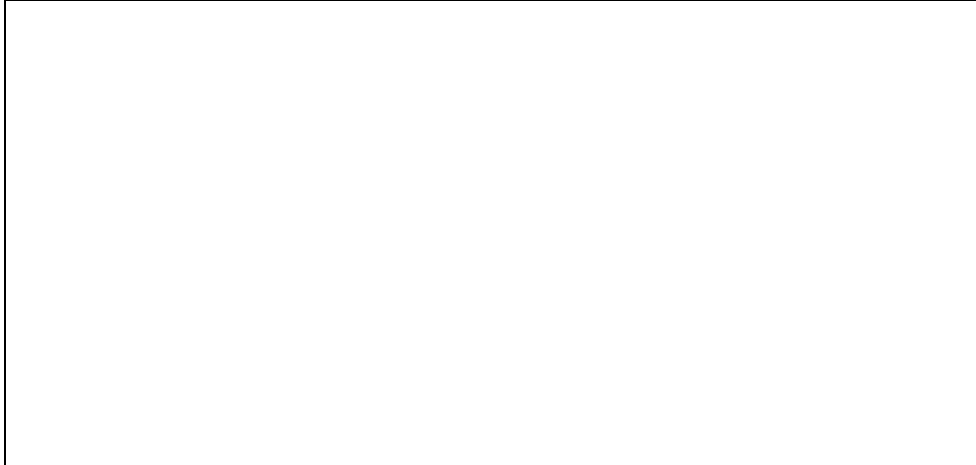


**THIS INSTRUMENT
PREPARED BY AND
RETURN TO:**

Thomas R. Burney
Law Offices of Thomas R.
Burney
40 W. Brink St
Crystal Lake, Illinois 60014



**T
HE ABOVE SPACE FOR RECORDER'S USE**

DECLARATION FOR STONEBRIDGE HOMEOWNERS ASSOCIATION

THIS DECLARATION ("Declaration") made this ___ day of _____, 2015, by HDP Stonebridge LLC an Illinois limited liability company ("Declarant").

R E C I T A L S

Declarant is the owner in fee simple of the Development Area which is legally described in Exhibit A hereto. The Development Area is the subject of a phased development called Stonebridge ("Stonebridge").

Stonebridge is planned to include 60 single family homes. Initially, the Declarant shall subject the real estate which is legally described in Exhibit B hereto to the provisions of this Declaration as the Premises. From time to time the Declarant may subject additional portions of the Development Area to the provisions of this Declaration as Added Premises, as more fully described in Article Twelve. Thus, as Supplemental Declarations are recorded, the Premises will expand to include more portions of the Development Area.

Portions of the Premises shall be designated as Lots and other portions shall be designated as Outlots hereunder. In order to provide for the orderly and proper administration and maintenance of the Premises, the Declarant has formed (or will form) the Association under the Illinois Not for Profit Corporation Act. The Association shall have the responsibility for, among other things, (i) administering and maintaining the Common Area and (ii) setting budgets and fixing assessments to pay the expenses incurred in connection with such duties.

During the construction and marketing of Stonebridge, the Declarant shall retain certain rights set forth in this Declaration, which rights shall include, without limitation, the right, prior

to the Turnover Date, to manage the affairs of the Association or to designate the Managers of the Association, as more fully described in Article Nine and in the By Laws, and the right for itself and each Designated Builder to come upon the Premises in connection with Declarant's efforts to sell Lots and/or Lots and Homes and other rights reserved in Article Nine.

NOW, THEREFORE, the Declarant hereby declares as follows:

ARTICLE ONE
Definitions

The following words, when used in this Declaration or in any Supplemental Declaration shall, unless the context shall prohibit, have the following meanings:

- 1.01 ADDED COMMON AREA: As defined in Section 12.01.
- 1.02 ADDED LOTS: As defined in Section 12.01.
- 1.03 ADDED PREMISES: As defined in Section 12.01.
- 1.04 ASSOCIATION: The Stonebridge Homeowners Association, an Illinois not for profit corporation its successors and assigns.
- 1.05 BY LAWS: The By Laws of the Association, as amended from time to time.
- 1.06 CHARGES: The Common Assessment, any special assessment levied by the Association and/or any other charges or payments which an Owner is required to pay or for which an Owner is liable under this Declaration or the By Laws.
- 1.07 COMMON AREA: Those portions of the Premises which are designated on Exhibit B as "Common Area", as Exhibit B may be amended or supplemented from time to time and shall include all storm sewers, drainage ways, retention and detention facilities, wetlands and other components of drainage which exist on the Common Area. The Common Area shall be perpetually maintained as common open space. The Common Area shall include the Conservation Easement at the rear of Lots 2, 3, 4 and 5 and all asphalt walking paths.
- 1.08 COMMON ASSESSMENT: The amounts which the Association shall assess and collect from the Owners to pay the Common Expenses and accumulate reserves for such expenses, as more fully described in Article Six.
- 1.09 COMMON EXPENSES: The expenses of the administration (including management and professional services) of the Association; the expenses of the operation, maintenance, repair and replacement of the Common Area; the cost of general and special real estate taxes, if any, levied or assessed against the Common Area owned by the Association; the cost of providing all maintenance, repairs and replacements required to be furnished by the

Association; and the payment of the share of the Routine Traffic Signal Maintenance expenses as defined in the First Amendment to Annexation Agreement dated February 23, 2015 as Recording no. 7192818; costs of enforcing the conservation easements on Lots 2,3, 4 and 5, premiums for insurance policies maintained by the Association hereunder; if not separately metered or charged to the Owners, the cost of waste removal, scavenger services, water, sewer or other necessary utility services incurred by the Association; any other expenses which are designated as Common Expenses hereunder; and any other expenses lawfully incurred by the Association for the common benefit of all of the Owners. Notwithstanding the foregoing, Common Expenses shall not include any payments made out of the Capital Reserves.

1.10 COUNTY: Lake County, Illinois or any political entity which may from time to time be empowered to perform the functions or exercise the powers vested in the County as of the recording of this Declaration.

1.11 CURRENT DEVELOPMENT PLAN: Declarant's then current plan for the Premises, as defined in Section 6.02.

1.12 DECLARANT: HDP Stonebridge LLC an Illinois limited liability company, its successors and assigns.

1.13 DECLARATION: This instrument with all Exhibits hereto, as amended or supplemented from time to time.

1.14 DESIGNATED BUILDER: William Ryan Homes and/or its nominee and affiliates shall each be a Designated Builder hereunder, and any legal entity which is designated, from time to time, by the Declarant as a "Designated Builder" in a Special Amendment as permitted under Section 10.01.

1.15 DEVELOPMENT AREA: The real estate described in Exhibit A hereto (as may be amended as provided in Section 10.01), with all improvements thereon and rights appurtenant thereto. Exhibit A is attached hereto for informational purposes only and no covenants, conditions, restrictions, easements, liens or changes shall attach to any part of the real estate described therein, except to the extent that portions thereof are described in Exhibit B and expressly made subject to the provisions of this Declaration as part of the Premises. Any portions of the Development Area which are not made subject to the provisions of this Declaration as part of the Premises may be developed and used for any purposes not prohibited by law, including, without limitation, as a residential development which is administered separate from the Premises.

1.16 FIRST MORTGAGEE: The holder of a bona fide first mortgage, first trust deed or equivalent security interest covering a Lot.

1.17 HOME: That portion of a Lot which is improved with a single family home and any decks, steps and other similar improvements which serve the Home.

1.18 LOT: A subdivided lot which is designated in Exhibit B as a "Lot".

1.19 MANAGERS: The manager or managers from time to time as appointed or elected as provided in this Declaration or the By Laws.

1.20 MUNICIPALITY: The Village of Hawthorn Woods, Illinois or its successors, or any political entity which may from time to time be empowered to perform the functions or exercise the powers vested in the Municipality as of the recording of this Declaration.

1.21 OWNER: A record owner, whether one or more persons, of fee simple title to a Lot, including a contract seller, but excluding those having such interest merely as security for the performance of an obligation. The Declarant and each Designated Builder shall be deemed to be an Owner with respect to each Lot owned by the Declarant or the Designated Builder.

1.22 PERSON: A natural individual, corporation, partnership, trustee or other legal entity capable of holding title to real property.

1.23 PREMISES: Those portions of the Development Area which are legally described in Exhibit B hereto from time to time, with all improvements thereon and rights appurtenant thereto. Declarant shall have the right, but not the obligation, to make portions of the Development Area subject to this Declaration as part of the Premises as more fully provided in Article Twelve.

1.24 RECORD: To record in the office of the Recorder of Deeds for the County.

1.25 RESIDENT: An individual who resides in a Home and who is either the Owner, a tenant of the Owner, a contract purchaser of the Lot, or a relative of any such Owner, tenant or contract purchaser.

1.26 SUBDIVISION: Any portion of the Premises included on a Recorded plat of subdivision.

1.27 SUPPLEMENTAL DECLARATION: As defined in Section 12.01.

1.28 TURNOVER DATE: The date on which the right of the Declarant to manage the affairs of the Association is terminated under Section 9.05.

1.29 VOTING MEMBER: The individual who shall be entitled to vote in person or by proxy at meetings of the Owners, as more fully set forth in Article Five.

ARTICLE TWO
Scope of Declaration/Certain Easements

2.01 PROPERTY SUBJECT TO DECLARATION: Declarant, as the owner of fee simple title to the Premises, expressly intends to and by recording this Declaration, does hereby subject the Premises to the provisions of this Declaration. Declarant reserves the right and power to, from time to time, subject additional portions of the Development Area to the provisions of this Declaration as Added Premises, as provided in Article Twelve hereof. Nothing in this Declaration shall be construed to obligate the Declarant to subject to this Declaration as Premises any portion of the Development Area other than those portions which are described in Exhibit B hereto or which are added to Exhibit B by Supplemental Declarations Recorded by Declarant pursuant to Article Twelve.

2.02 CONVEYANCES SUBJECT TO DECLARATION: All easements, restrictions, conditions, covenants, reservations, liens, charges, rights, benefits, and privileges which are granted, created, reserved or declared by this Declaration shall be deemed to be covenants appurtenant, running with the land and shall at all times inure to the benefit of and be binding on any Person having at any time any interest or estate in the Premises, and their respective heirs, successors, personal representatives or assigns, regardless of whether the deed or other instrument which creates or conveys the interest makes reference to this Declaration.

2.03 DURATION: Except as otherwise specifically provided herein the covenants, conditions, restrictions, easements, reservations, liens, and charges, which are granted, created, reserved or declared by this Declaration shall be appurtenant to and shall run with and bind the land for a period of forty (40) years from the date of recording of this Declaration and for successive periods of ten (10) years each unless revoked, changed or amended in whole or in part by a Recorded instrument executed by the Owner of not less than three-fourths (3/4) of the Lots then subject to the Declaration.

