Northwest Quarter of Section 16, Township 40 North, Range 8 East of the Third Principal Meridian, according to the plat thereof recorded February 9, 2006 as document 2006K015402, certificate of correction recorded February 14, 2006 as document 2006K016494, and certificate of correction recorded May 30, 2006 as document 2006K058157, in Kane County, Illinois.

Phase 2:

Lots 23-81, both inclusive, 105 through 133, both inclusive, in The Reserve of St. Charles, being a subdivision of part of the South Half of Section 9, part of the Southwest Quarter of Section 10, part of the Northwest Quarter of Section 15, and part of the Northwest Quarter of Section 16, Township 40 North, Range 8 East of the Third Principal Meridian, according to the plat thereof recorded February 9, 2006 as document 2006K015402, certificate of correction recorded February 14, 2006 as document 2006K016494, and certificate of correction recorded May 30, 2006 as document 2006K058157, in Kane County, Illinois.

EXHIBIT "A-1"

LEGAL DESCRIPTION OF SUBJECT REALTY

Lots 4 through 10, both inclusive, 12, 13, 17 through 81, both inclusive, 85, 87 through 91, both inclusive, 93 through 95, both inclusive, 97, and Lots 104 through 133, both inclusive, in The Reserve of St. Charles, being a subdivision of part of the South Half of Section 9, part of the Southwest Quarter of Section 10, part of the Northwest Quarter of Section 15, and part of the Northwest Quarter of Section 16, Township 40 North, Range 8 East of the Third Principal Meridian, according to the plat thereof recorded February 9, 2006 as document 2006K015402, certificate of correction recorded February 14, 2006 as document 2006K016494, and certificate of correction recorded May 30, 2006 as document 2006K058157, in Kane County, Illinois.

EXHIBIT "B"

CEMCOM ESTIMATES

CEMCON, Ltd.
ENGINEER'S OPINION
OF PROBABLE CONSTRUCTION COST

PROJECT: RESERVE OF ST. CHARLES - UNITS 1 & 2
 ON-SITE ONLY BOND REDUCTION
 JOB NO.: 608.068

DATE: APRIL 20, 2005
 REVISED: OCTOBER 27, 2008
 LAST REVISED: DECEMBER 16, 2008

NO.	ITEM	APPROX. QUANTITY	UNIT	PRICE	AMOUNT	PERCENT COMPLETE	NEW BOND AMOUNT
I. SANITARY SEWER IMPROVEMENTS - ON-SITE							
1	Sanitary Sewer, 8" PVC SDR 26, 4 - 8' Deep	2,623	L.F.	\$ 18.75	\$ 49,181.25	100%	\$ -
2	Sanitary Sewer, 8" PVC SDR 26, 8 - 12' Deep	1,584	L.F.	18.95	30,016.80	100%	-
3	Sanitary M.H. 4', Ty. A w/ Ty. 1 Fr & SS Lid, 4-8' Deep	5	E.A.	1,419.30	7,096.50	100%	-
4	Sanitary M.H. 4', Ty. A w/ Ty. 1 Fr & SS Lid, 8 - 12' Deep	7	E.A.	1,620.20	11,341.40	100%	-
5	Sanitary M.H. 4', Ty. A w/ Ty. 1 Fr & SS Lid, 12-16' Deep	3	E.A.	2,211.40	6,634.20	100%	-
6	Sanitary M.H. 4', Ty. A w/ Ty. 1 Fr & SS Lid, 12-16' Deep w/ Drop Connection	1	E.A.	4,865.70	4,865.70	100%	-
7	Sanitary Service, 6" PVC SDR 26 (Long) w/ 8x6" Tee	20	E.A.	1,751.40	35,028.00	100%	-
8	Sanitary Service, 6" PVC SDR 26 (Short) w/ 8x6" Tee	25	E.A.	309.00	7,725.00	100%	-
9	PVC Service Riser	3	E.A.	225.00	675.00	100%	-
10	Connect to Existing Sanitary Sewer	1	E.A.	500.00	500.00	100%	-
11	Trench Backfill	2,600	C.Y.	24.20	62,920.00	100%	-
Sub-Total Sanitary Sewer Improvements - On-Site					\$ 215,983.85		\$ -
II. WATERMAIN IMPROVEMENTS							
1	DIWM 8", Cl. 52 w/Polyethylene Wrap	3,775	L.F.	\$ 18.95	\$ 71,536.25	100%	\$ -
2	DIWM 8", Cl. 55 w/Polyethylene Wrap	14	L.F.	24.30	340.20	100%	-
3	DIWM 10", Cl. 52 w/Polyethylene Wrap	2,793	L.F.	24.62	68,763.66	100%	-
4	8" Valve in 4' Dia. Vault	9	E.A.	1,564.60	14,081.40	100%	-
5	10" Valve in 5' Dia. Vault	4	E.A.	2,499.80	9,999.20	100%	-
6	Hydrant w/Aux. Valve	18	E.A.	1,869.50	33,651.00	100%	-
7	Water Service 1 1/4", Ty. K w/ Box (Long)	28	E.A.	579.90	16,237.20	100%	-
8	Water Service 1 1/4", Ty. K w/ Box (Short)	18	E.A.	1,271.70	22,890.60	100%	-
9	Connect to Existing Watermain	2	E.A.	1,800.00	3,600.00	100%	-
10	Trench Backfill	100	C.Y.	24.20	2,420.00	100%	-
11	Water Tight Plug and Blocking	1	E.A.	350.00	350.00	100%	-
12	Watermain Protection	1	L.S.	6,500.00	6,500.00	100%	-
Sub-Total Watermain Improvements					\$ 250,369.51		\$ -

