

**BYLAWS AND DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF PEMBROOK SUBDIVISION
PROPERTY OWNERS ASSOCIATION, INC.**

GENERAL PROVISIONS

These Bylaws are established to provide for administration of common areas for park and recreational use of all the property owners (and their guests) in Pembrook Subdivision (all phases) and to allow the Association to provide for a uniform administration of garbage and refuse removal services.

Furthermore, this Declaration is intended to subject the "Pembrook Subdivision and Common Areas", and the Lots located therein to the covenants, conditions and Restrictions set forth below for the purpose of protecting the value and desirability of the Property and the Lots, and for the purpose of distributing among the Lot owners the cost of maintaining and operating the Common area located within the Subdivision and any improvements constructed thereon.

ARTICLE I

DEFINITIONS

A) "Association" means the Pembrook Subdivision Property Owners Association, Inc., an Illinois Not For Profit Corporation, its successors and assigns.

B) "Common Area" means those land areas, designated on the recorded plats of the Property as "Common Area" intended to be owned by the Association and devoted to the common use and enjoyment of the owners of the Lots.

C) "Owner" means the person or legal entity, or the combination thereof, including contract sellers, holding the record fee simple or title to a Lot in the Property, as the Lot is now or may be from time to time hereafter be created or established. If more than one person, or other legal entity or any combination thereof, holds the record title to any Lot, all of them shall be deemed a single record owner and shall be a single member of the Association by virtue of their ownership of the Lot. The term "Owner" shall not mean any contract purchaser, or the owner of any redeemable ground rent reversion issuing out of any Lot, nor shall it include any mortgagees or other person or legal entity holding an interest in a Lot as security for the performance of an obligation.

D) "Property" means all of the land shown on the "Plat of Pembrook Subdivision (all phases)", more particularly referred to in Paragraph A of the Recitals to this Declaration and such additional land as may be subjected to this Declaration under the provisions of Article II below.

E) "Developer" means Paul Pike, his successors and assigns.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION

All of the land shown on the Plat(s) of Pembroke Subdivision (all phases) shall be held, transferred, sold, conveyed and occupied subject to the terms of this Declaration.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1

Commencing on the date this Declaration becomes effective, the Voting Association Member shall consist of the Developer. And, as such, the Developer shall be entitled to make all decisions in all proceedings in which action shall be taken by members of the Association. In the event the Developer shall be unable to act, then UnionBank as Trustee under Trust No. 1990 shall be deemed the successor or assign as used in these covenants, conditions and restrictions.

Section 2

Developer's voting membership in the association shall cease once 168 lots as shown on the subdivision Plats have been sold and improved by a dwelling.

Section 3

Upon 168 lots being sold and improved by a dwelling unit, voting membership in the Association shall consist of every Owner of a Lot. Voting membership shall thereafter consist solely of these Owners who have purchased a Lot.

Section 4

Every Owner of a Lot shall be a member of the Association. Membership shall be appurtenant to and may not be separated from the ownership of the Lot. An Owner may not decline membership in the Association nor may an Owner resign from membership: an Owner may have his voting rights suspended by the Board for any period in which any assessment against his Lot remains unpaid, or for a period not to exceed sixty (60) days for failure to comply with all rules, regulations and by-laws of the Association.

Section 5

Each member of the Association shall be entitled to one vote per Lot, for each Lot owned by it, in all proceedings in which action shall be taken by voting members of the Association.

ARTICLE IV

COMMON AREA

The Association shall hold the common area conveyed to it subject to the following:

Section 1

The reservation to the Developer, his successors and assigns, of the right to lay, install, construct and maintain, on, over, under or in those strips across land designated on the subdivision plat, as "Drainage and Utility Easement", "Sewer Easement", "Drainage and Sewer Easement", "Open space", and "Area Reserved for Future Road", or otherwise designated as an easement area, or on over, under, or in any portion of any Common Area, pipes, drains, mains, conduits, lines and other facilities for water, storm sewer, sanitary sewer, gas, electric, telephone and other public utilities or quasi-public utilities deemed necessary or advisable to provide adequate service to any Lot now or hereafter laid out or established on the property, or the area in which the same is located, together with the right and privilege of entering upon the Common Area for such purposes and making openings and excavations therein.