2.04 LOT CONVEYANCE: Once a Lot has been conveyed by the Declarant or a Designated Builder to a bona fide purchaser (other than Declarant or a Designated Builder) for value, then any subsequent conveyance or transfer of ownership of the Lot shall be of the entire Lot and there shall be no conveyance or transfer of a portion of the Lot without the prior written consent of the Managers.

2.05 ACCESS EASEMENT: Each Owner of a Lot shall have a non-exclusive perpetual easement for ingress to and egress from his Lot to public streets and roads over and across the roads, driveways and walkways located on the Common Areas, which easement shall run with the land, be appurtenant to and pass with title to every Lot. The Municipality or any other governmental authority which has jurisdiction over the Premises shall have a non-exclusive easement of access over roads and driveways located on the Common Area for police, fire, ambulance, waste removal, snow removal, or for the purpose of furnishing municipal or emergency services to the Premises.

2.06 RIGHT OF ENJOYMENT: Each Owner shall have the non-exclusive right and easement to use and enjoy the Common Area and the exclusive right to use and enjoy the Owner's Lot. Such rights and easements shall run with the land, be appurtenant to and pass with title to every Lot, and shall be subject to and governed by the laws, ordinances and statutes of jurisdiction, the provisions of this Declaration, the By Laws, and the reasonable rules and regulations from time to time adopted by the Association.

2.07 DELEGATION OF USE: Subject to the provisions of this Declaration, the By Laws, and the reasonable rules and regulations from time to time adopted by the Association, any Owner may delegate his right to use and enjoy the Common Area and the Owner's Lot to Residents of the Owner's Home. An Owner shall delegate such rights to tenants and contract purchasers of the Owner's Lot who are Residents.

2.08 RULES AND REGULATIONS: The use and enjoyment of the Common Area shall at all times be subject to reasonable rules and regulations duly adopted by the Association from time to time.

2.09 UTILITY EASEMENTS: The Municipality and all public and private utilities (including cable companies) serving the Premises are hereby granted the right to lay, construct, renew, operate, and maintain conduits, cables, pipes, wires, transformers, switching apparatus and other equipment, into and through the Common Area for the purpose of providing utility services to the Premises or any other portion of the Development Area.

2.10 EASEMENTS, LEASES, LICENSES AND CONCESSIONS: The Association shall have the right and authority from time to time to lease or grant easements, licenses, or concessions with regard to any portions or all of the Common Area for such uses and purposes as the Managers deem to be in the best interests of the Owners and which are not prohibited hereunder, including, without limitation, the right to grant easements for utilities or any other purpose which the Managers deem to be in the best interests of the Owners. Any and all proceeds from leases, easements, licenses or concessions with respect to the Common Area shall be used to pay the Common Expenses. Also, the Association shall have the right and power to dedicate any part or all of the roads or parking areas located on the Common Area to the Municipality, but only with the Municipality's approval. Each person, by acceptance of a deed, mortgage, trust deed, other evidence of obligation, or other instrument relating to a Home, shall be deemed to grant a power coupled with an interest to the Managers, as attorney-in-fact, to grant, cancel, alter or otherwise change the easements provided for in this Section. Any instrument executed pursuant to the power granted herein shall be executed by a Manager of the Association and duly Recorded.

2.11 ASSOCIATION'S ACCESS: The Association shall have the right and power to come onto any Lot for the purpose of furnishing the services required to be furnished hereunder or enforcing its rights and powers hereunder.

2.12 NO DEDICATION TO PUBLIC USE: Except for easements granted or dedications made as permitted in Section 2.10, nothing contained in this Declaration shall be construed or be deemed to constitute a dedication, express or implied, of any part of the Common Area to or for any public use or purpose whatsoever.

2.13 EASEMENT FOR ENCROACHMENT: In the event that by reason of the construction, repair, reconstruction, settlement or shifting of an improvement to a Lot, any improvement which is intended to service and/or be part of the Lot shall encroach upon any part of any other Lot or upon the Common Area or any improvement to the Common Area shall encroach upon any part of a Lot, then there shall be deemed to be an easement in favor of and appurtenant to such encroaching improvement for the continuance, maintenance, repair and replacement thereof; provided, however, that in no event shall an easement for any encroachment be created in favor of any Owner (other than Declarant or a Designated Builder), if such encroachment occurred due to the intentional, willful, or negligent conduct of such Owner or his agent. The Person who is responsible for the maintenance of any encroaching improvement for which an easement for continuance, maintenance, repair and replacement thereof is granted under this Section shall continue to be responsible for the maintenance of such encroaching improvement and the Person who is responsible for the maintenance of the real estate upon which such improvement encroaches shall not have the duty to maintain, repair or replace any such encroaching improvement unless otherwise provided in this Declaration.

2.14 OWNERSHIP OF COMMON AREA: The Common Area, if any, shall be conveyed to the Association free of mortgages no later than the Turnover Date; provided, that, any Common Area which is made subject hereto after the Turnover Date shall be conveyed to the Association no later than ninety (90) days after such portion is made subject hereto.

2.15 REAL ESTATE TAXES FOR COMMON AREA: If a tax bill is issued with respect to Common Area which is made subject to this Declaration in the middle of a tax year (regardless of when it is conveyed to the Association), then the tax bill shall be prorated so that the Declarant shall be responsible for the payment of that portion of the tax bill from January 1st of the tax year to the date that such Common Area is made subject to this Declaration, and the Association shall be responsible for the balance of the tax bill.

2.16 SHARING OF EXPENSES: Where economies of scale may be realized, the Association may from time to time cooperate with another association to share certain expenses in connection with the administration, operation and maintenance of portions of the Premises and the property administered by the other association. Where a service which will benefit both the Premises and another association is contracted for by or on behalf of the Association and another association then, unless otherwise agreed to the contrary, the expense of providing such service shall be prorated between the Association and the other association based on the relative number of Lots then subject to this Declaration or upon some other equitable formula. Without limiting the foregoing, where the managing agent for the Association is also the managing agent for the other association, then, unless otherwise agreed to the contrary, expenses incurred by the managing agent for goods or services which benefit both the Association and the other

association (but which, in the opinion of the managing agent, are not capable of specific allocation) shall be prorated between the Association and the other association on the same basis as provided for in the preceding sentence. The cost sharing provisions set forth in this subsection shall not apply to costs and expenses related to alterations, additions, repairs or replacements to the Premises or the other association's property. Such costs and expenses shall be paid by the Association or the other association which is responsible for maintaining the real estate affected.

2.17 COMMON AREA DISCLAIMER: THE COMMON AREAS SHALL BE TRANSFERRED TO THE ASSOCIATION IN THEIR THEN "AS-IS, WHERE-IS," CONDITION. Simultaneously with the transfer of the Common Areas, the Declarant shall transfer to the Association, by bill of sale, in their "As-Is, Where-Is" condition, all materials, furniture and equipment which has been or will be used in connection with the Common Areas.

EACH OWNER, BY ACCEPTANCE OF A DEED FOR A LOT, HEREBY CONSENTS TO ALL OF THE TERMS AND CONDITIONS OF THIS SECTION.

IN ADDITION, TO THE MAXIMUM EXTENT PERMITTED BY LAW, ALL COMMON AREAS SHALL BE TRANSFERRED TO THE ASSOCIATION WITHOUT ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IN FACT OR BY LAW, INCLUDING WITHOUT LIMITATION, REPRESENTATION OR WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, AND WITHOUT ANY REPRESENTATIONS OR WARRANTIES REGARDING THE DESIGN, FITNESS, CONDITION, CONSTRUCTION, ACCURACY, COMPLETENESS, LOCATION, ADEQUACY OF THE SIZE OR AREA OR CAPACITY OF THE COMMON AREAS. UPON THE TRANSFERS OF THE COMMON AREAS BY THE DECLARANT TO THE ASSOCIATION, THE ASSOCIATION RELEASES THE DECLARANT AND ALL DESIGNATED BUILDERS FROM ANY CLAIMS AND WARRANTIES THAT NO CLAIM SHALL BE MADE BY THE ASSOCIATION RELATING TO THE CONSTRUCTION, CONDITION, ADEQUACY, DESIGN, FIT, OPERATION, COMPLETENESS, OR REPAIR BY DECLARANT OR A DESIGNATED BUILDER OF THE COMMON AREAS OR FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING THEREFROM. All costs and expenses of the transfer of the Common Areas to the Association shall be paid for by the Association and no title insurance or survey will be provided by the Declarant or Designated Builder.

AS TO ANY IMPLIED WARRANTY WHICH CANNOT BE DISCLAIMED ENTIRELY, ALL SECONDARY, INCIDENTAL AND CONSEQUENTIAL DAMAGES ARE SPECIFICALLY EXCLUDED AND DISCLAIMED (CLAIMS FOR SUCH SECONDARY, INCIDENTAL AND CONSEQUENTIAL DAMAGES BEING CLEARLY UNAVAILABLE IN THE CASE OF IMPLIED WARRANTIES WHICH ARE DISCLAIMED ENTIRELY ABOVE).

FURTHERMORE, ALL REPAIR, CORRECTION AND/OR MAINTENANCE OF THE COMMON AREAS BY DECLARANT OR A DESIGNATED BUILDER SHALL IN NO EVENT CONSTITUTE A WAIVER OF THE PROVISIONS OF THIS SECTION.

The Declarant, each Designated Builder and the Association shall be and remain wholly

free and clear of any and all liability to, or claims by, all owners, and all persons and entities, of whatever kind or character, whether sounding in contract or tort, deriving from the occurrence of any injury or damage to any person or property on, or in respect of the use and operation of, the Common Areas or any of its improvements, fixtures, and facilities; inasmuch as the control, operation, management, use and enjoyment, of the Common Areas shall be within, under, and subject to the Association and not the Declarant. In this respect, it shall be the affirmative duty and responsibility of each Owner or Designated Builder and user of the Common Areas to continuously inspect the same for any defects or perils or other unsafe conditions or circumstances, prior to and during such use or enjoyment thereof; and all users of, and visitors to, the Common Areas and its improvements and facilities shall use, enjoy, and visit, the same at their own risk and peril.

2.18 **SUB-ASSOCIATIONS:** Certain portions of the Premises may be made subject to another declaration (“Sub-Association Declaration”) and each Owner of a Lot which is subject to a Sub-Association Declaration shall be a member of both the Association hereunder and the association which administers the property which is subject to Sub-Association Declaration. To the extent that the provisions contained in any Sub-Association Declaration are inconsistent with the provisions of this Declaration, the provisions contained in this Declaration shall control.