CEMCON, Ltd.
ENGINEER'S OPINION
OF PROBABLE CONSTRUCTION COST

PROJECT: RESERVE OF ST. CHARLES - UNITS 1 & 2
ON-SITE ONLY BOND REDUCTION
JOB NO.: 608.068

DATE: APRIL 20, 2005
REVISED: OCTOBER 27, 2008
LAST REVISED: DECEMBER 16, 2008

NO.	ITEM	APPROX. QUANTITY	UNIT	UNIT PRICE	AMOUNT	PERCENT COMPLETE	NEW BOND AMOUNT
III. STORM SEWER IMPROVEMENTS							
1	Storm Sewer, 6" PVC SDR 26	1,420	L.F.	\$ 12.00	\$ 17,040.00	100%	\$ 1,704.00
2	Storm Sewer, 12" RCP, Ty. 1	2,451	L.F.	14.70	36,029.70	100%	\$ 3,602.97
3	Storm Sewer, 12" RCP, Ty. 1 w/C-361 Joints	591	L.F.	16.00	9,456.00	100%	\$ 945.60
4	Storm Sewer, 15" RCP, Ty. 1	685	L.F.	16.60	11,371.00	100%	\$ 1,137.10
5	Storm Sewer, 15" RCP, Ty. 1 w/C-361 Joints	184	L.F.	17.25	3,174.00	100%	\$ 317.40
6	Storm Sewer, 18" RCP, Ty. 1	702	L.F.	19.80	13,899.60	100%	\$ 1,389.96
7	Storm Sewer, 21" RCP, Ty. 1	165	L.F.	23.20	3,828.00	100%	\$ 382.80
8	Storm Sewer, 21" RCP, Ty. 1 w/C-361 Joints	233	L.F.	25.50	5,941.50	100%	\$ 594.15
9	Storm Sewer, 24" RCP, Ty. 1	307	L.F.	27.20	8,350.40	100%	\$ 835.04
10	Storm Sewer, 27" RCP, Ty. 1	308	L.F.	32.20	9,917.60	100%	\$ 991.76
11	Inlet Ty. A w/ Ty. 8 Gr.	9	E.A.	475.20	4,276.80	100%	\$ 427.68
12	Inlet Ty. A w/ R-3015-R FR. & Gr.	12	E.A.	675.20	8,102.40	100%	\$ 810.24
13	Inlet Ty. B w/ Ty. 8 Gr.	3	E.A.	1,055.00	3,165.00	100%	\$ 316.50
14	Inlet Ty. B w/ R-3015-R FR. & Gr.	2	E.A.	1,055.00	2,110.00	100%	\$ 211.00
15	Catch Basin Ty. C w/ R-3015-R Fr. & Gr., 2' Dia.	5	E.A.	805.00	4,025.00	100%	\$ 402.50
16	Catch Basin Ty. A w/ R-3015-R Fr. & Gr., 3' Dia.	9	E.A.	1,305.00	11,745.00	100%	\$ 1,174.50
17	Storm M.H. Ty A w/TY. 1 FR. & C.L., 4' Dia.	7	E.A.	1,230.00	8,610.00	100%	\$ 861.00
18	Storm M.H. Ty A w/TY. 1 FR. & O.L., 4' Dia.	6	E.A.	1,230.00	7,380.00	100%	\$ 738.00
19	Storm M.H. Ty A w/TY. 1 FR. & C.L., 5' Dia.	2	E.A.	1,708.00	3,416.00	100%	\$ 341.60
20	Storm M.H. Ty A w/TY. 1 FR. & O.L., 5' Dia.	3	E.A.	1,708.00	5,124.00	100%	\$ 512.40
21	Storm M.H. Ty A w/TY. 1 FR. & C.L., 6' Dia.	1	E.A.	2,595.80	2,595.80	100%	\$ 259.58
22	Clean out Structure, w/ R-1706-1 Fr. & C.L.	7	E.A.	350.00	2,450.00	100%	\$ 245.00
23	Flared End Section, 12" RCP w/ Grate	3	E.A.	473.80	1,421.40	100%	\$ 142.14
24	Flared End Section, 15" RCP w/ Grate	2	E.A.	601.50	1,203.00	100%	\$ 120.30
25	Flared End Section, 18" RCP w/ Grate	4	E.A.	659.20	2,636.80	100%	\$ 263.68
26	Flared End Section, 21" RCP w/ Grate	1	E.A.	720.00	720.00	100%	\$ 72.00
27	Flared End Section, 27" RCP w/ Grate	1	E.A.	937.30	937.30	100%	\$ 93.73
28	Rip Rap w/ Maintenance	40	C.Y.	30.00	1,200.00	100%	\$ 120.00
29	Trench Backfill	300	C.Y.	24.20	7,260.00	100%	\$ 726.00
Sub-Total Storm Sewer Improvements					\$ 197,386.30		\$ 19,738.63

