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**BY-LAWS
OF
HERITAGE ON BURR ROAD
OWNERS ASSOCIATION**

ARTICLE 1

Definitions

- 1.1 Association: The name of the Illinois not-for-profit Corporation is HERITAGE ON BURR ROAD OWNERS ASSOCIATION, hereinafter referred to as "Association". The principal office of the corporation shall be located at 36W965 Ridgewood Drive, St. Charles, IL 60175, but the meetings of the members and directors may be held at such places within the State of Illinois, Counties of Kane, as may be designated by the Directors.
- 1.2 Board: Entity which governs and controls the administration and operation of the Property.
- 1.3 Common improvements: all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners.
- 1.4 Developer: St. Paul Financial Development corporation, 907 Wild Ginger Trail, West Chicago, Illinois 60185 under the Declaration of Covenants, Conditions and Restrictions dated August 20, 1991 recorded on August 27, 1991 as document #91K46796.
- 1.5 Lot: Any plot of land shown upon any recorded subdivision plat of the Property with the exception of the Common improvements.
- 1.6 Majority or Majority of the Owners: The Owners of more than fifty percent (50%) in the aggregate of the Lots.
- 1.7 Owner: See definition in Article IV, Section 2 of the Covenants.
- 1.8 Person: A natural individual, corporation, partnership, trustee or other legal entity capable of holding legal title to real property.
- 1.9 Property: Certain real property herein above described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

As approved at the February 1998 Annual Meeting

ARTICLE 2

Voting of Unit Owners

- 2.1 (a) Voting Rights: See definition in Article V, Section 4 of the Covenants.
- (b) Multiple Owners: Where there is more than one Owner of a Lot, if only one of the multiple Owners is present at a meeting of the Association, he or she shall be entitled to cast all the votes allocated to that Lot. If more than one of the multiple Owners are present, the votes allocated to the Lot may be cast only in accordance with the agreement of a majority in interest of the multiple Owners. There shall be presumed to be a majority agreement when any one of the multiple Owners casts the votes allocated to that Lot without protest being made promptly to the person presiding over the meeting by any one of the other Owners of the Lot.
- 2.2 Meeting of the Association:
- (a) Quorum Procedure: Unless otherwise required by the Declaration or these by-laws, the presence in person or by proxy of the Owners having twenty percent (20%), that is eleven (11) out of fifty-two (52) Homeowners, of the total votes shall constitute a quorum. Unless otherwise expressly provided herein, any action may be taken at any meeting of the association at which a quorum is present upon the affirmative vote of the Owners having a Majority of the total votes present at such meeting. However, the affirmative vote of at least two-thirds (2/3) of the total votes of the Owners shall be required for the following:
1. Merger or consolidation of the Association; or
 2. Sale, lease, exchange, mortgage, pledge, or other disposition of all or substantially all of the property and assets of the Association;
 3. The purchase or sale of land or of Lots on behalf of all Owners.
- (b) Initial and Annual Meeting: See definition in Article VI, Section 4 of the Covenants.
- (c) Special Meetings: Special Meeting's of the Association may be called at any time for the purpose of considering matters which by the terms of the Declaration or these By-laws require the approval of the Owners, or for any other reasonable purpose. Said Meeting may be called by written notice from the President, the Board, or by the owners having twenty percent (20%) of the total votes.
- (d) Proxies: At membership meetings a Owner may vote by proxy executed in writing by the Owner or by his duly authorized attorneys in fact. The proxy shall be invalid after eleven (11) months from the date of its execution.

- 2.3 Notices of Meetings: Notices of meeting required to be given herein shall be made at least ten (10) but not more than thirty (30) days prior thereto and may be given either personally or by mail to the Owner at the address given by him to the Board for the purpose of service of such notice, or to the Lot if no address has been given the Board. All such notices shall specify the date, time, place, and purpose of the meeting.