ARTICLE THREE Maintenance of the Common Area and Homes

3.01 **IN GENERAL:** The restrictions and limitations contained in this Article shall be subject to the rights of the Declarant set forth in Article Nine.

3.02 **MAINTENANCE BY ASSOCIATION:** The following maintenance, repairs and replacements shall be furnished by the Association as a Common Expense:

(a) Grass cutting and added planting, replanting, care and maintenance of trees, shrubs, flowers, grass and all other landscaping on the Common Area, including, without limitation, periodic burns and other required maintenance of the wetlands on the Common Area per any applicable wetland management plan, all in accordance with generally acceptable maintenance standards;

(b) Maintenance, repair and replacement of all improvements located on the Common Area including all storm sewers, drainage ways, retention and detention facilities, wetlands and other components of drainage which exist on the Premises;

(c) The common open space area, the landscaping in the common areas, maintenance on the conservation easements, maintenance of the HOA Park (including the costs of enforcing the same); and

(d) The Association shall maintain the grass, shrubs, trees, and flowers, if any, installed by the Declarant on the Common Area ("Initial Plantings") in accordance with generally acceptable maintenance standards, and any other maintenance which will promote the health of the Initial Plantings. If the Association fails to maintain the Initial Plantings in accordance with generally acceptable maintenance standards and Initial Plantings die or decline as a result of this failure, then, the Association shall be responsible for the replacement of the declining or dead Initial Plantings, including, but not limited to replacements required by the Municipality in connection with the Municipality's acceptance of the Initial Plantings. All expenses incurred under this subsection shall be Common Expenses.

3.03 DAMAGE BY RESIDENT: If, due to the act or omission of a Resident of a Home, or of a household pet or guest or other authorized occupant or invitee of the Owner of a Lot, damage shall be caused to the Common Area and maintenance, repairs or replacements shall be required thereby, which would otherwise be a Common Expense, then the Owner of the Lot shall pay for such damage and such maintenance, repairs and replacements, as may be determined by the Managers, to the extent not covered by insurance carried by the Association.

3.04 ALTERATIONS, ADDITIONS OR IMPROVEMENTS TO THE COMMON AREA: No alteration, addition or improvement may be made to the Common Area located on the Premises without the prior written approval of the Managers and in compliance with applicable ordinances of the Municipality. The Association may cause alterations, additions or improvements to be made to the Common Area, if any, and the cost thereof shall be paid from a special assessment, as more fully described in Section 6.05. If the Association shall alter, in any way, landscaping which was installed by the Declarant on the Common Area, if any, in accordance with plans approved by the Municipality, and if the Municipality requires that the altered area be returned to its original state, then the Association shall be responsible for restoring the altered area in accordance with the plans approved by the Municipality and the cost thereof shall be a Common Expense.

ARTICLE FOUR Insurance/Condemnation

4.01 ASSOCIATION INSURANCE:

(a) The Association shall have the authority to and shall obtain fire and all risk coverage insurance covering the improvements, if any, to the Common Area and other improvements required to be maintained by the Association (based on current

replacement cost for the full insurable replacement value) of such improvements.

(b) The Association shall have the authority to and shall obtain comprehensive public liability insurance, including liability for injuries to and death of persons, and property damage, in such limits as it shall deem desirable, and workers compensation insurance and other liability insurance as it may deem desirable, insuring each Owner, the Association, its Managers, the Declarant, each Designated Builder, the managing agent, if any, and their respective employees and agents, as their interests may appear, from liability resulting from an occurrence on or in connection with, the Common Area. The Managers may, in its or their discretion, obtain any other insurance which it deems advisable including, without limitation, insurance covering the Managers from liability for good faith actions beyond the scope of their respective authorities and covering the indemnity set forth in Section 5.06. Such insurance coverage shall include cross liability claims of one or more insured parties.

(c) Fidelity bonds indemnifying the Association, the Managers and the Owners for loss of funds resulting from fraudulent or dishonest acts of any employee of the Association or of any other person handling funds of the Association may be obtained by the Association in such amounts as the Managers may deem desirable.

(d) The premiums for any insurance obtained under this Section shall be Common Expenses.

4.02 CONDEMNATION: In the case of a taking or condemnation by competent authority of any part of the Common Area, the proceeds awarded in such condemnation shall be paid to the Association and such proceeds, together with any Capital Reserve being held for such part of the Common Area, shall, in the discretion of the Managers, either (i) be applied to pay the Common Expenses, (ii) be distributed to the Owners and their respective mortgagees, as their interests may appear, in equal shares, or (iii) be used to acquire additional real estate to be used and maintained for the mutual benefit of all Owners, as Common Area under this Declaration. Any acquisition by the Association pursuant to this Section of real estate which shall become Common Area hereunder shall not become effective unless and until a supplement to this Declaration, which refers to this Section and legally describes the real estate affected, is executed by the Managers of the Association and Recorded.

ARTICLE FIVE The Association

5.01 IN GENERAL: Declarant has caused or shall cause the Association to be incorporated as a not for profit corporation under Illinois law. The Association shall be the governing body for all of the Owners for the administration and operation of the Common Area and to the maintenance repair and replacement of the Common Area and certain portions of the Lots, as provided herein.

5.02 MEMBERSHIP: Each Owner shall be a member of the Association. There shall be one membership per Lot. Membership shall be appurtenant to and may not be separated from ownership of a Lot. Ownership of a Lot shall be the sole qualification for membership. The Association shall be given written notice of the change of ownership of a Lot within ten (10) days after such change.

5.03 VOTING MEMBERS: Subject to the provisions of Section 9.05, voting rights of the members of the Association shall be vested exclusively in the Voting Members. One individual shall be designated as the "Voting Member" for each Lot. The Voting Member or his proxy shall be the individual who shall be entitled to vote at meetings of the Owners. If the Record ownership of a Lot shall be in more than one person, or if an Owner is a trustee, corporation, partnership or other legal entity, then the Voting Member for the Lot shall be designated by such Owner or Owners in writing to the Managers and if in the case of multiple individual Owners no designation is given, then the Managers at its or their election may recognize an individual Owner of the Lot as the Voting Member for such Lot.

5.04 MANAGERS: Prior to the Turnover Date, the Managers shall be the Declarant, or one or more entities or persons designated by the Declarant from time to time, who need not be Owners or Voting Members. After the Turnover Date, the Managers shall consist of that number of individuals provided for in the By Laws, each of whom shall be an Owner or Voting Member.

5.05 VOTING RIGHTS: Prior to the Turnover Date, all of the voting rights at each meeting of the Association shall be vested exclusively in the Declarant and the Owners (other than Declarant) shall have no voting rights. From and after the Turnover Date, all of the voting rights at any meeting of the Association shall be vested in the Voting Members and each Voting Member shall have one vote for each Lot which the Voting Member represents. From and after the Turnover Date any action may be taken by the Voting Members at any meeting at which a quorum is present (as provided in the By Laws) upon the affirmative vote of a majority of the votes held by the Voting Members present at such meeting, except as otherwise provided herein or in the By Laws.

5.06 MANAGER LIABILITY: The Managers of the Association shall not be personally liable to the Owners or the Association for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such Managers except for any acts or omissions found by a court to constitute criminal conduct, gross negligence or fraud. The Association shall indemnify and hold harmless the Declarant and each of the Managers, and it's or their heirs, executors or administrators, against all contractual and other liabilities to the Association, the Owners or others arising out of contracts made by or other acts of the Manager on behalf of the Owners or the Association or arising out of their status as Managers unless any such contract or act shall have been made criminally, fraudulently or with gross negligence. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses (including, but not limited to, counsel fees, amounts of judgments paid and amounts paid in

settlement) actually and reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative, or other in which any such Manager may be involved by virtue of such person being or having been such Manager provided, however, that such indemnity shall not be operative with respect to (i) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for criminal conduct, gross negligence or fraud in the performance of his duties as such Manager, or (ii) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Managers, there is not reasonable ground for such person being adjudged liable for criminal conduct, gross negligence or fraud in the performance of his duties as such Manager.

5.07 MANAGING AGENT: The Declarant (or an entity controlled by the Declarant) may be engaged by the Association to act as the managing agent for the Association and as managing agent shall be paid a reasonable fee for its services as fixed by a written agreement between the Association and the Declarant (or an entity controlled by the Declarant). Any management agreement entered into by the Association prior to the Turnover Date shall have a term of not more than two years and shall be terminable by the Association without payment of a termination fee on ninety (90) days written notice.

5.08 REPRESENTATION: Subject to the notice provisions in Article Thirteen, the Association shall have the power and right to represent the interests of all of the Owners in connection with claims and disputes affecting the Common Area. Without limiting the foregoing, the Association shall have the power after the Turnover Date to settle warranty disputes or other disputes between the Association, the Owners, and the Declarant affecting the construction, use or enjoyment of the Common Area and any such settlement shall be final and shall bind all of the Owners.

5.09 DISSOLUTION: To the extent permissible under applicable law, in the event of the dissolution of the Association, any Common Area owned by the Association shall be conveyed to the Owners as tenants in common or to another limited liability company or not for profit corporation of which all the Owners are members.

5.10 LITIGATION: No judicial or administrative proceedings shall be commenced or prosecuted by the Association without first holding a special meeting of the members and obtaining the affirmative vote of Voting Members representing at least seventy-five percent (75%) of the Lots to the commencement and prosecution of the proposed action. This Section shall not apply to (a) actions brought by the Association to enforce the provisions of this Declaration, the By Laws or rules and regulations adopted by the Managers (including, without limitation, an action to recover Charges or to foreclose a lien for unpaid Charges) or (b) counterclaims brought by the Association in proceedings instituted against it.

ARTICLE SIX
Assessments

6.01 PURPOSE OF ASSESSMENTS: The assessments levied by the Association shall be exclusively for the purposes of promoting the recreation, health, safety, and welfare of members of the Association, to administer the affairs of the Association, to pay the Common Expenses, and to accumulate reserves for any such expenses.

6.02 ASSESSMENTS: Each year on or before December 1, the Managers shall adopt and furnish each Owner with a budget for the ensuing calendar year, which shall show the following with reasonable explanations and itemizations:

- (a) The estimated Common Expenses;
- (b) The estimated amount, if any, to maintain adequate reserves for Common Expenses including, without limitation, amounts to maintain the Capital Reserve;
- (c) The estimated net available cash receipts from sources other than assessments, plus estimated excess funds, if any, from the current year's assessments;
- (d) The amount of the "Common Assessment" payable by the Owners of Lots, which is hereby defined as the amount determined in (a) above, plus the amount determined in (b) above, minus the amount determined in (c) above;
- (e) That portion of the Common Assessment which shall be payable by the Owner of each Lot which is subject to assessment hereunder each month until the next Common Assessment or revised Common Assessment becomes effective, which monthly amount shall be equal to the Common Assessment, divided by the number of Lots, divided by twelve (12), so that each Owner shall pay equal Common Assessments for each Lot owned.