CEMCON, Ltd.
ENGINEER'S OPINION
OF PROBABLE CONSTRUCTION COST

PROJECT: RESERVE OF ST. CHARLES - UNITS 1 & 2
ON-SITE ONLY BOND REDUCTION
JOB NO.: 608.068

DATE: APRIL 20, 2005
REVISED: OCTOBER 27, 2008
LAST REVISED: DECEMBER 16, 2008

NO.	ITEM	APPROX. QUANTITY	UNIT	UNIT PRICE	AMOUNT	PERCENT COMPLETE	NEW BOND AMOUNT
IV. PAVEMENT IMPROVEMENTS							
1	Fine Grading	17,848	S.Y.	\$ 0.90	\$ 16,063.20	100%	1,606.32
2	Agg. Base Cse. Ty. B (CA-6) 4"	16,666	S.Y.	3.00	49,998.00	100%	4,999.80
3	Bit. Base Course, 6"	15,386	S.Y.	12.00	184,632.00	100%	18,463.20
4	Bit. Binder Cse., 1 1/2" Cl. I	15,386	S.Y.	3.30	50,773.80	100%	5,077.38
5	Bit. Surface Cse., 1 1/2" Cl. I	15,386	S.Y.	3.65	56,158.90	0%	56,158.90
6	Bit Material Prime Coat @ 0.3 Gal./SY	4,616	GAL.	1.10	5,077.60	0%	5,077.60
7	Bit Material Tack Coat @ 0.1 Gal./SY	1,539	GAL.	1.10	1,692.90	0%	1,692.90
8	PCC Sidewalk 4' Wide, 5" Thick w/3" CA-6 Subbase	44,312	S.F.	2.75	121,858.00	50%	60,929.00
9	PCC Curb & Gutter Ty. B-6.12	11,078	L.F.	8.00	88,624.00	100%	8,862.40
10	Backfill Curb	11,078	L.F.	0.50	5,539.00	100%	553.90
Sub-Total Pavement Improvements					\$ 580,417.40		\$ 163,421.40

V. MISCELLANEOUS IMPROVEMENTS

1	10' Wide Bike Path (2" Surface Course, 8" Agg. Base Course TY B)	1,725	L.F.	\$ 12.00	\$ 20,700.00	0%	\$ 20,700.00
Sub-Total Miscellaneous Improvements					\$ 20,700.00		\$ 20,700.00

VI. SOIL EROSION IMPROVEMENTS

1	Soil Erosion Repair		L.S.		\$ 10,000.00	0%	\$ 10,000.00
Sub-Total Miscellaneous Improvements					\$ 10,000.00		\$ 10,000.00