Section 2

The Common Areas conveyed to the Association shall be deemed property and facilities for the use, benefit and enjoyment in common, of each Owner. Except as otherwise permitted by the provisions of this declaration, no structure or improvement of any kind shall be erected, placed or maintained on any Common area except: 1) Structures or improvements designed exclusively for community use, including, but not limited to shelters, benches, chairs or other seating facilities, fences, and walls, walkways, roadways, playground equipment and tennis courts; and 2) drainage, storm water and utility systems and structures. The Common Areas may be graded, and trees, shrubs or other plants may be placed and maintained thereon for the use, comfort and enjoyment of the Owners, or the establishment, retention or preservation of the natural growth or topography of the Common Areas, or for aesthetic reasons. No portion of any Common Area may be used exclusively by any Owner for personal gardens, storage facilities or other private uses without the prior written approval of the Association.

Section 3

No noxious or offensive activity shall be carried on upon any Common area nor shall anything be done thereon which will become an annoyance or nuisance to the neighborhood.

Section 4

The Association shall improve, develop, supervise, manage, operate, examine, inspect, care for, repair, replace, restore and maintain the Common Area as from time to time improved, together with any items of personal property placed or installed thereon, all at its own cost and expense.

Section 5

The right of each owner to use the Common areas shall be subject to the terms, conditions, and provisions as set forth in this Declaration and, to any rule or regulation now or hereafter adopted by the Association for the safety, care, maintenance, good order and cleanliness of the Common areas. All such terms, conditions, provisions, rules and regulations shall inure to the benefit of and be enforceable by the Association against any owner, or any other person, violating or attempting to violate the same, whether by an action at law for damages or a suit in equity to enjoin a breach or violation, or to enforce performance of any terms, condition, provisions, rule or regulation. The Association shall each have the right summarily to abate and remove any breach or violation by any Owner at the cost and expense of the Owner.

ARTICLE V

PROPERTY RIGHTS

Section 1 – Owners' Easements of Enjoyment

Every Owner, in common with all other Owners, shall have a right and easement of enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving the Common Area and in aid thereof to mortgage said property, and the right of Owners hereunder shall be subordinate to the rights of the mortgage in said properties;

(b) The rights of the Association to take such steps as are reasonably necessary to protect the Common Areas against mortgage default and/or foreclosures;

(c) The right of the Association to suspend the voting rights and rights to use the recreational Common Area by an Owner for any period during which any assessment against such Owner's Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of the Association's published rules and regulations;

(d) The right of the Association, if it so determines to permit the use of the Common Area by non-members and to charge reasonable admission and other fees for the use either by Members or non-members of any Recreational Common Area situated upon or within the Common Area;

(e) The right of the Association to limit the number of guests of Members using the Common Area;

ARTICLE VI

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1 – Creation of the Lien and Personal Obligation of Assessments

For each Lot in Pembroke Subdivision, each owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the association (1) the hereinafter provided applicable annual assessments charges "(Regular Assessments") and (2) special assessments or charges for capital improvements ("Capital Assessments"), such Regular and Capital Assessments to be fixed, established and collected from time to time as hereinafter provided. The Regular and Capital Assessments, together with such interest thereon and costs of obligation thereof as hereinafter provided shall be a charge on the land and shall be a continuing lien upon the Lot against which each such Assessment is made. Each Assessment, together with interest thereon at the rate of eighteen percent (18%) per annum, costs of collection and reasonable attorneys' fees, shall also be the personal obligation of the person or entity who was the Owner of such property at the time when the Assessment fell due.

Section 2 – Purpose of Assessment

The Assessments levied by the Association shall be used exclusively for the following purposes; the promotion of the recreation, health, safety and welfare of the residents in the properties; the payment of all costs relating to the maintenance and operation of the Association, the operation, improvement, maintenance, replacement and repair of the Common Area, including but not limited to, the maintenance, improvement and establishment of any recreational facilities, walkways, parking areas, and any and all other facilities located thereon.

Section 3 – Annual Assessment

(a) The initial Annual Assessment shall be \$295.00 on a calendar year basis, payable March 1 of each year. On the first sale of a lot, the annual assessment will be pro-rated from the date of sale through December 31; and payable the following March 1.

(b) From and after January 1, of the calendar year following the initial sale of lots in Pembroke Subdivision, Phase I, the Association may adjust the Assessments, based upon the projected expenses and needs for the coming year. No adjustment shall exceed 10% increase over the previous Annual Assessment. The Assessment shall be set by a majority vote of those eligible to vote and actually voting at a meeting called for such purpose on the 4th Monday of each January. Eligible members may vote in person or by proxy, at meetings duly called.