Anything herein to the contrary notwithstanding the provisions of this paragraph shall apply with respect to the period prior to the Turnover Date. Any annual budget prepared by the Managers prior to the Turnover Date ("Stabilized Budget") shall be based on the assumptions that (i) the Premises has been fully constructed as shown on Declarant's then current plan for the Premises ("Current Development Plan") and (ii) all proposed Homes have been built, sold and are occupied. The Current Development Plan shall be kept on file with the Association and may be modified from time to time by Declarant. With respect to the period beginning on the date of the recording hereof and ending on December 31 of that year, each calendar year thereafter and the partial year ending on the Turnover Date and beginning on January 1 of such year (each a "Subsidy Year"), each Owner (other than the Declarant and each Designated Builder) shall pay as the Owner's monthly share of the Common Assessment an amount equal to the Common

Expenses (pursuant to the then current Stabilized Budget) divided by the number of proposed Homes shown on the then Current Development Plan, divided by twelve (12), so that each Owner (other than Declarant and each Designated Builder) will pay, with respect to each Lot owned, a monthly Common Assessment equal to what such Owner would be paying with respect to the Owner's Lot if the Premises were fully constructed pursuant to the Current Development Plan and all proposed Homes have been built, sold and are occupied and all Owners are current in payment of assessments. The amount payable by each Owner is subject to increase as provided in Section 6.04. Neither the Declarant nor any Designated Builder shall be obligated to pay any Common Assessments to the Association prior to the Turnover Date. However, if with respect to each Subsidy Year, (i) the amount of Common Assessments billed to and payable by Owners (other than the Declarant and each Designated Builders), regardless of whether paid or not, plus (ii) working capital contributions under Section 6.07 payable by Owners (other than Declarant and each Designated Builder) less (iii) the portions thereof which are to be added to Reserves, is less than the Common Expenses actually incurred with respect to such period, then the Declarant and Designated Builder shall share in the payment of any difference to the Association ("Subsidy Payment"). From time to time prior to the Turnover Date, the Declarant and/or Designated Builder may (but shall not be obligated to) advance to the Association funds to be used by the Association to pay its expenses ("Advanced Funds"). If Advanced Funds are paid with respect to a Subsidy Year and a Subsidy Payment is required with respect to a subsequent Subsidy Year, a portion or all of the Advanced Funds may be applied against the Subsidy Payment. A final accounting and settlement of the amount, if any, owed by Declarant and/or the Designated Builder to the Association shall be made as soon as practicable after the Turnover Date. If, and to the extent that, the final accounting determines that the Advanced Funds, if any, are less than the amount owed by the Declarant to the Association pursuant to this Section, the Declarant and/or the Designated Builder shall pay the difference to the Association. If, and to the extent that, the final accounting determines that the Advanced Funds, if any, exceed the amount owed by the Declarant and/or the Designated Builder to the Association pursuant to this Section, then the Association shall pay such excess to the Declarant and/or the Designated Builder.

6.03 PAYMENT OF ASSESSMENT: On or before the 1st day of January of the ensuing calendar year, and on the first day of each month thereafter until the effective date of the next annual or revised Common Assessment, each Owner of a Lot which is subject to assessment shall pay to the Association, or as the Managers may direct, that portion of the Common Assessment which is payable by each Owner of a Lot under Section 6.02(e). For purposes hereof, a Lot shall only be subject to assessment hereunder from and after such time as an occupancy certificate has been issued by the Municipality with respect to the Home constructed thereon. The failure or delay of the Managers to prepare or serve the annual or adjusted Common Assessment on any Owner shall not constitute a waiver or release in any manner of such Owner's obligation to pay the Common Assessment, as herein provided. Whenever the same shall be determined, and in the absence of any annual estimate or adjusted estimate, the Owner shall continue to pay the Common Assessment at the then existing Common Assessment rate established for the previous period until the Common Assessment for that year is established.

Such newly established Common Assessment shall be due ten (10) days after notice of such new Common Assessment shall have been given to the owners.

6.04 REVISED ASSESSMENT: If after the Turnover Date, the Common Assessment proves inadequate for any reason (including nonpayment or extinguishment of any Owner's assessment), then the Managers may increase the assessment payable under Section 6.02(e) by giving written notice thereof (together with a revised budget and explanation for the adjustment) to each Owner not less than ten (10) days prior to the effective date of the revised assessment. If prior to the Turnover Date, with respect to a Subsidy Year, the Common Assessment, plus the Subsidy Payment proves inadequate due to non-payment or extinguishment of assessments payable by Owners other than Declarant or a Designated Builder ("Delinquency Deficit"), then the Managers may increase the assessment payable under the last paragraph of Section 6.02 for the balance of the year and/or the subsequent year by giving written notice thereof (together with a revised budget and a statement of the amount of the anticipated Delinquency Deficit) to each Owner not less than ten (10) days prior to the effective date of the revised or following year's assessment.

6.05 SPECIAL ASSESSMENT: The Managers may levy a special assessment as provided in this Section: (i) to pay (or build up reserves to pay) expenses other than Common Expenses incurred (or to be incurred) by the Association from time to time for a specific purpose including, without limitation, to make alterations, additions or improvements to the Common Area, or any other property owned or maintained by the Association; or (ii) with respect to periods after the Turnover Date, to cover an unanticipated deficit under the prior year's budget. Any special assessment shall be levied against all of the Lots then subject to assessment hereunder in equal shares. No special assessment shall be adopted without the affirmative vote of Voting Members representing at least two-thirds (2/3) of the votes cast on the question and only those Owners of Lots against which the proposed special assessment shall be levied may vote on the question. The Managers shall serve notice of a special assessment on all Owners by a statement in writing giving the specific purpose and reasons therefor in reasonable detail, and the special assessment shall be payable in such manner and on such terms as shall be fixed by the Managers. Any assessments collected pursuant to this Section (other than those to cover an unanticipated deficit under the prior year's budget) shall be segregated in a special account and used only for the specific purpose set forth in the notice of assessment.

6.06 CAPITAL RESERVE: The Association shall segregate and maintain a special reserve account to be used solely for making capital expenditures in connection with the Common Area (the "Capital Reserve"). The Managers shall determine the appropriate level of the Capital Reserve based on a periodic review of the useful life of improvements to the Common Area and other property owned by the Association and periodic projections of the cost of anticipated major repairs or replacements to the Common Area, and the purchase of other property to be used by the Association in connection with its duties hereunder. The Capital Reserve may be built up by separate or special assessments or out of the Common Assessment as provided in the budget. Special accounts set up for portions of the Capital Reserve to be used to make capital expenditures with respect to the Common Area shall be held by the Association as

agent and trustee for the Owners of Homes with respect to which the Capital Reserve is held and such accounts shall be deemed to have been funded by capital contributions to the Association by the Owners. The budgets which will be adopted from time to time by the Managers appointed by the Declarant prior to the Turnover Date shall include reserve buildups which the Managers deem to be appropriate based on information available to the Managers. Managers elected by the Owners after the Turnover Date may use different approaches from those used by Managers appointed by the Declarant for the buildup of reserves or may choose not to provide for the buildup of reserves for certain capital expenditures or deferred maintenance for repairs or replacements in connection with the Common Area, if any and those portions of the Lots which the Association is responsible for repairing and replacing, if any. If the Managers choose not to provide for the buildup of reserves for a particular anticipated expenditure or if the buildup of reserves that the Managers do provide for in the budgets do not result in sufficient funds to pay for the expenditure when the expenditure must be made, then (i) neither the Managers nor any of its past or present members shall be liable to the Association or the Owners for failing to provide for sufficient reserves and (ii) the Managers shall have the right and power to either levy a separate or special assessment to raise the funds to pay the expenditure or to borrow funds to pay the expenditure and repay the borrowed funds out of future Assessments, separate assessments or special assessments.

6.07 INITIAL CAPITAL CONTRIBUTION: Upon the closing of the first sale of a Lot by the Declarant or a Designated Builder to a purchaser (other than the Declarant or a Designated Builder) for value, the purchasing Owner shall make a capital contribution to the Association in an amount equal to three (3) months Common Assessment at the rate which shall be effective with respect to the Lot as of the closing, which amount shall be held and used by the Association for its working capital needs.

6.08 PAYMENT OF ASSESSMENTS: Assessments levied by the Association shall be collected from each Owner by the Association and shall be a lien on the Owner's Lot and also shall be a personal obligation of the Owner in favor of the Association, all as more fully set forth in Article Seven.

ARTICLE SEVEN
Collection of Charges and
Remedies for Breach or Violation

7.01 CREATION OF LIEN AND PERSONAL OBLIGATION: The Declarant hereby covenants, and each Owner of a Lot by acceptance of a deed therefor (whether or not it shall be so expressed in any such deed or other conveyance) shall be and is deemed to covenant and hereby agrees to pay to the Association all Charges made with respect to the Owner or the Owner's Lot. Each Charge, together with interest thereon and reasonable costs of collection, if any, as hereinafter provided, shall be a continuing lien upon the Lot against which such Charge is made and also shall be the personal obligation of the Owner of the Lot at the time when the

Charge becomes due. The lien or personal obligation created under this Section shall be in favor of and shall be enforceable by the Association.

7.02 COLLECTION OF CHARGES: The Association shall collect from each Owner all Charges payable by such Owner under this Declaration.

7.03 NON-PAYMENT OF CHARGES: Any Charge which is not paid to the Association when due shall be deemed delinquent. If a Charge is not paid within thirty (30) days after the due date, it shall bear interest from the due date at the contract rate permitted in Illinois, but not to exceed eighteen percent (18%) per annum. The Association may (i) bring an action against the Owner personally obligated to pay the Charge to recover the Charge (together with interest, costs and reasonable attorney's fees for any such action, which shall be added to the amount of the Charge and included in any judgment rendered in such action), and (ii) enforce and foreclose any lien which it has or which may exist for its benefit. In addition, the Managers may add a reasonable late fee to any installment of an assessment which is not paid within thirty (30) days of its due date. No Owner may waive or otherwise escape personal liability for the Charges hereunder by nonuse of the Common Area or by abandonment or transfer of his Lot.

