

BY-LAWS OF
THE FIELDS OF LONG GROVE HOME OWNERS' ASSOCIATION

ARTICLE I

The Fields of Long Grove Home Owners' Association (the "Association") is responsible for the overall administration of the Development, as more fully set forth in the Amended and Restated Declaration of Covenants, Conditions and Restrictions of The Fields of Long Grove Home Owners' Association (the "Amended Declaration") through its duly elected Board of Directors (the "Board"). Whether or not incorporated, the Association shall have and exercise all powers necessary or convenient to effect any or all of the purposes for which the Association is organized and to do every other act not inconsistent with the General Not-for-Profit Corporation Act of the State of Illinois (the "Act") which may be appropriate to promote and attain the purposes set forth in the Amended Declaration.

ARTICLE II

Members

SECTION 1. MEMBERSHIP AND TERMINATION THEREOF. Every Owner of a Lot shall be a member of the Association, without the right of withdrawal. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Ownership of a Lot shall be the sole qualification for membership. Membership shall terminate upon the sale, assignment or other conveyance by such Owner of ownership of his Lot, at which time the new Owner shall become a member of the Association.

SECTION 2. VOTES AND VOTING RIGHTS.

(a) Until the date of the first annual meeting of the members of the Association, as provided in Article III, Section 1 hereof, no member of the Association shall have any voting rights and the right to vote on any matter is hereby denied until such date.

(b) The Association shall have two classes of voting membership:

- (i) Class A members shall be all the Owners, with the exception of the Declarant. Subject to the limitation contained in Section 2(c) of this Article II, Class A members shall be entitled to one (1) vote for each Lot owned.
- (ii) The Class B member shall be the Declarant, who shall be entitled to cast three (3) votes for

each Lot owned. Class B membership shall cease and convert to Class A membership at the election of the Declarant, but in no event later than 6 months from the date when 90% of the Lots have been conveyed by the Declarant to Owners.

- (iii) Notwithstanding the foregoing, all Class A members and Class B members shall have but one vote for each Lot owned in all matters concerning the water and sewage treatment facilities owned by the Association.

(c) Notwithstanding any provisions herein to the contrary, until such time as the Owner of a Lot shall have a Residence constructed thereon and shall be occupying such Residence or obtain a certificate of occupancy therefor, such Owner shall be a member of the Association, but shall not have the right to vote on any matters provided in these By-Laws, except as provided in Section 2(h) of Article VI regarding the construction of recreational facilities in the Recreation Area.

(d) If a Lot is owned by more than one person or entity, the voting rights with respect to such Lot shall not be divided, but shall be exercised as if the Owners thereof consisted of only one person, in accordance with the proxy or other designation made by the persons constituting such Owner.

(e) Any specified percentage of the members for purposes of voting or for any other purpose, wherever provided in these By-Laws, shall mean such percentage of the total number of votes hereinabove set forth.

SECTION 3. TRANSFER OF MEMBERSHIP. Membership in this Association is not transferable or assignable except with ownership of a Lot, as provided in Article II, Section 1 hereof.

ARTICLE III

Meetings of Members

SECTION 1. ANNUAL MEETING. The first annual meeting of the members shall be held on such date as is fixed by the Declarant, which date shall be the earliest of (a) ten (10) years from the date the Amended Declaration is recorded in the Office of the Recorder of Lake County, Illinois, (b) sixty (60) days after the date the eighth (8th) Lot in the Development has been conveyed by the Declarant to Owners, or (c) such earlier time as elected by the Declarant. Thereafter, subsequent annual meetings of the members of the Association for the purposes of electing directors to the Board (the "Directors") and for the transaction of such other business as may come before the meeting shall be held on such dates as may be

selected by the Board, which dates shall be within thirty (30) days before or after the anniversary of the first annual meeting of the members. If the election of Directors to the Board shall not be held on any day designated for any annual meeting, the Board shall cause the election to be held at a special meeting of the members of the Association called as soon thereafter as conveniently may be.

SECTION 2. SPECIAL MEETINGS. Special meetings of the members of the Association may be called by the Board, the President, or not less than 20% of the total number of the members of the Association. All matters to be considered at special meetings called by members of the Association shall first be submitted in writing to the Board not less than ten (10) days prior to the date of the special meeting.