CEMCON, Ltd.
ENGINEER'S OPINION
OF PROBABLE CONSTRUCTION COST

PROJECT: RESERVE OF ST. CHARLES - UNITS 1 & 2
ON-SITE ONLY BOND REDUCTION
JOB NO.: 608.068

DATE: APRIL 20, 2005
REVISED: OCTOBER 27, 2008
LAST REVISED: DECEMBER 16, 2008

NO.	ITEM	APPROX. QUANTITY	UNIT	PRICE	AMOUNT	PERCENT COMPLETE	NEW BOND AMOUNT
SUMMARY							
I.	SANITARY SEWER IMPROVEMENTS - ON-SITE				\$ 215,983.85	\$ -	
II.	WATERMAIN IMPROVEMENTS				\$ 250,369.51	\$ -	
III.	STORM SEWER IMPROVEMENTS				\$ 197,386.30	\$ 19,738.63	
IV.	PAVEMENT IMPROVEMENTS				\$ 580,417.40	\$ 163,421.40	
V.	MISCELLANEOUS IMPROVEMENTS				\$ 20,700.00	\$ 20,700.00	
VI.	SOIL EROSION IMPROVEMENTS				\$ 10,000.00	\$ 10,000.00	
	TOTAL IMPROVEMENTS				\$ 1,274,857.06	\$ 213,860.03	
	LETTER OF CREDIT AMOUNT (115%)				\$ 1,466,085.62	\$ 245,939.03	

PROFESSIONAL ENGINEER'S CERTIFICATION

STATE OF ILLINOIS)
COUNTY OF DUPAGE)

I, CHRISTOPHER R. MORGART, A LICENSED PROFESSIONAL ENGINEER OF ILLINOIS, HEREBY STATE THAT THIS TECHNICAL SUBMISSION WAS PREPARED ON BEHALF OF THE RYLAND HOMES, INC. UNDER MY PERSONAL DIRECTION.

DATED THIS _____ DAY OF _____, AD., 2008

ILLINOIS LICENSED PROFESSIONAL ENGINEER NO. 062-055788
MY LICENSE EXPIRES ON NOVEMBER 30, 2009

PROFESSIONAL DESIGN FIRM LICENSE NO. 184-002937, EXPIRES APRIL 30, 2009

NOTE:

UNLESS THIS DOCUMENT BEARS THE ORIGINAL SIGNATURE AND IMPRESSED SEAL OF THE DESIGN PROFESSIONAL ENGINEER, IT IS NOT A VALID TECHNICAL SUBMISSION.

CEMCON, Ltd.
ENGINEER'S OPINION
OF PROBABLE CONSTRUCTION COST

PROJECT: RESERVE OF ST. CHARLES - UNIT 3
ON-SITE ONLY BOND REDUCTION
JOB NO.: 608.068

DATE: APRIL 20, 2005
REVISED: OCTOBER 27, 2008
LAST REVISED: DECEMBER 16, 2008

NO.	ITEM	APPROX. QUANTITY	UNIT	UNIT PRICE	AMOUNT	PERCENT COMPLETE	NEW BOND AMOUNT
I. SANITARY SEWER IMPROVEMENTS - ON-SITE							
1	Sanitary Sewer, 8" PVC SDR 26, 4 - 8' Deep	1,223	L.F.	\$ 18.75	\$ 22,931.25	100%	\$ -
2	Sanitary Sewer, 8" PVC SDR 26, 8 - 12' Deep	3,859	L.F.	18.95	73,128.05	100%	\$ -
3	Sanitary Sewer, 8" PVC SDR 21, 12 - 16' Deep	583	L.F.	26.27	15,315.41	100%	\$ -
4	Sanitary M.H. 4', Ty. A w/ Ty. 1 Fr & SS Lid, 4-8' Deep	12	E.A.	1,419.30	17,031.60	100%	\$ -
5	Sanitary M.H. 4', Ty. A w/ Ty. 1 Fr & SS Lid, 8 - 12' Deep	10	E.A.	1,620.20	16,202.00	100%	\$ -
6	Sanitary M.H. 4', Ty. A w/ Ty. 1 Fr & SS Lid, 16-20' Deep w/ Drop Connection	1	E.A.	5,263.30	5,263.30	100%	\$ -
7	Sanitary Service, 6" PVC SDR 26 (Long) w/ 8x6" Tee	45	E.A.	1,751.40	78,813.00	100%	\$ -
8	Sanitary Service, 6" PVC SDR 26 (Short) w/ 8x6" Tee	43	E.A.	309.00	13,287.00	100%	\$ -
9	PVC Service Riser	4	E.A.	225.00	900.00	100%	\$ -
10	Trench Backfill	3,400	C.Y.	24.20	82,280.00	100%	\$ -
Sub-Total Sanitary Sewer Improvements - On-site					\$ 325,151.61		\$ -
II. WATERMAIN IMPROVEMENTS							
1	DIWM 8", Cl. 52 w/Polyethylene Wrap	5,823	L.F.	\$ 18.95	\$ 110,345.85	100%	\$ -
2	DIWM 8", Cl. 55 w/Polyethylene Wrap	652	L.F.	24.30	15,843.60	100%	\$ -
3	8" Valve in 4' Dia. Vault	9	E.A.	1,564.60	14,081.40	100%	\$ -
4	Hydrant w/Aux. Valve	17	E.A.	1,869.50	31,781.50	100%	\$ -
5	Water Service 1 1/4", Ty. K w/ Box (Long)	40	E.A.	579.90	23,196.00	100%	\$ -
6	Water Service 1 1/4", Ty. K w/ Box (Short)	47	E.A.	1,271.70	59,769.90	100%	\$ -
7	Trench Backfill	100	C.Y.	24.20	2,420.00	100%	\$ -
8	Watermain Protection	1	L.S.	8,500.00	8,500.00	100%	\$ -
Sub-Total Watermain Improvements					\$ 265,938.25		\$ -