7.04 LIEN FOR CHARGES SUBORDINATED TO MORTGAGES: The lien for Charges, provided for in Section 7.01, shall be subordinate to the First Mortgagee's mortgage on the Lot which was recorded prior to the date that any such Charge became due. Except as hereinafter provided, the lien for Charges, provided for in Section 7.01, and shall not be affected by any sale or transfer of a Lot. Where title to a Lot is transferred pursuant to a decree of foreclosure of the First Mortgagee's mortgage or by deed or assignment in lieu of foreclosure of the First Mortgagee's mortgage, such transfer of title shall extinguish the lien for unpaid Charges which became due prior to the date of the transfer of title. However, the transferee of the Lot shall be personally liable for his share of the Charges with respect to which a lien against his Lot has been extinguished pursuant to the preceding sentence where such Charges are reallocated among all the Owners pursuant to a subsequently adopted annual or revised Common Assessment or special assessment, and non-payment thereof shall result in a lien against the transferee's Lot, as provided in this Article.

7.05 SELF-HELP BY MANAGERS: In the event of a violation or breach by an Owner of the provisions, covenants or restrictions of the Declaration, the By Laws, or rules or regulations of the Managers, where such violation or breach may be cured or abated by affirmative action, then the Managers, upon not less than ten (10) days' prior written notice to the Owner, shall have the right to enter upon that part of the Premises where the violation or breach exists to remove or rectify the violation or breach; provided, that, if the violation or breach exists within a Home, judicial proceedings must be instituted before any items of construction can be altered or demolished.

7.06 OTHER REMEDIES OF THE MANAGERS: In addition to or in conjunction with the remedies set forth above, to enforce of any of the provisions contained in this Declaration or any rules and regulations adopted hereunder the Managers may levy a fine or the

Managers may bring an action at law or in equity by the Association against any person or persons violating or attempting to violate any such provision, either to restrain such violation, require performance thereof, to recover sums due or payable to recover damages or fines, and against the Lot to enforce any lien created hereunder; and failure by the Association to enforce any provision shall in no event be deemed a waiver of the right to do so thereafter.

7.07 COSTS AND EXPENSES: All costs and expenses incurred by the Managers in connection with any action, proceedings or self-help in connection with exercise of its or their rights and remedies under this Article, including, without limitation, court costs, attorneys' fees and all other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon at the rate of eighteen percent (18%) per annum or the maximum rate permitted by law, whichever is less, until paid, shall be charged to and assessed against the defaulting Owner, and the Association shall have a lien for all the same, upon his Lot as provided in Section 7.01.

7.08 ENFORCEMENT BY OWNERS: Enforcement of the provisions contained in this Declaration and the rules and regulations adopted hereunder may be by any proceeding at law or in equity by any aggrieved Owner against any person or persons violating or attempting to violate any such provisions, either to restrain such violation or to recover damages, and against a Lot to enforce any lien created hereunder.

7.09 BACKUP SSA: The Municipality may establish a "Special Service Area" to serve as what is commonly referred to as a "Backup Special Service Area" to give the Municipality the power to levy taxes to pay the cost of maintaining the areas required to be maintained by the Association hereunder if the Association fails to perform such maintenance and the Municipality chooses to furnish such fees or services. Each deed, mortgage, trust deed, other evidence of obligation, or other instrument affecting a Lot and the acceptance thereof shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of, the power to the Village to establish and Record an ordinance creating a Special Service Area.

ARTICLE EIGHT

Use and Construction Restrictions

8.01 RESIDENTIAL USE: Subject to the rights of the Declarant and each Designated Builder hereunder, each Lot shall be used only for residential purposes, as a private residence, and no professional, business or commercial use shall be made of a Lot or any portion thereof, nor shall any Resident's use of a Lot endanger the health or disturb the reasonable enjoyment of any other Owner or Resident, except that professional and quasi-professional persons may use their residence as an ancillary or secondary facility to an office elsewhere. The foregoing restrictions shall not, however, be construed to prohibit a Resident from: (a) maintaining his personal professional library; (b) keeping his personal business or professional records or accounts; (c) handling his personal business or professional telephone calls or correspondence

therefrom, or (d) conducting an in-home business not prohibited by applicable laws, ordinances or regulations.

8.02 OUTBUILDINGS, DISHES AND OTHER STRUCTURES: Any deck, pergola, fence, outbuildings, Jacuzzis, gazebo, flag pole or other temporary or permanent structure proposed to be constructed or installed on a Lot shall be subject to the provisions of Section 9.10 and shall comply with the requirements of the Municipality. Without limiting the foregoing, (i) sheds, above ground swimming pools, window air conditioner units and fences shall not be permitted on any portion of the Premises, except as provided for in the Village Municipal Code, and (ii) subject to applicable federal, state or local laws, ordinances or regulations, no antenna satellite dish or similar device (other than an antenna or satellite dish which is not visible from the front of the Home) shall be permitted on a Lot.

8.03 SIGNS: Except as otherwise provided in Article Nine, or specifically approved, in writing, by the Managers, no advertising signs (except one “For Rent” or “For Sale” sign of not more than five square feet), billboards, garage sale or yard sale signs, unsightly objects, or nuisances shall be erected, placed or permitted to remain on any portion of the Common Area.

8.04 PETS: No animals, livestock or poultry of any kind shall be raised, bred, or kept on the Common Area. The Managers may from time to time adopt rules and regulations governing the use of the Common Area by pets.

8.05 REFUSE AND UNSIGHTLY USES: All rubbish, trash, or garbage shall be kept so as not to be seen from neighboring Homes and streets, and shall be regularly removed from the Premises, and shall not be allowed to accumulate thereon. Refuse may not be burned on a Lot. There shall be no clotheslines permitted, and no hanging of laundry or other articles on any portion of the Premises which are visible from any other part of Stonebridge.

8.06 NUISANCE: No nuisance, noxious or offensive activity shall be carried on in the Premises nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the Owners or occupants of any Home.

8.07 PLANTS: No unsightly plants or underbrush or plants, seeds, or other things or conditions harboring or breeding infectious plant diseases or noxious insects shall be introduced or maintained upon any part of the Premises.

8.08 PARKING, DRIVEWAYS AND LOTS: Parking areas and driveways shall be used for parking operable automobiles only and no part of any Lot shall be used for storage, use, or parking of mobile homes, trailers, commercial vehicles, snowmobiles, recreational vehicles or boats except within the confines of a garage. No repair or body work of any motorized vehicle shall be permitted except within the confines of the garage. Passenger motor vehicles in non-operative condition shall not be parked on the Premises, except in garages. Any violation of this provision shall be deemed a nuisance under Section 8.06.

8.09 USE OF REAR YARDS: Rear yards shall be maintained in a neat and orderly condition. Wood piles and other unsightly uses of the rear yard shall be prohibited. Any violation of this provision shall be deemed a nuisance under Section 8.06.

ARTICLE NINE
Declarant's Reserved Rights and
Special Provisions Covering Development

9.01 IN GENERAL: In addition to any rights or powers reserved to the Declarant or granted to a Designated Builder under the provisions of this Declaration or the By Laws, the Declarant and each Designated Builder shall have the rights and powers set forth in this Article. Anything in this Declaration or the By Laws to the contrary notwithstanding, the provisions set forth in this Article shall govern. Except as otherwise specifically provided, the provisions of this Article shall terminate and be of no further force and effect (a) with respect to the Declarant, from and after the Declarant is no longer vested with or controls title to any portion of the Development Area, and (b) with respect to each Designated Builder, from and after such time as the Designated Builder is no longer vested with or controls title to any portion of the Development Area.

9.02 PROMOTION OF PROJECT: The Declarant and each Designated Builder shall have the right and power, within its sole discretion, to (i) construct such temporary or permanent improvements, or to do such acts or other things in, on, or to the Premises as the Declarant or the Designated Builder may, from time to time, determine to be necessary or advisable, (ii) construct and maintain model homes, sales or leasing offices, parking areas, advertising signs (subject to applicable ordinances of the Municipality), lighting and banners, or other promotional facilities at such locations and in such forms as the Declarant or the Designated Builder may deem advisable and to use such model homes (including model homes which are sold by and leased back to the Declarant or a Designated Builder), sales or leasing offices or other facilities for the purpose of selling or leasing Homes on the Premises or at other properties in the general location of the Premises which are being offered for sale by the Declarant, or the Designated Builder or any of its affiliates, without the payment of any fee or charge whatsoever to the Association, all being subject to all applicable ordinances of the Municipality. Declarant, each Designated Builder and their respective agents and contractors, prospective purchasers and tenants, shall have the right of ingress, egress and parking in and through, and the right to use and enjoy the Common Area, at any and all reasonable times without fee or charge. The Declarant and each Designated Builder shall have the right and power to lease any unit owned by it to any person or entity which it deems appropriate in the Declarant's or the Designated Builder's sole discretion.

9.03 CONSTRUCTION ON PREMISES: In connection with the construction of improvements to any part of the Premises, the Declarant, each Designated Builder and their respective agents and contractors, shall have the right, at the Declarant's or the Designated

Builder's own expense, (but shall not be obligated) to make such alterations, additions or improvements to any part of the Premises including, without limitation, the construction, reconstruction or alteration of any temporary or permanent improvements to any structure which shall contain homes or the Common Area which the Declarant or the Designated Builder deems, in its sole discretion, to be necessary or advisable, and the landscaping, sodding or planting and replanting of any unimproved portions of the Premises in accordance with all applicable ordinances of the Municipality. In connection with the rights provided in the preceding sentence, the Declarant, each Designated Builder, and their respective agents and contractors, shall have the right of ingress, egress and parking on the Premises and the right to store dirt, construction equipment and materials on the Premises, as approved by the Village, without the payment of any fee or charge whatsoever. The provisions of this Section 9.03 shall terminate and be of no further force and effect (a) with respect to the Declarant, its successors and assigns one year from such time as the Declarant, its successors and assigns are no longer vested with or controls title to any portion of the Development Area, and (b) with respect to each Designated Builder, its successors and assigns one year from such time as the Designated Builder its successors and assigns are no longer vested with or controls title to any portion of the Development Area.

9.04 GRANT OF EASEMENTS AND DEDICATIONS: Declarant shall have the right to dedicate portions of the Common Area to the Municipality or, with the Municipality's approval, to any municipality or other governmental authority which has jurisdiction over such portions. Declarant shall also have the right to reserve or grant easements over the Common Area to any governmental authority, public utility or private utility for the installation and maintenance of electrical and telephone conduit and lines, gas, sewer or water lines, or any other utility services serving any Home.

9.05 DECLARANT CONTROL OF ASSOCIATION: Prior to the Turnover Date, the Managers shall be the Declarant, or one or more entities or persons designated by the Declarant from time to time who need not be Owners or Voting Members. Initially the Declarant shall be the sole Manager. The rights and powers of the Declarant to manage the affairs of the Association, or designate the Managers of the Association shall terminate on the first to occur of (i) such time as Declarant no longer holds or controls title to any portion of the Development Area, (ii) the giving of written notice by Declarant to the Association of Declarant's election to terminate such rights, or (iii) not later than 60 days after the conveyance by the developer of 75% of the units, or 3 years after the recording of the declaration, whichever is earlier. The date on which the Declarant's rights under this Section shall terminate shall be referred to as the "Turnover Date". From and after the Turnover Date, the Managers shall be constituted and elected as provided in the By Laws. Prior to the Turnover Date, all of the voting rights at each meeting of the Owners shall be vested exclusively in the Declarant and the Owners shall have no voting rights.