As approved at the February 1998 Annual Meeting

ARTICLE 3

Board of Directors

3.1 Board of Directors: Election Meeting

- (a) Board of Directors: The Association shall be governed by a Board of Directors (the Board) comprised of three (3) persons, or such greater number as may be provided in the By-Laws, elected by the members as provided herein and in the By-laws. Directors shall be members of the Association.
- (b) Number and Term: Members of the Board elected at the first annual meeting shall serve until the second annual meeting. At the second annual meeting three (3) duly qualified members will be elected. At the second annual meeting, two (2) of the three (3) board members will be elected for a term of two years. The third member, defined as the member receiving the least votes among the elected members, will serve a one (1) year term. After the second annual meeting all subsequent persons elected to the Board shall hold office for a term of two (2) years. Board members may run again and succeed themselves in office.
- (c) Board Quorum: A majority of the number of directors constitutes a quorum.
- (d) Counting of Election Ballots: A candidate for election to the Board of Directors or such candidate's representative shall have the right to be present at the counting of ballots at such election.
- (e) Vacancies: The remaining two (2) members of the Board may fill a vacancy by death or resignation until the next Annual Meeting of Owners or for a period terminating no later than thirty (30) days following the filing of a petition signed by Owners holding twenty percent (20%) of the votes of the Association requesting a meeting of the Owners to fill the vacancy for the balance of the term. If such a petition is filed, then a meeting of the Owners shall be called for the purpose of filling the vacancy on the Board no later than thirty (30) days following the filing of the petition. If there are more than one (1) vacancies or the remaining board members cannot agree on a replacement, a Special Meeting called for the purpose of filling the open positions shall be called in not less than thirty (30) days.
- (f) Removal: Any Board member may be removed from office by the affirmative vote of the Owners having at least two-thirds (2/3) of the total votes, at any regular or Special Meeting called for that purpose. A successor to fill the unexpired term of a Board member so removed may be elected by Majority vote of the Owners at the same meeting or any subsequent meeting called for that purpose.

- (g) Meetings of the Board: Regular meetings of the Board of Directors shall be held monthly with not less than forty-eight (48) hours written notice to the membership, at such place and hour as may be fixed from time to time by resolution of the Board. Special Meetings of the Board shall be held upon call by the President or by a majority of the Board. Special Meetings shall require at least thirty-six (36) hours notice to each member of the Board, by telephone or in writing by personal delivery, by mail or by telegram, except in cases of emergency, where only a good faith attempt to give written notice to each member of the Board shall be required.
- (h) Open Meetings: Meeting of the board shall be open to an owner except for the portion of any meeting held (i) to discuss litigation when an action against or on behalf of the Association has been filed and is pending in a court or administrative tribunal, or when the Board of Directors finds that such an action is probable or imminent, (ii) to consider information regarding appointment, employment, or dismissal of an employee, or (iii) to discuss violation of rules and regulations of the Association or an Owner's unpaid share of Common Expenses. Any vote on these matters shall be taken at a meeting or portion thereof open to any Owner. Any Owner may record the proceedings at meetings or portions thereof required to be open by tape, film, or other means. The Board may prescribe reasonable rules and regulation to govern the right to make such recordings.
- (i) Compensations: Board members shall receive no compensation for their services but shall be entitled to be reimbursed for actual expenses incurred in the performance of their duties.

3.2 General Powers of the Board: Without limiting the general powers which may be provided by law, the Declaration or these By-laws, the Board shall have the following general powers and duties:

- (a) To elect the President, Secretary, and Treasurer of the Association as herein above provided;
- (b) To formulate policies for the administration, management, and operation of the Property and the Common improvements thereof;
- (c) To provide for maintenance, repair, and replacement of the Common improvements and payments therefore, and to approve payment vouchers or to delegate such approval to the officers or the manager or managing agent;
- (d) Provide for the designation, hiring, and removal of employees and other personnel necessary for the maintenance, repair, and replacement of the Common improvement, including accountants and attorneys, and to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management, and operation of the Property and the