CEMCON, Ltd.
ENGINEER'S OPINION
OF PROBABLE CONSTRUCTION COST

PROJECT: RESERVE OF ST. CHARLES - UNIT 3
ON-SITE ONLY BOND REDUCTION
JOB NO.: 608.068

DATE: APRIL 20, 2005
REVISED: OCTOBER 27, 2008
LAST REVISED: DECEMBER 16, 2008

NO.	ITEM	APPROX. QUANTITY	UNIT	UNIT PRICE	AMOUNT	PERCENT COMPLETE	NEW BOND AMOUNT
III. STORM SEWER IMPROVEMENTS							
1	Storm Sewer, 6" PVC SDR 26	617	L.F.	\$ 12.00	\$ 7,404.00	100%	\$ 740.40
2	Storm Sewer, 12" RCP, Ty. 1	2,069	L.F.	14.70	30,414.30	100%	\$ 3,041.43
3	Storm Sewer, 12" RCP, Ty. 1 w/C-361 Joints	1,236	L.F.	16.00	19,776.00	100%	\$ 1,977.60
4	Storm Sewer, 15" RCP, Ty. 1	1,002	L.F.	16.60	16,633.20	100%	\$ 1,663.32
5	Storm Sewer, 15" RCP, Ty. 1 w/C-361 Joints	929	L.F.	17.25	16,025.25	100%	\$ 1,602.53
6	Storm Sewer, 18" RCP, Ty. 1	919	L.F.	19.80	18,196.20	100%	\$ 1,819.62
7	Storm Sewer, 18" RCP, Ty. 1 w/C-361 Joints	179	L.F.	21.00	3,759.00	100%	\$ 375.90
8	Storm Sewer, 21" RCP, Ty. 1	1,800	L.F.	23.20	41,760.00	100%	\$ 4,176.00
9	Storm Sewer, 24" RCP, Ty. 1	1,463	L.F.	27.20	39,793.60	100%	\$ 3,979.36
10	Storm Sewer, 27" RCP, Ty. 1	1,171	L.F.	32.20	37,706.20	100%	\$ 3,770.62
11	Storm Sewer, 30" RCP, Ty. 1	233	L.F.	33.90	7,898.70	100%	\$ 789.87
12	Storm Sewer, 36" RCP, Ty. 1	75	L.F.	45.50	3,412.50	100%	\$ 341.25
13	Storm Sewer, 36" RCP, Ty. 1 w/C-361 Joints	185	L.F.	51.00	9,435.00	100%	\$ 943.50
14	Inlet Ty. A w/ Ty. 8 Gr.	9	E.A.	475.20	4,276.80	100%	\$ 427.68
15	Inlet Ty. A w/ R-3015-R FR. & Gr.	16	E.A.	675.20	10,803.20	100%	\$ 1,080.32
16	Inlet Ty. B w/ Ty. 8 Gr.	12	E.A.	1,055.00	12,660.00	100%	\$ 1,266.00
17	Inlet Ty. B w/ R-3015-R FR. & Gr.	1	E.A.	1,055.00	1,055.00	100%	\$ 105.50
18	Catch Basin Ty. C w/ R-3015-R Fr. & Gr., 2' Dia.	9	E.A.	805.00	7,245.00	100%	\$ 724.50
19	Catch Basin Ty. A w/ R-3015-R Fr. & Gr., 3' Dia.	8	E.A.	1,305.00	10,440.00	100%	\$ 1,044.00
20	Storm M.H. Ty A w/TY. 1 FR. & O.L., 4' Dia.	27	E.A.	1,230.00	33,210.00	100%	\$ 3,321.00
21	Storm M.H. Ty A w/TY. 1 FR. & C.L., 5' Dia.	4	E.A.	1,708.00	6,832.00	100%	\$ 683.20
22	Storm M.H. Ty A w/TY. 1 FR. & O.L., 5' Dia.	7	E.A.	1,708.00	11,956.00	100%	\$ 1,195.60
23	Clean out Structure, w/ R-1706-1 Fr. & C.L.	3	E.A.	350.00	1,050.00	100%	\$ 105.00
24	Flared End Section, 18" RCP w/ Grate	1	E.A.	659.20	659.20	100%	\$ 65.92
25	Flared End Section, 36" RCP w/ Grate	1	E.A.	1,287.50	1,287.50	100%	\$ 128.75
26	Rip Rap w/ Maintenance	20	C.Y.	30.00	600.00	100%	\$ 60.00
27	Trench Backfill	500	C.Y.	24.20	12,100.00	100%	\$ 1,210.00
Sub-Total Storm Sewer Improvements					\$ 366,388.65		\$ 36,638.87