(c) The Association shall fix the actual Regular Assessment at an amount not less than Seventy-five Dollars (\$75.00) per lot per year and not in excess of 10% over the Regular Assessment for the prior year, after consideration of (1) current maintenance requirements and costs; (2) requirements for an adequate reserve fund for replacement of improvements and to the common area, and (3) future needs of the Association.

(d) An adequate reserve fund for the replacement of the improvements on and to the Common Area shall be established and funded by the regular Assessments.

(e) Regular Assessments shall be payable annually (on March 1) in arrears, or as determined from time to time by the Association.

Section 4 – Special Assessments for Capital Improvements

In addition to the Regular Assessments authorized by Section 3 of the article, the Association may levy in any assessment year, a Capital Assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement of any capital improvements upon the common Area, including the necessary fixtures and personal property related thereto, provided that any such Capital Assessment shall first be approved by two-thirds (2/3) of the votes cast of each Member of the Association, voting in person or by proxy, at a meeting duly called for this purpose.

Section 5 – Notice and Quorum for Any Action Authorized Under Sections 3 and 4

Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 and 4 of this Article shall be sent to all Members not less than thirty (30) days, nor more than sixty (60) days, in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice

quorum is not present, another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the proceeding meeting.

Section 6 – Date of Commencement of Regular and Capital Assessments: Due Dates

The Regular Assessments provided for herein shall commence upon each Lot sale.

Section 7 – Effect of Non-Payment of Assessment

The Personal Obligation of the Owner, the Lien, Remedies of the Association

If an Assessment is not paid on the date when due (being the dates determined pursuant to Section 3 of this Article), then such Assessment shall become delinquent and shall, together with such interest thereon and costs of collection thereof as hereinafter provided, thereupon becoming a continuing lien on the Lot assessed which shall bind such Lot in the hands of the then Owner, his heirs, devisee, personal representatives, successors and assigns. In addition to the lien rights, the personal obligation of the then Owner to pay such Assessments shall remain his personal obligation and shall not pass to his successors in title unless expressly assumed by them.

If the Assessment is not paid within thirty (30) days after the due date therefore (the "delinquency date"), then the Assessment shall bear interest from the delinquency date at the rate of the lesser of eighteen percent (18%) per annum or the highest rate of interest allowed by applicable law, and the Association may bring an action at law against the Owner personally obligated to pay the same or at equity to foreclose the lien against the such Owner's Lots, and there shall be added to the amount of such Assessment the cost of preparing and filing the complaint or bill in equity in such action, and in the event of a judgment shall include interest on the assessment as above provided and a reasonable attorney's fees fee to be fixed by the Court together with the cost of the action. In addition to the aforesaid, the Board of Directors may charge a reasonable late payment fee on all delinquent Assessment accounts. No Owner may waive or otherwise escape liability of the Assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 8 – Subordination of the Lien to Mortgage

The lien of the Assessments provided for herein shall be subordinate to the lien of any bona fide existing first mortgage on a Lot. Sale or transfer of any Lot shall not affect the Assessment lien. However, the sale or transfer of any Lot which is subject to any first mortgage, pursuant to a decree of foreclosure under such mortgage or any proceeding in lieu of foreclosure under such mortgage or any proceeding in lieu of foreclosure thereof,

shall extinguish the lien for all such Assessments as to payments thereof which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any Assessments thereafter becoming due or from the lien thereof. The terms mortgage or mortgagees shall include deed of trust or deeds of trust.

Section 9 – Exempt Property

The following property subject to this Declaration shall be exempt from the Assessments created therein: (a) all properties dedicated to and accepted by a local public authority; (b) the Common Area; (c) Tower Lots A & B; (d) any Lots which have not yet been sold or transferred by the original Owner/Developer. No land or improvements devoted to dwelling use shall be exempt from said Assessment.

ARTICLE VII

USE RESTRICTIONS AND EASEMENTS

Section 1 – Easements

The properties herein described shall be subject to all easements and restriction of record.

Section 2 – Miscellaneous

All property owners shall use the same garbage hauler in order to provide a common date and uniform procedure for pick-up of garbage, waste and recyclables. The Association shall have the right and authority to negotiate with various haulers at least annually to establish the identity of the approved waste hauler and establish appropriate rates, rules and regulations. No property owner shall contract with or use any hauler other than the waste hauler, then approved by the Association. Violation of this provision by a property owner shall entitle the Association to seek an injunction or other equitable or legal relief to enforce this provision and such action shall be subject to the remedies specified in Article VI, Section 7.