SECTION 3. PLACE AND TIME OF MEETING. All meetings of the Association shall take place at 8:00 p.m., at a location in or reasonably near the Village of Long Grove, Illinois.

SECTION 4. NOTICE OF MEETINGS. Written notice stating the purpose, place, day and hour of any meeting of the Association shall be delivered by mail to each member entitled to vote at such meeting not less than ten (10) days nor more than thirty (30) days before the date of such meeting. The notice of a meeting shall be deemed delivered three (3) days after being deposited in the United States mail addressed to the member at his address as it then appears on the records of the Association, with proper postage thereon prepaid.

SECTION 5. QUORUM. The members present at a meeting in person or by proxy, holding 33-1/3% of the votes which may be cast at any meeting, shall constitute a quorum. If a quorum is not present at any meeting, a majority of the votes present in person or by proxy may adjourn the meeting at any time.

SECTION 6. PROXIES. At any meeting of the Association, a member entitled to vote may vote either in person or by a proxy executed in writing by the member or by his duly authorized attorney-in-fact. The person designated to vote by proxy need not be a member. No proxy shall be valid after eleven months from the date of its execution. Any such proxy shall be revocable at any time by actual notice to the Board of the death or judicially declared incompetence of any Owner or by written notice of revocation to the Board by the Owner or Owners.

SECTION 7. MANNER OF ACTING. Except as set forth below and except as otherwise required by the Amended Declaration or the Act, any action may be taken at any meeting of the Association at which a quorum is present at the commencement of the meeting upon the affirmative vote of the members having a majority of the total votes present at such meeting. However, the following matters shall require the affirmative vote of at least 66-2/3% of the votes of all the members of the Association, whether or not present at the meeting of the Association:

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- (a) Merger or consolidation of the Association;
- (b) Sale, lease, exchange, mortgage, pledge or other disposition of all, or substantially all, of the property and assets of the Association;
- (c) Purchase or sale of land on behalf of the Association;
- (d) Construction of recreation facilities in the Recreation Area; and
- (e) Approval of any special assessment.

The Board may prescribe reasonable rules for the conduct of all meetings of the Board and the Association, or, in the absence of such rules, Roberts Rules of Order shall be used.

ARTICLE IV

Board of Directors

SECTION 1. IN GENERAL. The affairs of the Association shall be managed by its Board of Directors, which shall act as the Board of Directors of the Association as provided in the Amended Declaration.

SECTION 2. NUMBER, TENURE AND QUALIFICATIONS. Until the date of the first annual meeting of the Association, the number of Directors on the Board shall be three (3), who shall be the Directors named in the Articles of Incorporation for the Association, if the Association is incorporated; otherwise, the Directors shall be as appointed by the Declarant. Commencing with the date of the first annual meeting of the Association, the number of Directors on the Board shall be expanded to five (5). The two persons receiving the highest number of votes at the first annual meeting of the Association shall be elected to the Board for a term of two (2) years and the three (3) persons receiving the next highest number of votes shall be elected to the Board for a term of one (1) year. Upon the expiration of the terms of office of the Directors so elected at the first annual meeting of the Association and thereafter, successors shall be elected for a term of two (2) years each. Each person elected shall serve until his successor shall have been elected and qualified. Each Director shall hold office without compensation. In the event a member of the Association is a corporation, partnership, trust or legal entity other than a natural person, then any shareholder, officer or director of such corporation, partner of such partnership, beneficiary or individual trustee of such trust, or manager of such other legal entity may be eligible to serve as a Director on the Board. A Director may succeed himself in office.

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SECTION 3. ELECTION. At each annual meeting of the Association, the members shall be entitled to vote for Directors on a cumulative basis and the candidates receiving the highest number of votes shall be deemed elected.

SECTION 4. REGULAR MEETINGS. The Board shall by regulation provide the time and place for the holding of regular meetings of the Board during the year, provided that the Board meet at least four (4) times per year.

SECTION 5. SPECIAL MEETINGS. Special meetings of the Board may be called by the President or any two (2) Directors. The person or persons authorized to call special meetings of the Board may fix the time and place for holding any special meeting. All meetings of the Board, whether regular or special, shall be open to all members of the Association.