9.06 OTHER RIGHTS: The Declarant shall have the right and power to execute all documents and do all other acts and things affecting the Premises which, in Declarant's opinion, are necessary or desirable in connection with the rights of Declarant under this Declaration.

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

9.08 CONSTRUCTION INCONVENIENCES: Each Lot Owner, by acceptance of a deed to his or her Lot, acknowledges and agrees that during a period of construction within the Premises, if the construction of the Lot is completed prior to the completion of the construction of other Lots on the Premises, there may be certain inconveniences to the Owner until all construction within the Premises is complete. Inconveniences may include noise, dust, odors and debris associated with construction, interference with access and temporary interruptions of utility services. In acceptance of a deed to his or her Lot, each Owner acknowledges and agrees that the Declarant and/or Designated Builder shall have no liability or responsibility for any such inconvenience.

9.09 PROHIBITED ACTIONS: Despite any transfer of control of the Managers by Owners other than the Declarant, until the Declarant and or Designated Builder has sold every Lot within the Premises or the Development Area, the Managers are prohibited from taking any action which would discriminate against the Declarant or a Designated Builder, or which would be detrimental to the sale or leasing of Lots owned by the Declarant or Designated Builder, in the Declarant's or the Designated Builder's sole discretion. The Managers shall continue the same level and quality of maintenance, operations and services as that provided immediately prior to the transfer of control of the Association to Owners other than the Declarant until the Declarant and each Designated Builder are no longer vested with or control title to any portion of the Development Area.

9.10 RESTRICTIVE COVENANTS/ARCHITECTURAL CONTROL:

(a) No plat of subdivision, plat of re-subdivision, declaration or other document which creates covenants, conditions or restrictions affecting the use of a portion or portions of the Premises shall be Recorded without the written consent of the Declarant attached thereto, which consent may be denied for any reason or no reason. Any document which is Recorded without Declarant's written consent attached thereto shall be null and void and of no force and effect and the Declarant shall have the right to bring an action to quiet title and declare the document null and void and be awarded reasonable attorneys' fees and costs in connection therewith.

(b) The Declarant shall have the right and power from time to time to adopt reasonable rules, regulations, guidelines, and standards governing the design and exterior finish (including color) of all improvements or landscaping from time to time constructed, installed or proposed to be constructed, installed or modified on the Premises in accordance with all applicable ordinances of the Municipality. Without limiting the foregoing, no earthmoving, filling, dredging, grading, excavating, installation of landscaping (other than the installation of annual flowers in flower beds), alteration of landscaping, construction of a building, driveway, service walk, signs or other advertising or promotional devices or any other temporary or permanent improvement to any portion of the Premises or any modification, alteration, renovation, addition or removal of any of the foregoing, including change of exterior color ("Regulated Work") shall be commenced or maintained with respect to any portion of the Premises without the prior written consent of the Declarant and the Village, if applicable, to the plans therefor, which consent may be granted or withheld in Declarant's sole and absolute discretion. The Declarant reserves the right and power to promulgate and amend from time to time standards, policies, procedures and guidelines in order to implement the foregoing. If any Regulated Work which requires Declarant approval as provided above is commenced without obtaining the required written consent of the Declarant, then the Declarant may seek any remedy or take any action provided for herein or permitted at law or in equity in order to enforce the provisions hereof, including injunctive relief to stop work and/or restore the portion of the Premises to its condition prior to the commencement of the work. Declarant's decision to approve or disapprove Regulated Work in one instance shall not in any way create or establish a precedent for how the Declarant must respond to a request for Regulated Work subsequently made, it being understood that circumstances, situations and standards may change and the Declarant reserves the right and power to grant or deny requests as Declarant believes are appropriate in Declarant's sole and absolute discretion.

(c) The Declarant shall have the right and power from time to time to adopt rules, regulations, guidelines, and standards governing the maintenance and upkeep of portions of the Premises, including without limitation, improvements thereto, signs, advertising and landscaping thereon. Without limiting the foregoing, those portions of the Premises on which construction of improvements has not yet commenced shall at all times be maintained in a neat and clean condition and all weeds shall be periodically cut. If in the sole judgment of the Declarant a portion of the Premises is not being maintained in good condition and repair or the appearance of any such portion of the Premises is not of the character and quality of that of other portions of the Premises or is not in compliance with rules, regulations, guidelines, and standards adopted from time to time by the Declarant, then without limiting any rights or remedies available to the Declarant hereunder, at law or in equity, Declarant shall have the right to enter upon any such portion of the Premises and perform any maintenance or repair work which it deems necessary or appropriate. The cost of any such work shall be charged to the Owner or party responsible for maintenance of such portion of the Premises if different from the Owner, and shall be payable to the Declarant upon demand. In the event that the party charged for such work

fails to make prompt payment of any such amount within thirty (30) days after demand, such amount shall become and continue to be a lien upon the portion of the Premises owned by such party until such time as payment is made in full; provided, that any such lien shall be subordinate to the lien of any first mortgage on a Lot Recorded prior to the date on which any such amount becomes a lien against a Lot as provided above.

(d) Any one or more of the rights and powers of the Declarant under this Section may be delegated to one or more individuals or entities designated from time to time by the Declarant. Any action proposed to be taken by the Declarant under subsections (a), (b) or (c) above with respect to a portion of the Premises being developed and built by a Designated Builder, shall be taken only after consultation with the Designated Builder.

(e) Subject as hereinafter provided, from time to time, the Declarant may enter into an agreement ("Transfer Agreement") with the Association whereby the Declarant assigns and transfers to the Association some or all of its rights and powers under subsections (a) and (b). Any Transfer Agreement shall be executed by both the Declarant and the Association and shall be recorded; provided, that the execution of the Transfer Agreement by the Association shall be approved in advance by action of the Voting Members at an annual meeting or special meeting of the Voting Members. A Transfer Agreement may include such terms as are agreed upon between the Declarant and the Association. From and after the recording of a Transfer Agreement, the rights and powers of the Declarant under subsections (a), (b) and (c) which are transferred to the Association pursuant to the Transfer Agreement shall be administered as provided in the Transfer Agreement. Any rights and powers of the Declarant under subsections (a), (b) or (c) which are not transferred to the Association pursuant to a Transfer Agreement shall expire and terminate at such time as (i) the Development has been fully developed and improved per Current Development Plan and (ii) the Declarant and the Designated Builders no longer hold or control title to any portion of the Development Area.

ARTICLE TEN Amendment

10.01 SPECIAL AMENDMENTS: Anything herein to the contrary notwithstanding, Declarant reserves the right and power to Record a special amendment ("Special Amendment") to this Declaration at any time and from time to time which amends this Declaration (i) to comply with requirements of the Fannie Mae, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Veteran's Administration, or any other governmental agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by such entities, (ii) to induce any of such agencies or entities to make, purchase, sell, insure, guarantee or otherwise deal with first mortgages covering Lots, (iii) to correct errors, ambiguities, omissions or inconsistencies in the Declaration or any exhibit, (iv) to bring the Declaration into compliance

with applicable laws, ordinances or governmental regulations, (v) to amend Exhibit A to include additional real estate, (vi) to designate a Designated Builder hereunder and/or (vii) to reflect a change in the Current Development Plan, including, without limitation, to provide for types of dwelling units which are not single family detached homes, such as condominium units, non-condominium townhome or duplex units or apartment buildings; provided that no rights granted hereunder to a Designated Builder may be modified without the written consent of the Designated Builder, and any such change in the Current Development Plan would be subject to Municipality approval. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to the Declarant to make or consent to a Special Amendment on behalf of each Owner. Each deed, mortgage, trust deed, other evidence of obligation, or other instrument affecting a Lot and the acceptance thereof shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of, the power to the Declarant to make, execute and Record Special Amendments. The right and power to make Special Amendments hereunder shall terminate at such time as Declarant no longer holds or controls title to a portion of the Development Area.

10.02 AMENDMENT: Subject to Section 10.01 and Article Eleven, the provisions of this Declaration may be amended, abolished, modified, enlarged, or otherwise changed in whole or in part by the affirmative vote of Voting Members representing at least Seventy-Five percent of the total votes or by an instrument executed by Owners of at least Seventy-Five Percent (75%) of the Lots; except, that (i) the provisions of this Section 10.02 may be amended only by an instrument executed by all of the Owners and all First Mortgagees, and (ii) Article Nine, Article Twelve or any other provisions relating to the rights of Declarant and each Designated Builder may be amended only with the written consent of the Declarant and the Designated Builder. No amendment which removes Premises from the provisions of this Declaration shall be effective if as a result of such removal, an Owner of a Lot shall no longer have the legal access to a public way from his Lot. No amendment which affects the rights of the Municipality shall be effective unless the Municipality has given its prior written consent thereto. No amendment shall become effective until properly recorded.

10.03 APPROVAL OF MUNICIPALITY: Notwithstanding anything to the contrary contained in this Declaration, without the express prior written consent of the Municipality, neither the Declarant nor the Association shall make any change or modification to this Declaration which materially amends the terms and provisions concerning: (i) the Municipality's right of entry onto and maintenance of the Premises and its right to place liens thereon; (ii) the obligation of the Declarant or the Association to provide snow removal for driveways serving Homes and sidewalks serving the development located within the dedicated right-of-way and to store excess snow in appropriate off-street locations; (iii) the obligation of Association approval prior to seeking and obtaining the issuance of any appropriate permits or variations from the Municipality; and (iv) the obligation that Owners comply with all applicable ordinances, codes and regulations of the Municipality.