CEMCON, Ltd.
ENGINEER'S OPINION
OF PROBABLE CONSTRUCTION COST

PROJECT: RESERVE OF ST. CHARLES - UNIT 3
ON-SITE ONLY BOND REDUCTION
JOB NO.: 608.068

DATE: APRIL 20, 2005
REVISED: OCTOBER 27, 2008
LAST REVISED: DECEMBER 16, 2008

NO.	ITEM	APPROX. QUANTITY	UNIT	UNIT PRICE	AMOUNT	PERCENT COMPLETE	NEW BOND AMOUNT
IV. PAVEMENT IMPROVEMENTS							
1	Fine Grading	19,272	S.Y.	\$ 0.90	\$ 17,344.80	100%	1,734.48
2	Agg. Base Cse. Ty. B (CA-6) 4"	16,614	S.Y.	3.00	49,842.00	100%	4,984.20
3	Bit. Base Course, 6"	16,614	S.Y.	12.00	199,368.00	100%	19,936.80
4	Bit. Binder Cse., 1 1/2" Cl. I	16,614	S.Y.	3.30	54,826.20	100%	5,482.62
5	Bit. Surface Cse., 1 1/2" Cl. I	16,614	S.Y.	3.65	60,641.10	0%	60,641.10
6	Bit Material Prime Coat @ 0.3 Gal./SY	4,984	GAL.	1.10	5,482.40	0%	5,482.40
7	Bit Material Tack Coat @ 0.1 Gal./SY	1,661	GAL.	1.10	1,827.10	0%	1,827.10
8	PCC Sidewalk 4' Wide, 5" Thick w/3" CA-6 Subbase	47,848	S.F.	2.75	131,582.00	0%	131,582.00
9	PCC Curb & Gutter Ty. B-6.12	11,962	L.F.	8.00	95,696.00	100%	9,569.60
10	Backfill Curb	11,962	L.F.	0.50	5,981.00	100%	598.10
Sub-Total Pavement Improvements					\$ 622,590.60		\$ 241,838.40
V. SOIL EROSION IMPROVEMENTS							
1	Soil Erosion Repair		L.S.		\$ 20,000.00	0%	\$ 20,000.00
Sub-Total Miscellaneous Improvements					\$ 20,000.00		\$ 20,000.00

CEMCON, Ltd.
ENGINEER'S OPINION
OF PROBABLE CONSTRUCTION COST

PROJECT: RESERVE OF ST. CHARLES - UNIT 3
ON-SITE ONLY BOND REDUCTION
JOB NO.: 608.068

DATE: APRIL 20, 2005
REVISED: OCTOBER 27, 2008
LAST REVISED: DECEMBER 16, 2008

NO.	ITEM	APPROX. QUANTITY	UNIT	UNIT PRICE	AMOUNT	PERCENT COMPLETE	NEW BOND AMOUNT
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SUMMARY

I.	SANITARY SEWER IMPROVEMENTS - ON-SITE				\$ 325,151.61		\$ -
II.	WATERMAIN IMPROVEMENTS				\$ 265,938.25		\$ -
III.	STORM SEWER IMPROVEMENTS				\$ 366,388.65		\$ 36,638.87
IV.	PAVEMENT IMPROVEMENTS				\$ 622,590.60		\$ 241,838.40
V.	SOIL EROSION IMPROVEMENTS				<u>\$ 20,000.00</u>		<u>\$ 20,000.00</u>
	TOTAL IMPROVEMENTS				\$ 1,600,069.11		\$ 298,477.27
	LETTER OF CREDIT AMOUNT (115%)				\$ 1,840,079.48		\$ 343,248.85

PROFESSIONAL ENGINEER'S CERTIFICATION

STATE OF ILLINOIS)
COUNTY OF DUPAGE)

I, CHRISTOPHER R. MORGART, A LICENSED PROFESSIONAL ENGINEER OF ILLINOIS, HEREBY STATE THAT THIS TECHNICAL SUBMISSION WAS PREPARED ON BEHALF OF THE RYLAND HOMES, INC. UNDER MY PERSONAL DIRECTION.