SECTION 6. NOTICE. Written notice of any special meeting of the Board shall be mailed to all Directors not calling the special meeting at least five (5) days prior to the date of such special meeting. Written notice of regular meetings of the Board shall be mailed to all Directors at least five (5) days prior to the date of such meeting. All such notices shall be deemed to be delivered three (3) days after being deposited in the United States mail addressed to each Director at his address as it appears on the records of the Board, with proper postage thereon prepaid. The business to be transacted at, or the purpose of, any regular or special meeting of the Board shall be specified in such notices.

SECTION 7. QUORUM. A majority of the Directors shall constitute a quorum for the transaction of business at any meeting of the Board; provided, however, that if less than a majority of the Directors are present at said meeting, any of the Directors present may adjourn the meeting at any time.

SECTION 8. MANNER OF ACTING. The act of a majority of the Directors present at a meeting at which a quorum is present at the commencement of the meeting shall be the act of the Board, except where otherwise provided in the Amended Declaration, the Act or herein.

SECTION 9. VACANCIES. Any vacancy occurring in the Board by reason of death, removal or resignation of a Director or change in the size of the Board shall be filled by the majority vote of the remaining Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Directors, including those appointed by the Declarant, may resign at any time by written resignation delivered or mailed to the President or any Director or officer of the Association, which resignation shall be effective upon receipt. If, as a result of the death, removal or resignation of a Director, no Director remains in office, a special meeting of the Association shall be called to fill all vacancies on the Board for the unexpired terms of the Directors.

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SECTION 10. REMOVAL. From and after the date of the first annual meeting of the Association, any Director may be removed from office by the affirmative vote of the members of the Association having a majority of the total votes present at an annual meeting or at a special meeting called for such purpose.

SECTION 11. ADOPTION OF RULES AND REGULATIONS. All rules and regulations, or amendments thereto, adopted by the Board shall be effective thirty (30) days after their adoption; provided, however, that the members of the Association may veto any proposed rule or regulation at an annual meeting or a special meeting of the members called for such purpose, and held before the effective date of the rule or regulation, by a vote of the members of the Association having a majority of the total votes present at such meeting.

ARTICLE V

Officers

SECTION 1. OFFICERS. The officers of the Association shall be a President, one or more Vice-Presidents (the number thereof to be determined by the Board), a Treasurer and a Secretary.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers of the Association shall be elected annually by the Board from among any members of the Association or from among the Directors. Vacancies may be filled or new offices created and filled at any meeting of the Board. Each officer shall hold office until his successor shall have been duly elected and shall have qualified. An officer may succeed himself in office. Officers shall serve without compensation.

SECTION 3. REMOVAL. Any officer elected by the Board may be removed by a majority vote of the Directors.

SECTION 4. VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board.

SECTION 5. PRESIDENT. The President shall be the principal executive officer of the Association and shall generally supervise and control all of the business and affairs of the Association. He shall preside at all meetings of the Board. He may sign any deeds, mortgages, contracts, or other instruments which the Board has authorized to be executed and any amendment to the Amended Declaration and, in general, shall perform all the duties incident to the office of President and such other duties as may be prescribed by the Board from time to time. The President is hereby empowered to give and receive all notices and execute all amendments as provided in the Amended Declaration, the Act and herein.

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SECTION 6. VICE-PRESIDENT. In the absence of the President or in the event of his inability or refusal to act, the Vice-President (or in the event there is more than one Vice-President, the Vice Presidents in the order of their election) shall perform the duties of the President and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the President. Any Vice-President shall perform such other duties as from time to time may be assigned or delegated to him by the President or by the Board.

SECTION 7. TREASURER. The Treasurer shall have charge and custody of the Maintenance Fund and be responsible for all funds and securities of the Association; receive and give receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such banks, trust companies or other depositories; and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned or delegated to him by the President or by the Board.

SECTION 8. SECRETARY. The Secretary shall keep the minutes of all regular and special meetings of the Association and of the Board in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; and, together with the President, execute on behalf of the Association any amendments to the Amended Declaration or the By-Laws as required or permitted by the Amended Declaration, these By-Laws or the Act; be custodian of the records and, if incorporated, of the seal of the Association and see that the seal of the Association is affixed to all documents, the execution of which on behalf of the Association under its seal is duly authorized in accordance with the provisions of these By-Laws; and in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned or delegated to him by the President or by the Board.