ARTICLE ELEVEN
First Mortgagees Rights

11.01 NOTICE TO FIRST MORTGAGEES: Upon the specific, written request of First Mortgagee or the insurer or guarantor of a First Mortgagee's mortgage, such party shall receive some or all of the following:

(a) Copies of budgets, notices of assessment, or any other notices or statements provided under this Declaration by the Association to the Owner of the Lot covered by the First Mortgagee's mortgage;

(b) Any audited or unaudited financial statements of the Association which are prepared for the Association and distributed to the Owners; provided, that, if an audited statement is not available, then upon the written request of the holder, insurer or guarantor of a Mortgage, the Association shall permit such party to have an audited statement for the preceding fiscal year of the Association prepared at such party's expense;

(c) Copies of notices of meetings of the Owners;

(d) Notice of any proposed action that requires the consent of a specified percentage of Eligible First Mortgagees;

(e) Notice of any substantial damage to any part of the Common Area or the Home on the Lot subject to the First Mortgagee's mortgage;

(f) Notice of the commencement of any condemnation or eminent domain proceedings with respect to any part of the Common Area or the Lot subject to the First Mortgagee's mortgage;

(g) Notice of any default by the Owner of the Lot which is subject to the First Mortgagee's mortgage under this Declaration, the By Laws or the rules and regulations of the Association which is not cured within thirty (30) days of the date of the default;

(h) The right to examine the books and records of the Association at any reasonable times;

(i) In the case of a First Mortgagee, the right to be listed on the records of the Association as an "Eligible First Mortgagee" for purpose of Section 11.02 below; and

(j) A lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

The request of any such party shall specify which of the above it desires to receive and shall indicate the address to which any notices or documents shall be sent by the Association.

11.02 CONSENT OF FIRST MORTGAGEES:

(a) In addition to any requirements or prerequisites provided for elsewhere in this Declaration, the consent of First Mortgagees holding, in the aggregate, the first mortgages on at least two-thirds (2/3) of the Lots (by number) which are subject to first mortgages held by First Mortgagees which specifically request to be treated as "Eligible First Mortgagees" under Section 11.01(i) above will be required for the Association to do or permit to be done any of the following:

(1) Adoption of an amendment to this Declaration which

(i) Changes Article Six or otherwise changes the method of determining the Common Assessments or other Charges which may be levied against an Owner;

(ii) Changes Section 7.04 or Article Ten;

(iii) Changes this Article Eleven, Article Twelve or any other provision of this Declaration or by By Laws which specifically grants rights to First Mortgagees;

(iv) Materially changes insurance and fidelity bond requirements;

(v) Changes voting rights; or

(vi) Imposes a right of first refusal or similar restriction on the right of an Owner to sell, transfer or otherwise convey his Lot.

(2) The withdrawal of the Premises from the provisions of this Declaration; provided, that, such consent of Eligible First Mortgagees will not be required with respect to any action under (1) and (2) above which occurs as a result of any action taken pursuant to Article Twelve.

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

11.03 INSURANCE PROCEEDS/CONDEMNATION AWARDS: In the event of (i) any distribution of any insurance proceeds hereunder as a result of damage to, or destruction of, any part of the Common Area or (ii) any distribution of the proceeds of any award or settlement as a result of condemnation or eminent domain proceedings with respect to any part of the Common Area, any such distribution shall be made to the Owners and their respective First

Mortgagees, as their interests may appear, and no Owner or other party shall be entitled to priority over the First Mortgagee of a Lot with respect to any such distribution to or with respect to such Lot; provided, that, nothing in this Section shall be construed to deny to the Association the right (i) to apply insurance proceeds to repair or replace damaged Common Area or (ii) to apply proceeds of any award or settlement as a result of eminent domain proceedings as provided in Article Four.

ARTICLE TWELVE
Annexing Additional Property

12.01 IN GENERAL: Declarant reserves the right at any time and from time to time prior to twenty (20) years from the date of recording of this Declaration to annex, add and subject additional portions of the Development Area to the provisions of this Declaration as additional Premises by recording a supplement to this Declaration (a "Supplemental Declaration"), as hereinafter provided. Any portion of the Development Area which is subjected to this Declaration by a Supplemental Declaration shall be referred to as "Added Premises"; any portion of any Added Premises which is made part of the Common Area shall be referred to as "Added Common Area"; and any Lots contained in the Added Premises shall be referred to as "Added Lots". After the expiration of said twenty (20) year period, Declarant may exercise the rights described herein to annex, add and subject additional portions of the Development Area to the provisions of this Declaration, provided that the consent the Owners (by number) of two-thirds (2/3) of all Lots then subject to this Declaration is first obtained.

12.02 POWER TO AMEND: Declarant hereby reserves the right and power to Record a Supplemental Declaration, at any time and from time to time as provided in Section 12.01, which amends or supplements Exhibit B. Exhibit B may only be amended or supplemented pursuant to this Article to add portions of the Development Area to Exhibit B and shall not be amended to reduce or remove any real estate which is described in Exhibit B immediately prior to the recording of such Supplemental Declaration. A Supplemental Declaration may contain such additional provisions affecting the use of the Added Premises or the rights and obligations of owners of any part or parts of the Added Premises as the Declarant deems necessary or appropriate, including provisions to reflect different types of dwelling units to accommodate changes in the Current Development Plan.

12.03 EFFECT OF SUPPLEMENTAL DECLARATION: Upon the recording of a Supplemental Declaration by Declarant which annexes and subjects Added Premises, Added Common Area, or Added Lots to this Declaration, as provided in this Article, then:

- (a) The easements, restrictions, conditions, covenants, reservations, liens, charges, rights, benefits and privileges set forth and described herein shall run with and bind the Added Premises and inure to the benefit of and be binding on any Person having at any time any interest or estate in the Added Premises in the same manner, to the same extent and with the same force and effect that this Declaration applies to the Premises,

and Persons having an interest or estate in the Premises, subjected to this Declaration prior to the date of the recording of the Supplemental Declaration;

(b) Every Owner of an Added Lot shall be a member of the Association on the same terms and subject to the same qualifications and limitations as those members who are Owners of Lots immediately prior to the recording of such Supplemental Declaration;

(c) In all other respects, all of the provisions of this Declaration shall include and apply to the Added Premises (including the Added Common Area or the Added Lots, if any) made subject to this Declaration by any such Supplemental Declaration and the Owners, mortgagees, and lessees thereof, with equal meaning and of like force and effect and the same as if such Added Premises were subjected to this Declaration at the time of the recording hereof;

(d) The recording of each Supplemental Declaration shall not alter the amount of the lien for any Charges made to a Lot or its Owner prior to such recording;

(e) The Declarant and each Designated Builder shall have and enjoy with respect to the Added Premises all rights, powers and easements reserved by the Declarant in this Declaration, plus any additional rights, powers and easements set forth in the Supplemental Declaration; and

(f) Each Owner of an Added Lot which is subject to assessment hereunder shall be responsible for the payment of the Common Assessment pursuant to Section 6.02(d), but shall not be responsible for the payment of any special assessment which was levied prior to the time that the Added Home became subject to assessment hereunder.

ARTICLE THIRTEEN

Rights of the Municipality

13.01 IN GENERAL: In addition to any rights, powers, or easements granted to the Municipality elsewhere in this Declaration, the Municipality shall have the rights, powers, and easements set forth in this Article.

13.02 RIGHTS AND ENFORCEMENT: An irrevocable license and non-exclusive easement is hereby granted to the Municipality and police, fire, water, health and other authorized officials, employees and vehicles of the Municipality, to go upon the Premises (and, to the same extent granted to the Association pursuant to Section 2.11, the Homes) at any time and from time to time in order to perform official duties and to enforce this Declaration and all ordinances of the Municipality, rules and regulations of the Association, the statutes of the State of Illinois and the

United States. In addition, duly designated officials and employees of the Municipality are hereby granted a non-exclusive right and easement to enter upon, on and over the Common Area in order to maintain, except as otherwise provided hereunder, the landscaping, drainage systems, storm and sanitary sewers, water mains, and any other utility or public service and to correct or eliminate nuisances or violations resulting from the failure by any Owner or the Association to exercise its maintenance responsibilities. Except in the event of emergency situations, the Municipality shall serve written notice upon the Association setting forth the manner in which the Association has failed to comply with its obligations under this Declaration under any source of law. Said notice shall include a demand that such deficiency be cured within 30 days from the date such notice is received. If such deficiency has not been cured within said 30 days or any extension thereof granted by the Municipality, the Municipality may (but shall not be obligated to) exercise said easement by entering the Common Area and performing such maintenance or repair. The Association shall reimburse the Municipality for all expenses incurred by it in performing such maintenance or repair. If the Association has not reimbursed the Municipality in full for all such expenses incurred within 90 days after receipt of a bill detailing such expenses, then the cost of such maintenance or repair not so reimbursed, together with interest and all reasonable costs of collections, including attorneys' fees, shall be assessed to each Parcel, and shall become a lien upon each Owner's Parcel; provided, that any such lien shall be subordinate to a prior Recorded first mortgage on the Parcel. Such lien may be enforced by all methods generally available for the enforcement of liens including foreclosure by an action brought in a like manner as a mortgage or deed of trust lien on real property. The Owner of a Parcel may pay any lien against the Parcel by paying its allocable share of the amount of such lien, whereupon the Municipality shall promptly deliver to the Owner a release of lien in recordable form. Said easement shall be exercised only to the extent and for such period of time that the maintenance or repair is required to accomplish the purpose hereinabove mentioned.

It is the intention of this Section to provide that the obligation for maintenance and repair of those main utility lines which service the Premises (storm sewer and sanitary sewer), the roads and streets and any other public improvements accepted by the Village whether located in or upon the Common Area shall be borne by the Village. The maintenance and repair of all drainage ways, retention and detention facilities, wetlands and other components of drainage which exist on or upon the Common Area and the obligations described in Section 3.02 shall be borne by the Association. The maintenance and repair of those segments of the utilities (water and sanitary sewer) from the edge of the dedicated right of way which service a home and snow removal on sidewalks and driveways serving the home (but not streets located within the dedicated right-of-way) shall be borne by the Homeowner.

The Municipality shall be under no obligation to exercise the rights herein granted except as it shall determine to be in its best interest. No failure to exercise any right herein granted to the Municipality shall be construed as a waiver of that or any other rights.

13.03 MAINTENANCE: The Association shall maintain the Common Area in compliance with all applicable laws, codes, regulations and ordinances of the Municipality and all governmental bodies having jurisdiction over the Property, as such laws and ordinances may be amended and enforced from time to time.

ARTICLE FOURTEEN
Miscellaneous

14.01 NOTICES: Any notice required to be sent to any Owner under the provisions of this Declaration or the By Laws shall be deemed to have been properly sent if (i) mailed, postage prepared, to his or its last known address as it appears on the records of the Association at the time of such mailing, (ii) transmitted by facsimile or e-mail to his or its facsimile number or e-mail address as either appears on the records of the Association at the time of such transmittal, or (iii) when personally delivered to his or its Home. The date of mailing, or the date of transmission if the notice is sent by facsimile or e-mail, shall be deemed the date of service.

14.02 RECITALS MATERIAL TO THIS DECLARATION: The statements, representations and assertions of intent set forth in the Recitals are material to this Declaration and incorporated into and made a part of this Declaration as though fully set forth herein, and constitute statements, representations and assertions of intent of the Declarant.