Common Improvement, and to delegate any such powers to the manager or managing agent, and any such employees or other personnel who may be employees of the managing agent;

- (e) To estimate the amount of the annual budget, and to provide the manner of assessing and collecting from the owners their respective shares of such estimated expenses, and of any other expenses lawfully agreed upon, as herein provided;
- (f) To impose charges for late payments of an Owner's proportionate share of the Common Expenses, or any other expenses lawfully agreed upon, and after notice and an opportunity to be heard, to levy reasonable fines for violation of the Declarations, By-laws, or Rules and Regulations of the Association, and to establish reasonable charges for the costs and expenses of preparing statements of account, disclosure statements, and other services requested by the Owners;
- (g) To make contracts and incur liabilities which may be appropriate to enable the Association to accomplish any or all of its purposes; to borrow money for Association purposes at such rates of interest as the Board may determine; to issue the Association's notes, bonds, and other obligations; and to secure any of the Association's obligations by mortgage, pledge, or deed of trust of all or any of its property, franchises, and income. All such actions must be approved in the annual budget or its properly approved modification.
- (h) To declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;
- (i) The Board shall have no authority to forebear the payment of assessments by any Owner, and
- (j) To exercise all other powers and duties of the Board, Association, or Owners as a group, and all powers and duties of the board referred to in the Illinois Not-For-Profit Corporation Act, and to have and exercise all powers necessary or convenient to effect any or all of the purposes for which the Association is organized.

3.3 Duties: The Board, for the benefit of the Board, the Association, and all Owners, shall provide, if applicable, for

- (a) Casualty Insurance: Insurance for the Common Improvement against loss or damage by fire, lightning, and such other hazards contained in the customary fire and extended coverage, vandalism and malicious mischief endorsements, or such other insurance as the Board may deem desirable, for the full insurable replacement cost of the common improvements and the Lots. Premiums for such insurance shall be Common Expenses. Such insurance coverage shall be written in

the name of, losses thereunder shall be adjusted by, and the proceeds of such insurance shall be payable to, the members of the board as trustees for each of the owners.

The Board may engage the services of any bank or trust company authorized to do trust business in Illinois to act as trustee, agent or depository on behalf of the Board for the purpose of receiving and disbursing the insurance proceeds resulting from any loss, upon such terms as the Board shall determine consistent with the provisions of the Declaration and these By-laws. The fees of such corporate trustee shall be Common Expenses. In the event of any loss in excess of \$50,000.00 in the aggregate, the Board shall engage a corporate trustee as aforesaid, or in the event of any loss resulting in the destruction of the major portion of one or more Lots, the Board shall engage a corporate trustee as aforesaid upon the written demand of the mortgagee or owner of any Lot so destroyed.

The proceeds of such insurance shall be applied by the Board or by the corporate trustee on behalf of the board for the reconstruction of the Common improvements, or shall be otherwise disposed of, in accordance with the provisions of the declaration, these By-laws, or the Rules and Regulations.

Payment by an insurance company to the Board or to such corporate trustee of the proceeds of any policy, and the receipt of release from the Board of the company's liability under such policy shall constitute a full discharge of such insurance company, and such company shall be under no obligation to inquire into the terms of any trust under which such proceeds may be held pursuant hereto.

- (b) Liability Insurance: Comprehensive public liability insurance, including liability for injuries to and death of persons, and property damage arising in connection with the ownership, existence, use or management of the property in such limits as it shall deem desirable, and other liability insurance as it may deem desirable, insuring the Association, its officers, members of the board, the Declarant, the manager and managing agent of the Building, if any, their respective employees and agents, and all persons acting as agents from liability in connection with the Common improvements and the street and sidewalks adjoining the Property, and insuring the officers of the Association and members of the Board from liability for good faith actions beyond the scope of their respective authorities. Such insurance coverage shall include cross liability claims of one or more insure parties against other insured parties and shall contain a waiver of rights to subrogation by the insuring company against any of the above named insured Persons. The premiums for such insurance shall be Common Expenses.