ARTICLE VI

Powers and Duties of the Association and Board

SECTION 1. GENERAL DUTIES, POWERS, ETC. OF THE BOARD. The Board shall exercise for the Association all powers, duties and authority vested in the Association by the Act, the Amended Declaration and these By-Laws, including but not limited to, the following:

- (a) Operating, maintaining, replacing, improving and otherwise caring for the Common Areas, the Recreation Area and Front Yards of Lots.
- (b) Preparing, adopting and distributing the annual budget for the Development and making any subsequent amendments or revisions thereto.

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- (c) Levying assessments.
- (d) Collecting assessments.
- (e) Employing and dismissing any Management Agent or other personnel necessary or advisable for the maintenance, care, upkeep and operation of the Common Areas and Recreation Area.
- (f) Obtaining adequate and appropriate kinds of insurance.
- (g) Owning and otherwise dealing with the Common Areas and Recreation Area.
- (h) Adopting rules and regulations governing the operation and use of the Common Areas, Recreation Area and Lots and making any amendments thereto.
- (i) Keeping detailed, accurate records of the receipts and disbursements of the Association, including but not limited to, the Maintenance Fund.
- (j) Having access to each Lot, from time to time, as may be necessary for the maintenance, replacement, or repair of any Lot, Residence or any part of the Common Areas accessible therefrom, or for making such emergency repairs as may be necessary to prevent damage to any Lot, the Common Areas or the Recreation Area.
- (k) Operating, repairing and maintaining in a good state of repair the Sanitary Treatment Facilities, all appurtenant pipes, mains and equipment, the Pump House Area, all appurtenant water wells, reservoirs, pipes, pumps, mains and equipment, Trails, streets, and all other improvements constructed and situated within the Common Areas and the Recreation Area and to care for those various portions of the Common Areas and Recreation Area as provided under the terms hereof.

SECTION 2. SPECIFIC POWERS AND DUTIES.

- (a) Anything contained herein to the contrary notwithstanding, the Association through the actions of the Board shall have the power:
 - (i) To engage the services of a Management Agent for the operation and maintenance of any part or all of the Common Areas and Recreation Area, who may be any person, firm or corporation hired upon such terms and for such compensation as the Board may deem reasonable, and to remove such

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Management Agent at any time; provided, however, that any agreement with a Management Agent shall extend for no more than three (3) years and must be terminable by either party to such agreement without cause and without payment of a termination fee upon not more than ninety (90) days prior written notice;

- (ii) To engage the services of any person (including, but not limited to, accountants and attorneys) deemed necessary or advisable by the Board for such compensation as is deemed reasonable for the operation, repair, maintenance and management of the Common Areas and Recreation Area or in connection with any duty, responsibility or right of the Association;
 - (iii) To engage the services of independent contractors or hire a staff of employees to maintain, repair and care for the Common Areas, Recreation Area and Front Yards of Lots. In addition, the Board may establish a fee schedule and sell lawn maintenance, snow removal, painting and other similar services to Residents, such services to be furnished by independent contractors or employees hired by the Board; and
 - (iv) To establish and maintain one or more interest-bearing bank accounts for the deposit of any funds paid to, or received by, the Association.
- (b) All expenses, charges and costs of the maintenance, repair or replacement of the Common Areas, the Recreation Area and any other expenses, charges or costs which the Association may incur or expend pursuant hereto, shall be approved by the Board.
- (c) (i) The Board, on behalf of the Association, shall establish a fund to be known as the "Maintenance Fund." The Board shall prepare an annual budget setting forth the estimated maintenance expenses, operating charges and such other costs which vary by the number of Owners in the Development (the "variable costs") and real estate taxes, insurance costs and such other costs which do not vary with the number of Owners in the Development (the "fixed costs"), payable by the Association in accordance with the Amended Declaration and these By-Laws, as they presently exist or as they may be amended from time to time. In addition, the annual budget shall also provide for, as a fixed cost, a capital reserve for major repairs

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or replacements of the Sanitary Treatment Facilities, well sites, roads, sidewalks, sewer mains and water mains. Amounts collected for the capital reserve shall be segregated and maintained in an interest-bearing bank account and shall be used for no purpose other than the major repair or replacement of the Sanitary Treatment Facilities, the Pump House Area, well sites, roads, sidewalks, water mains and sewer mains. Each Owner shall then be assessed a pro rata share of the variable costs of such annual budget based upon the total number of Lots owned by Owners in the Development. The Declarant shall not be assessed any variable costs for the Lots it may continue to own in the Development, so long as such Lots are not leased or occupied for residential purposes. Pro rata shares of the fixed cost portion of the annual budget shall be assessed against all Lots, including those owned by the Declarant. Each Owner shall pay the monthly assessments assessed and levied upon his Lot by the Association. Notwithstanding anything herein to the contrary, prior to January 1, 1988, the monthly assessment for each Lot shall be fixed at not more than Two Hundred Seventy Dollars (\$270).