14.03 CAPTIONS: The Article and Section headings are intended for convenience only and shall not be construed with any substantive effect in this Declaration. In the event of any conflict between statements made in recitals to this Declaration and the provisions contained in the body of this Declaration, the provisions in the body of this Declaration shall govern.

14.04 SEVERABILITY: Invalidation of all or any portion of any of the easements, restrictions, covenants, conditions, or reservations, by legislation, judgment or court order shall in no way affect any other provisions of this Declaration which shall, and all other provisions, remain in full force and effect.

14.05 PERPETUITIES AND OTHER INVALIDITY: If any of the options, privileges, covenants or rights created by this Declaration would otherwise be unlawful or void for violation of (a) the rule against perpetuities or some analogous statutory provision, (b) the rule restricting restraints on alienation, or (c) any other statutory or common law rules imposing time limits, then such provisions shall continue only until twenty-one (21) years after the death of the survivor of the now living lawful descendants of George H.W. Bush, the former President of the United States.

14.06 TITLE HOLDING LAND TRUST: In the event title to any Lot is held by a title holding trust, under the terms of which all powers of management, operation and control of the Lot remain vested in the trust beneficiary or beneficiaries, then the beneficiaries thereunder from

time to time shall be responsible for payment of all Charges and for the performance of all agreements, covenants and undertakings chargeable or created under this Declaration against such Lot. No claim shall be made against any such title holding trustee personally for payment of any lien or obligation hereunder created and the trustee shall not be obligated to sequester funds or trust property to apply in whole or in part against such lien or obligation. The amount of such lien or obligation shall continue to be a charge or lien upon the Lot and the beneficiaries of such trust notwithstanding any transfers of the beneficial interest of any such trust or any transfers of title to such Lot.

14.07 WAIVER OF IMPLIED WARRANTY OF HABITABILITY: Illinois courts have held that every contract for the construction of a new home in Illinois carries with it a warranty that when completed, the home will be free of defects and will be fit for its intended use as a home. The courts have also held that this "Implied Warranty of Habitability" does not have to be in writing to be a part of the contract and that it covers not only structural and mechanical defects such as may be found in the foundation, roof, masonry, heating, electrical and plumbing, but it also covers any defect in workmanship which may not easily be seen by the buyer. However, the courts have also held that a seller-builder and buyer may agree in writing that the Implied Warranty of Habitability is not included as a part of their particular contract. Each buyer of a Home from Declarant and each Designated Builder agreed in the purchase contract that the Declarant or the Designated Builder excluded and disclaimed the Implied Warranty of Habitability and all other implied warranties, whether created judicially, statutorily or by common law, including the implied warranty of fitness for a particular purpose. Such exclusion and disclaimer shall apply to and bind any subsequent Owner of a Home and, accordingly, no Owner of a Home shall have the right to assert a claim against Declarant or any Designated Builder for a breach of the Implied Warranty of Habitability or any other implied warranty.

Dated: _____, 20__

DECLARANT:

HDP Stonebridge LLC an Illinois limited liability company

By: _____

Its: _____

STATE OF ILLINOIS)
) SS
COUNTY OF _____)

The undersigned, a Notary Public in and for said County, in the State aforesaid, do hereby certify that _____, the _____ of **HDP Stonebridge LLC** an Illinois limited liability company personally known 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/she signed and delivered said instrument as his/her own free and voluntary act, and as the free and voluntary act of HDP Stonebridge LLC an Illinois limited liability company for the uses and purposes therein set forth.

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

Notary Public

EXHIBIT A

LEGAL DESCRIPTION

PARCEL 1: THAT PART OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER (EXCEPT THEREFROM THE SOUTH 970.0 FEET THEREOF), PART OF THE EAST HALF OF THE NORTHWEST QUARTER (EXCEPT THEREFROM THE SOUTH 970.0 FEET THEREOF) AND PART OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 8, TOWNSHIP 43 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS, TO WIT; COMMENCING AT A POINT ON THE WEST LINE OF THE NORTHEAST QUARTER OF SECTION 8, 39.40 FEET SOUTH OF THE NORTHWEST CORNER OF SAID NORTHEAST QUARTER; THENCE SOUTH ALONG AFORESAID WEST LINE OF THE NORTHEAST QUARTER OF SECTION 8, 1647.70 FEET TO A POINT 970 FEET NORTH OF THE SOUTH LINE OF SAID NORTHEAST QUARTER; THENCE EAST ALONG A LINE 970.00 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 8, 895.50 FEET TO A POINT 580 FEET WEST OF THE EAST LINE OF THE WEST 1/8 OF THE EAST HALF OF THE NORTHEAST QUARTER OF SAID SECTION 8; THENCE NORTH EASTERLY ALONG A LINE FORMING AN ANGLE OF 69 DEGREES 40 MINUTES WITH THE LAST DESCRIBED COURSE EXTENDED (MEASURED FROM EAST TO NORTH) FOR A DISTANCE OF 857.00 FEET TO A POINT IN THE CENTER OF THE PUBLIC HIGHWAY DESIGNATED AS STATE AID ROUTE 32, (PLAT OF SAID HIGHWAY BEING RECORDED UNDER DOCUMENT 524177 IN SAID COUNTY); THENCE NORTHWESTERLY ALONG THE CENTERLINE OF SAID PUBLIC HIGHWAY, 1473.5 FEET TO THE POINT OF BEGINNING, LYING SOUTH OF THE FOLLOWING DESCRIBED LINE: COMMENCING AT THE NORTHWEST CORNER OF SAID EAST HALF OF THE NORTHWEST QUARTER, SAID CORNER ALSO BEING A CORNER IN LAKEWOOD ESTATES OF HAWTHORN WOODS PHASE II RECORDED AS DOCUMENT NO. 2899205; THENCE SOUTH 00 DEGREES 15 MINUTES 42 SECONDS EAST ALONG THE WEST LINE OF SAID EAST HALF OF THE NORTHWEST QUARTER, SAID WEST LINE ALSO BEING AN EAST LINE OF SAID LAKEWOOD ESTATES OF HAWTHORN WOODS PHASE II, 773.82 FEET TO THE POINT OF BEGINNING; THENCE NORTH 88 DEGREES 44 MINUTES 50 SECONDS EAST, 156.86 FEET; THENCE SOUTH 86 DEGREES 30 MINUTES 18 SECONDS EAST, 85.08 FEET; THENCE NORTH 85 DEGREES 51 MINUTES 56 SECONDS EAST, 101.85 FEET; THENCE SOUTH 86 DEGREES 25 MINUTES 39 SECONDS EAST, 112.34 FEET; THENCE NORTH 86 DEGREES 53 MINUTES 40 SECONDS EAST, 84.95 FEET; THENCE SOUTH 89 DEGREES 43 MINUTES 32 SECONDS EAST, 72.85 FEET; THENCE NORTH 86 DEGREES 10 MINUTES 58 SECONDS EAST, 63.22 FEET; THENCE SOUTH 77 DEGREES 15 MINUTES 31 SECONDS EAST, 39.42 FEET; THENCE SOUTH 53 DEGREES 35 MINUTES 59 SECONDS EAST, 56.31 FEET; THENCE SOUTH 57 DEGREES 57 MINUTES 47 SECONDS EAST, 93.17 FEET; THENCE SOUTH 69 DEGREES 42 MINUTES 34 SECONDS EAST, 57.31 FEET; THENCE SOUTH 89 DEGREES 52 MINUTES 35 SECONDS EAST, 59.82 FEET; THENCE NORTH 74 DEGREES 50 MINUTES 11 SECONDS EAST, 114.83 FEET; THENCE NORTH 68 DEGREES 09 MINUTES 21 SECONDS EAST,

134.59 FEET; THENCE NORTH 57 DEGREES 19 MINUTES 51 SECONDS EAST, 54.00 FEET; THENCE NORTH 82 DEGREES 04 MINUTES 01 SECONDS EAST, 85.93 FEET; THENCE NORTH 84 DEGREES 34 MINUTES 51 SECONDS EAST, 124.04 FEET; THENCE NORTH 88 DEGREES 11 MINUTES 20 SECONDS EAST, 65.91 FEET; THENCE SOUTH 64 DEGREES 25 MINUTES 56 SECONDS EAST, 32.84 FEET; THENCE NORTH 86 DEGREES 47 MINUTES 30 SECONDS EAST, 53.60 FEET; THENCE SOUTH 89 DEGREES 51 MINUTES 34 SECONDS EAST, 201.66 FEET; THENCE NORTH 71 DEGREES 07 MINUTES 47 SECONDS EAST, 46.15 FEET; THENCE SOUTH 85 DEGREES 34 MINUTES 49 SECONDS EAST, 84.54 FEET; THENCE SOUTH 64 DEGREES 14 MINUTES 14 SECONDS EAST, 77.97 FEET; THENCE SOUTH 79 DEGREES 47 MINUTES 07 SECONDS EAST, 85.23 FEET; THENCE NORTH 79 DEGREES 03 MINUTES 23 SECONDS EAST, 56.79 FEET; THENCE NORTH 77 DEGREES 05 MINUTES 50 SECONDS EAST, 47.79 FEET; THENCE NORTH 69 DEGREES 38 MINUTES 07 SECONDS EAST, 97.46 FEET TO THE WESTERLY LINE OF SAID PUBLIC HIGHWAY; THENCE NORTH 37 DEGREES 03 MINUTES 27 SECONDS EAST, 40.00 FEET TO THE TERMINUS OF SAID LINE, EXCEPT THAT PART OF OLD MCHENRY ROAD PER DOCUMENT 4963521, IN LAKE COUNTY, ILLINOIS.

PARCEL 2: NON-EXCLUSIVE, PERPETUAL EASEMENTS FOR THE BENEFIT OF PARCEL 1 AS GRANTED IN THE DECLARATION OF EASEMENTS BY THE BOARD OF EDUCATION OF COMMUNITY UNIT SCHOOL DISTRICT 95, LAKE COUNTY, ILLINOIS, RECORDED FEBRUARY 16, 2007 AS DOCUMENT 6139625, FOR AN ACCESS AND PUBLIC UTILITIES EASEMENT, UTILITY EASEMENT, PEDESTRIAN ACCESS EASEMENT, WETLANDS ACCESS AND MAINTENANCE EASEMENT, AND A TEMPORARY CONSTRUCTION EASEMENT OVER PORTIONS OF THE LAND MORE PARTICULARLY DEPICTED ON THE PLAT ATTACHED THERETO, AND THE TERMS, PROVISIONS AND CONDITIONS SET FORTH THEREIN

**EXHIBIT B TO
DECLARATION FOR STONEBRIDGE**

The Premises

[To be completed prior to recording.]

I. LOTS:

II. COMMON AREA:

[PINs and addresses to be inserted prior to recording]