DATED THIS _____ DAY OF _____, AD., 2008

ILLINOIS LICENSED PROFESSIONAL ENGINEER NO. 062-055768
MY LICENSE EXPIRES ON NOVEMBER 30, 2009

PROFESSIONAL DESIGN FIRM LICENSE NO. 184-002037, EXPIRES APRIL 30, 2009

NOTE:

UNLESS THIS DOCUMENT BEARS THE ORIGINAL SIGNATURE AND IMPRESSED SEAL OF THE DESIGN PROFESSIONAL ENGINEER, IT IS NOT A VALID TECHNICAL SUBMISSION.

"EXHIBIT C"
PARTIAL ASSIGNMENT
OF ANNEXATION AGREEMENT AND PREPAID IMPACT FEES

THIS INSTRUMENT PREPARED
BY AND SHOULD BE RETURNED
TO:

Scott Gudmundson
MELTZER, PURTILL & STELLE LLC
1515 East Woodfield Road
Second Floor
Schaumburg, Illinois 60173-5431

**PARTIAL ASSIGNMENT OF ANNEXATION
AGREEMENT AND PREPAID IMPACT FEES**

THIS PARTIAL ASSIGNMENT OF ANNEXATION AGREEMENT AND PREPAID IMPACT FEES (this "Assignment") is made and entered into this 23rd day of December, 2008 by and between The Ryland Group, Inc., a Maryland corporation ("Assignor"), as assignor, and Omni-Tech, LLC, an Illinois limited liability company ("Assignee"), as assignee.

RECITALS

A. Assignor was the owner of a parcel of real estate legally described on Exhibit A attached hereto and commonly known as The Reserve of St. Charles, together with any and all improvements, structures and fixtures presently located thereon (the "Development"), all which is located in St. Charles (the "City"), Kane County, Illinois;

B. The Development has been annexed to the City pursuant to that certain Annexation Agreement recorded with the Kane County Recorder's Office on May 10, 2005 as Document No. 2005K052734 (the "Annexation Agreement") and Annexation Ordinance No. 2005-M-9 recorded with the Kane County Recorder's Office on May 10, 2005 as Document No. 2005K052735 (the "Annexation Ordinance").

C. The City has also approved (i) that certain Plat of Subdivision prepared by Cemcon, Ltd. recorded with the Kane County Recorder's Office on February 9, 2006 as Document No. 2006K015402, Certificate of Correction thereto recorded on February 14, 2006 as Document No. 2006K016494 and Certificate of Correction thereto recorded on May 30, 2006 as Document No. 2006K058157 (as so corrected, the "Final Plat"); and (iii) those certain Final Site Improvement Plans prepared by Cemcon, Ltd. dated April 20, 2005, and last revised April 7, 2006, for public improvements installed and to be installed on the Development (the "Final Engineering").

D. Assignor and Assignee have entered into that certain Lot Sale Agreement dated December 23, 2008 (as amended, the "Purchase Agreement") with respect to the sale of that portion of the Development legally described on Exhibit B attached hereto and made a part hereof (the "Sale Parcel") by Assignor to Assignee.

E. Pursuant to the terms of the Purchase Agreement, Assignor has agreed to assign to Assignee all of its: (i) rights and obligations under the Annexation Agreement, the Annexation Ordinance, the Final Engineering and the Final Plat, but only to the extent of Seller's interest in the Sale Parcel; and (ii) right, title, interest and benefit, in and to the prepaid impact fees paid by Assignor to the City in the amount of \$23,974.38 per Lot of the Sale Parcel, but only with respect to the 113 Lots within the Sale Parcel and not for any of the other Lots within the Development.

NOW, THEREFORE, in consideration of Recitals set forth above, which are incorporated by reference herein, and the mutual covenants and agreements of the parties hereinafter set forth, the parties hereto mutually covenant and agree as follows:

1. Assignment. Assignor does hereby sell, assign, transfer, set over, grant, bargain and convey unto Assignee, its successors and assigns, all of Assignor's right, title and interest in and to the following (collectively the "Development Documents") but only with respect to Assignor's interest in and to the Sale Parcel:

- (i) the Annexation Agreement;

- (ii) the Annexation Ordinance;
- (iii) the Final Engineering;
- (iv) the Final Plat; and
- (v) all of Assignor's right, title, interest and benefit, in and to the prepaid impact fees paid by Assignor to the City in the amount of \$23,974.38 per Lot of the Sale Parcel, but only with respect to the 113 Lots within the Sale Parcel and not for any of the other Lots within the Development.