- (ii) "Lots," as such term is used in this Section II of Article VI, shall only include parcels of real estate in the Development which have been recorded with the Recorder of Deeds of Lake County, Illinois on a plat or plats of subdivision. Lots which are shown on the Plat but which have not been recorded on a plat of subdivision shall not be assessed by the Association for the Maintenance Fund.
- (iii) The assessments levied by the Association and deposited in the Maintenance Fund shall be used exclusively for the purposes of promoting the health, safety and welfare of the Residents of the Development and directly related to the use and enjoyment of the Common Areas and the Recreation Area (prior to improvement with recreational facilities), including but not limited to, sanitary treatment expenses, road maintenance costs, landscaping expenses, snow removal costs, real estate taxes, liability insurance and the costs of all labor, equipment (including the expenses of leasing any equipment) and materials required for the management, supervision and operation of the Common Areas and

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the Recreation Area (prior to improvement with recreational facilities).

- (d) The Board may establish a social fund for the social and recreational benefit of the members of the Association and assess and collect social dues from the members of the Association. In the event that a social fund is established, all amounts deposited shall be segregated from all other Association bank accounts and used solely for the the recreational and social benefit of the members of the Association, their families and guests.
- (e) Each Owner, by acceptance of a deed for his Lot, whether from the Declarant, any Owner or otherwise, and whether or not it shall be so expressed in any such deed or other document of conveyance, hereby covenants and agrees and shall be deemed to covenant and agree to pay to the Association:
 - (i) Annual assessments, to be paid in monthly installments due on the first day of each month of each year, as provided in Section 2(c) of this Article VI.
 - (ii) Special assessments for constructing capital improvements (other than recreational facilities) if approved by at least 66-2/3% of the votes of all of the members of the Association. The due date or dates of any special assessment shall be fixed in the resolution approving such special assessment. Any special assessment shall be fixed at a uniform rate for all Lots.

Annual assessments and special assessments, together with interest thereon and the costs of collection thereof (as hereinafter provided), shall be a charge on each Lot and shall be a continuing lien upon each Lot against which each such assessment is made. Each such assessment, together with interest thereon and costs of collection thereof, shall be the continuing personal obligation of the Owner of each such Lot at the time the assessment fell due.

- (f) The duties of the Board with respect to assessments shall be as follows:
 - (i) The Board shall fix the amount of the annual assessments against each Lot for each annual assessment period at least thirty (30) days in advance of such period and shall, at that time, prepare a roster of each Lot and the assessments

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applicable thereto, which roster shall be kept in the offices of the Association and be open to inspection at reasonable times by any Owner.

- (ii) Written notice of the annual assessments shall thereupon be delivered or mailed to every Owner showing the amount or amounts of the assessments and the due date or dates thereof.
- (iii) The Board shall, upon written demand, furnish to any Owner liable for said assessments, a certificate in writing signed by an officer of the Board setting forth whether said assessments have been paid. A reasonable charge may be made by the Board for the issuance of such certificates.
- (iv) If the Board fails to fix the amount of any annual assessments, each Owner shall be liable for the payment of an amount equal to the annual assessments he paid the previous year.
- (g) If any annual assessment, special assessment or installment thereof is not paid in full within thirty (30) days after the due date thereof, the total unpaid amount of all installments of such assessment shall immediately become due and payable and shall bear interest from and after the date of delinquency at two percent (2%) over the prime rate of interest announced by The First National Bank of Chicago at such time. The total unpaid amount of all such installments and interest thereon shall constitute a charge on the Lot of the Owner obligated to pay the same and, upon the recording of a certificate by the Board, shall be a lien upon such Owner's Lot. The Board may, at its election, bring an action to recover any amounts due, or for such other remedy at law or in equity to enforce payment thereof and/or to foreclose the lien against the Lot subject thereto. There shall be added to the amount of such lien the costs of preparing and prosecuting the complaint (including reasonable attorneys' fees) in such action. No Owner may waive or otherwise escape liability for the assessments by non-use of the Common Areas, Recreation Area or his Lot. Notwithstanding the foregoing, any first mortgage encumbrance owned or held by a bank, insurance company, savings and loan association, or such other person or entity engaged in the business of making real estate loans, recorded against such Owner's Lot prior to the date the Association's lien is recorded, which by law would be a lien thereon having priority over the Association's lien, shall