The Board shall notify insured Persons concerning the cancellation of insurance obtained pursuant to the terms of the subparagraph (b) and subparagraph (a) above.

- (c) Workmen's Compensation: Workmen's compensation insurance to the extent necessary to comply with any applicable laws;
- (d) Wages and Fees for Services: The services of any person or firm employed by the board, including, without limitation, their services of a Person or firm to act as manager or as managing agent for the property, the services of any Person or Persons required for maintenance or operation of the Property, and legal and accounting services necessary or proper in the operation of the Property or the enforcement of the Declaration, these By-laws or the rules and Regulations and for the organization, operation and enforcement of the rights of the Association;
- (e) Care of Common Improvements: Landscaping, gardening, snow removal, painting, cleaning, tuck pointing, maintenance, decorating, repair and replacement of the common Improvements;
- (f) Discharge Mechanic's Liens Any amount necessary to discharge any mechanic's lien or other encumbrance levied against the entire Property or any part thereof which may, in the opinion of the board, constitute a lien or other encumbrance against the property or against the Common improvements, rather than merely against the interest therein of any particular Owner; it being understood, however, that the foregoing authority shall not be a limitation of any statutory provisions relating to the same subject matter. Where one or more owners are responsible for the existence of such lien, or other encumbrances, they shall be jointly and severally liable for the costs and expenses, including attorneys' fees, actually incurred in discharging it, and any costs incurred by the Board by reason of said lien or encumbrances shall be specifically assessed against said Owners and their Lots as part of their Common Expenses;
- (g) Capital Additions: The board's powers herein above enumerated shall be limited to the extent that the board shall have no authority to acquire or provide or pay for any capital additions (other than for purposes of replacing or restoring portions of the Common improvements, subject to all the provisions of the Declarations or these By-laws) having a total cost in excess of Five thousand Dollars (\$5,000.00), nor shall the board authorize any structural alterations or capital additions to the common improvements requiring an expenditure in excess of five Thousand Dollars (\$5,000.00) without in each case the prior approval of the owners holding two-thirds (2/3) of the total votes;
- (h) Supervision: Supervise all officers, agents, and employees of the Association, and to see that their duties are properly performed;
- (i) Assessments: As more fully provided in the Declaration, to
 - (1) Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;
 - (2) Send written notice of each assessment to every Owner subject thereto at

- least thirty (30) days in advance of each annual assessment period; and
- (3) Foreclose the lien against any property for which assessments are not paid within thirty (30) days after the due date or to bring an action at law or in equity against the Owner personally obligated to pay the same;
 - (j) Certificate of Assessment: Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
 - (k) Records: Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote;
 - (l) Easements: Cause the Common Improvements and portions of the properties over which it has easement to be maintained; and
 - (m) Bonding: Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

In the performance of their duties, the officers and members of the board are required to exercise, whether appointed by the Declarant or elected by the Owners, the care required by a fiduciary of the Owners.

3.4 Rules and Regulations:

- (a) Rules and Regulations: The Board may propose such reasonable rules and Regulations and amendments thereto as it may deem advisable for the maintenance, conservation and beautification of the Property, and for the health, comfort, safety, and general welfare of the Owners and Occupants of said Property. A special meeting of Owners shall be called for the specific purpose of discussing the proposed Rules and Regulations. The notice should contain the full text of the proposed Rules and Regulations and should conform to the procedural requirements for the calling of an annual or special meeting of the Association. The adoption and subsequent changes must be approved at the special meetings in accordance with the Quorum Procedure outlined in Section 2.2 (a). The Board shall give written notice of such Rules and Regulations or amendment thereto to all Owners and Occupants, and the entire Property shall at all time be maintained subject to such Rules and Regulations. No Rules or Regulations may impair any rights guaranteed by the First Amendment of the Constitution

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