Assignee acknowledges and agrees that Assignor retains all rights and obligations under the Development Documents with respect to portions of the Development not included in the Sale Parcel, except to the extent otherwise provided for in the Purchase Agreement. Further, with respect to the prepaid impact fees described in clause (v) above, the impact fees assigned by Assignor to Assignee hereunder are only for the 113 Lots comprising the Sale Parcel, and not for any of the other Lots within the Development, and Assignor expressly retains all right, title, interest and benefit of the impact fees previously paid by Assignor with respect to the balance of the Lots within the Development.

2. Authority. Each party represents and warrants to the other party that it has full power and authority to enter into this Assignment.

3. Acceptance/Assumption and Indemnity. Assignee hereby accepts the assignment from Assignor; provided that Assignee shall assume obligations under the Development Documents only to the extent that the Final Plat, the Final Engineering and any permits included in the Development Documents impose obligations with respect to work to be performed by Assignee with respect to the Sale Parcel and the balance of the Development pursuant to the terms and conditions of the Purchase Agreement. Assignee agrees to assume all obligations of a builder of homes to be constructed on the Lots comprising the Sale Parcel under the Annexation Agreement. Assignee shall pay all building permit and tap-on fees when required by the terms of the Annexation Agreement. Assignor will retain the obligations under the Annexation Agreement specifically relating to Seller's Retained Lots (as defined in the Purchase Agreement) and not assumed by Assignee thereunder. Each of Assignor and Assignee shall promptly perform their respective obligations under the Development Documents, as assigned or reserved herein, in such a manner and within such a timeframe as shall be necessary for the other to fully avail themselves of their respective rights under the Development Documents without delay or interruption and shall defend, indemnify and hold harmless the other party and its successors and assigns from and against any claims, damages or claims of action whatsoever, which may be asserted against that party arising out of the failure to perform such obligations. Each of the parties shall also provide full and reasonable cooperation to the other in enabling or assisting the other party to avail itself of its rights and performing its obligations under the Development Documents. Nothing contained herein is intended to or shall modify the respective rights, obligations and agreements between the Parties as are set forth in the Purchase Agreement.

4. Governing Law. This Assignment shall be construed and enforced in accordance with and governed by the laws of the State of Illinois.

5. Binding Effect. This Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, personal representatives, successors and assigns.

6. Counterparts. This Assignment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

(signature page follows)

IN WITNESS WHEREOF Assignee and Assignor have executed this Assignment as of the date first above written.

Omni-Tech, LLC, an Illinois
limited liability company

By: _____
Name: Gary R. Janko
Title: Manager

THE RYLAND GROUP, INC.
a Maryland corporation

By: _____
Name: John K. Adams
Title: Operational Vice President

STATE OF ILLINOIS)

) SS.

COUNTY OF Kane)

I, _____, a notary public in and for said County, in the State aforesaid, do hereby certify that John K. Adams, the Operational Vice President of The Ryland Group, Inc., a Maryland corporation (the "Corporation"), personally known to me to be the same person whose name is subscribed to the foregoing Assignment and Acknowledgement, appeared before me this day in person and acknowledged that he signed, sealed and delivered the said instrument, on behalf of the Corporation and as his free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and seal, this 23rd day of December, 2008.

Notary Public

STATE OF ILLINOIS)

) SS.

COUNTY OF _____)

I, _____, a notary public in and for said County, in the State aforesaid, do hereby certify that Gary R. Janko, the sole Manager of Omni-Tech, LLC, an Illinois limited liability company ("Company"), personally known to me to be the same person whose name is subscribed to the foregoing Assignment and Acknowledgement, appeared before me this day in person and acknowledged that he signed, sealed and delivered the said instrument, on behalf of the Company and as his free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and seal, this 23rd day of December, 2008.

Notary

EXHIBIT A

Legal Description of the Development

All Lots and Outlots in The Reserve of St. Charles, being a subdivision of Part of the South Half of Section 9, Part of the Southwest Quarter of Section 10, Part of the Northwest Quarter of Section 15, and Part of the Northeast Quarter of Section 16, Township 40 North, Range 8 East of the Third Principal Meridian, in Kane County, Illinois, pursuant to the plat thereof recorded in Kane County, Illinois, on February 9, 2006, as Document No. 2006K015402, Certificate of Correction thereto recorded on February 14, 2006 as Document No. 2006K016494 and Certificate of Correction thereto recorded on May 30, 2006 as Document No. 2006K058157.