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have priority, except as to the amount of assessments which become due and payable from and after the date on which the said first mortgage encumbrance is foreclosed and the holder thereof (or purchaser at a foreclosure sale) takes possession of the Lot or accepts a conveyance of any interest therein (other than as security). The sale or transfer of any Lot shall not release or in any way affect the assessment lien.

- (h) From time to time the Board may propose to all the members of the Association the construction of recreational facilities in the Recreation Area. Such recreational facilities may consist of from one to four tennis courts, a swimming pool of up to 3,000 square feet, parking for up to 20 automobiles and a one story clubhouse of no more than 1,200 square feet to be built in the Recreation Area for purposes of changing and showering after use of the tennis courts and/or swimming pool. Such recreational facilities may only be constructed after a 66-2/3% vote of approval of all the members of the Association (excluding the Declarant) entitled to vote at a regular or special meeting of the Association called for such purpose. In determining whether to approve the construction of recreational facilities, all Owners shall be entitled to vote on such proposal, notwithstanding the provisions of Section 2(c) of Article II to the contrary. If approved, construction of such recreational facilities is to be funded by special assessment to be paid prorata only by all of the members of the Association voting in favor of the construction of such recreational facilities. Only those members of the Association who pay such special assessments, and their families and guests, shall be entitled to use the recreational facilities. Notwithstanding any other provision herein to the contrary, however, the Board may at its sole discretion, elect to sell recreational club memberships to any other persons desiring to use the recreational facilities or may elect to impose user charges on such persons. The number of recreational club memberships and the amount of fees charged therefor or user charges shall be determined by the Board. The Board may create different types or forms of recreational club memberships. The Board may prescribe such rules and regulations for the use of the recreational facilities as it may deem advisable and may either operate the recreational facilities itself or lease or license the recreational facilities for operation by others upon such terms as the Board may approve.

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- (i) The Board shall keep full and correct books of account and the same shall be open for inspection by any Owner or Resident at such reasonable time or times during normal business hours as may be requested. All funds collected hereunder shall be held and expended solely for the purposes designated herein, and (except for such special assessments as may be levied hereunder against less than all the Owners for the construction of the recreational facilities) shall be deemed to be held for the benefit, use and account of all the Owners.
- (j) Upon completion of the Sanitary Treatment Facilities and Pump House Area, the Board shall provide for quarterly testing of the Sanitary Treatment Facilities and Pump House Area in order to test compliance with applicable Illinois Environmental Protection Agency rules, regulations and standards. Copies of all test results shall be promptly forwarded to the Village of Long Grove upon request. If any tests indicate that Illinois Environmental Protection Agency rules, regulations and standards are being violated the Board shall take whatever steps may be necessary to cure such violation. Any and all costs and expenses of curing any violations shall be a charge against the Maintenance Fund.

SECTION 3. MAINTENANCE, REPAIRS AND REPLACEMENTS.

- (a) By the Board. Subject to the By-Laws and rules and regulations of the Association, maintenance, repairs, and replacements of the Common Areas, Recreation Area (prior to construction of recreational facilities) and Front Yards of Lots shall be furnished by the Association and charged to the Maintenance Fund. Maintenance, repair and replacements of the recreational facilities shall be paid for out of recreational club membership fees, user charges or other fees assessed solely against those persons using the recreational facilities.
- (b) By the Lot Owner. Except as otherwise provided herein concerning Front Yards, each Owner shall be responsible, at his sole expense, for all of the landscaping, snow removal, repairs, replacements and maintenance of his Lot and Residence. Owners may contract with the Association for the care, maintenance and upkeep of their Lots and Residences if the Association offers such services and shall pay such fees therefor as may be determined by the Board. Owners may also contract with third parties for such

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services, but only if such third parties are approved by the Association.

If at any time the Board determines that an Owner is failing to maintain and care for his Lot or Residence in a reasonable and appropriate manner, the Board shall give such Owner thirty (30) days written notice of such failure and if such Owner fails to remedy such failure within such thirty (30) day period to the satisfaction of the Board, the Board may authorize its employees or third parties to remedy such failure and thereafter demand reimbursement of the costs thereof from the Owner. If the Owner fails to pay such costs within thirty (30) days after demand therefor, the Board, on behalf of the Association, may file a lien against the Lot of such Owner and proceed to foreclose upon such lien or avail itself of any other remedy available at law or in equity.

ARTICLE VII

Contracts, Checks, Deposits and Funds

SECTION 1. CONTRACTS. The Board may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by these By-Laws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association and such authority may be general or confined to specific instances.

SECTION 2. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents of the Board and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instruments shall be signed by the Treasurer and countersigned by the President of the Association.

SECTION 3. GIFTS. The Board may accept on behalf of the Association any contribution, gift, bequest or devise for the general purposes or for any special purpose of the Association.

ARTICLE VIII

Books and Records

The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, the Board and any committees having any of the

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authority of the Board, and shall keep at its registered or principal office a record giving the names and addresses of the members entitled to vote. All books and records of the Association may be inspected by any member, or his agent or attorney, for any proper purpose at any reasonable time.

ARTICLE IX

Fiscal Year

The fiscal year of the Association shall be the calendar year.

ARTICLE X

Seal

If the Association is incorporated, the Board shall provide a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the Association and the words "Corporate Seal, Illinois".

ARTICLE XI

Waiver of Notice

Whenever any notice whatever is required to be given under the provisions of the General Not-For-Profit Corporation Act of Illinois, the provisions of the Articles of Incorporation, the By-Laws of the Association, or the Amended Declaration, a waiver thereof (subject to all the provisions of such instruments) in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XII

Amendments to By-Laws

Until the date of the first annual meeting of the members of the Association, these By-Laws may be altered, amended or repealed, and new By-Laws may be adopted by the affirmative vote of a majority of the Directors. From and after the date of the first annual meeting of the members of the Association, these By-Laws may only be altered, amended or repealed by the affirmative vote of at least 66-2/3% of the votes of all of the members of the Association. Notwithstanding anything herein to the contrary, the following provisions of these By-laws cannot be altered, amended or repealed:

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- (i) Article II, Section 1;
- (ii) Article III, Section 7;
- (iii) Article VI, Section 2, paragraph (c); and
- (iv) Article VI, Section 2, paragraph (h).

ARTICLE XIII

Indemnification

The Association shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was a Director or officer of the Association, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Association, and, with respect to any criminal action or proceeding, if he had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of no lo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association and, with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his conduct was unlawful.

The Association may indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a Director or an officer of the Association, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit, if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Association, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association.

To the extent that a Director or officer of the Association has been successful, on the merits or otherwise, in the defense of any such claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

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Any indemnification under this Article shall be made by the Association only as authorized in the specific case, upon a determination that indemnification of the Director or officer of the Association is proper in the circumstances because he has met the applicable standard of conduct set forth in this Article. Such determination shall be made (1) by the Board by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable, if a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion, or by a majority vote of all of the members of the Association voting at a regular or any special meeting of the Association called for such purpose.

Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding, as authorized by the Board in the specific case; upon receipt of an undertaking by or on behalf of the affected Director or officer of the Association to repay such amount, unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this Article.

The sums necessary to discharge the obligations of the Association under this Article shall be provided for in the annual budget or in any amended annual budget.

The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, agreement, vote of members of the Association or disinterested Directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director or an officer of the Association.

ARTICLE XIV

Construction

SECTION 1. CONSTRUCTION OF THE AMENDED DECLARATION AND BY-LAWS. Nothing hereinabove contained shall in any way be construed as altering, amending or modifying the Amended Declaration. Said Amended Declaration and these By-Laws shall always be construed to further the harmonious, beneficial, cooperative and proper use and conduct of the Development. If there is any inconsistency or conflict between these By-Laws and the aforesaid Amended Declaration, the provisions of the Amended Declaration shall control.

SECTION 2. DEFINITION OF TERMS. All words and terms used herein which are also used in the Amended Declaration shall have the same meaning as provided for such words and terms in the Amended Declaration.

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