

EXHIBIT B
BY-LAWS OF
ROYAL FOX TOWNHOMES OWNERS' ASSOCIATION

ARTICLE I
PURPOSES AND POWERS

The Association shall be responsible for the general management and supervision of the Property and the ownership of the Common Area thereof and shall have all of the powers to perform, and shall be responsible to perform, all of the obligations provided in the Declaration of Covenants, Conditions, Restrictions and Easements for the Royal Fox Townhomes ("Declaration"). Further, the Association shall have all of the powers now or hereafter granted by the General Not For profit Corporation Act of the State of Illinois which shall be consistent with the purposes specified herein and in the Declaration of Covenants, Conditions, Restrictions and Easements for the Royal Fox Townhomes ("Declaration"). Any defined terms used in these By-Laws shall have the same meaning as set forth in the Declaration, except as otherwise provided herein.

ARTICLE II
OFFICES

Section 2.1 The Association shall have and continuously maintain in the State of Illinois a registered office and a registered agent whose office shall be identical with such registered office. The Association may have other offices within or without the State of Illinois as the Board of Directors may from time to time determine.

Section 2.2 The principal office of the Association shall be maintained in DuPage County, Illinois.

ARTICLE III
MEMBERSHIP

Section 3.1

- a. Every Owner shall be a member of the Association all as more specifically set forth in Article III of the Declaration.

- b. As more specifically set forth in Article IV of the Declaration, from and after the Turnover Date, each Member shall be entitled to one (1) vote for each Lot owned by him on each matter submitted to a vote of Members; provided, however, that where there is more than one Owner of a Lot, such co-owners of a Lot shall only be entitled to one vote.
- c. Meetings of Members shall be held at the principal office of the Association or at such other place in Du Page County or Kane County, Illinois as may be designated in any notice of a meeting. The presence at any meeting, in person or by proxy, of a majority of the total votes determined pursuant to Section 3.1 above shall constitute a quorum. Unless otherwise expressly provided herein or in the Declaration, any action may be taken at any meeting of the Members at which a quorum is present upon the affirmative vote of the Members having a majority of the total votes present at such meeting. Any Member in writing may waive notice of meeting, or consent to any action of the Association without a meeting.
- d. The initial meeting of the Members shall be held at such time as may be designated upon not less than ten (10) days' written notice given by Declarant or Developer, provided that such initial meeting shall be held no later than sixty (60) days after the Turnover Date. Thereafter, there shall be an annual meeting of the Members on the third Tuesday of November of each succeeding year at 7:30 p.m. If the date for the annual meeting of Members is a legal holiday, the meeting will be held at the same hour on the first day next succeeding such date which is not a legal holiday.
- e. Special meetings of the Members 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 all or some of the Members, or for any reasonable purpose. Said meetings shall be called by written notice, authorized by a majority of the Board or by the Members having one-fourth (1/4) of the total votes and delivered not less than five (5) days prior to the date fixed for said meeting. The notices shall specify the date, time and place of the meeting and the matters to be considered.

ARTICLE IV

Section 4.1 The direction and administration of the Property in accordance with the provisions of the Declaration shall be vested in the Board consisting of up to five (5) but not less than three (3) persons who shall be elected in the manner hereinafter provided, except that until the Turnover Date, the first and each subsequent Board shall be

appointed by the Developer. From and after the Turnover Date, the Members having at least two-thirds (2/3) of the total votes may from time to time increase or decrease the number of the office of the Board members at any annual meeting, provided that such number shall not be less than three (3). The terms of the person on the Board shall expire annually. Each member of the Board, with the exception of the Board members initially appointed by the Developer, shall be an Owner; provided, however, that in the event an Owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, then any director or officer of such corporation, partner of such partnership, individual trustee or beneficiary of such trust or agent or employee of a beneficiary of such trust, or manager of such legal entity, shall be eligible to serve as a member of the Board.

Section 4.2 All matters of dispute or disagreement between Owners or with respect to interpretation or application of the provisions of the Declaration or these By-Laws shall be determined by the Board as hereinafter provided, which determination shall be final and binding on the Association and on all Owners.

Section 4.3 At the initial meeting of the Members as provided in Section 3.1(b) hereof, and at all subsequent annual meetings of the Members there shall be elected Members of the Board. Subject to Section 3.1(b), in all elections for members of the Board, each Member shall be entitled to vote on a cumulative voting basis and the candidates receiving the highest number of votes with respect to the number of offices to be filled shall be deemed to be elected. A number of Board members equal to the number then appointed by the Developer pursuant to Section 4.1 shall be elected at the initial meeting and shall serve until the first annual meeting. Notwithstanding the aforesaid election procedure, the Developer may appoint a Board which shall have the same powers and authority as given to the Board generally, as provided hereinafter, and such appointed Board shall function until such time as the initial meeting of the Members is held.

Section 4.4 Members of the Board shall receive no compensation for their services, unless expressly allowed by the Board at the direction of the Members having two-thirds (2/3) of the total votes. However, any director may be reimbursed for reasonable expenses incurred in the performance of his duties.

Section 4.5 Vacancies in the Board other than as a result of removal pursuant to Section 4.7, including vacancies due to any increase in the number of persons on the Board, shall be filled by majority vote of the remaining members of the Board or of the Members present at the next annual meeting or at a special meeting of the Members called for such purpose.

Section 4.6 The Board shall elect from among its members; (i) a President who shall preside over both its meetings and those of the Members, and who shall be the chief executive officer of the Board and Association, (ii) a Secretary who will keep the minutes of all meetings of the Members and of the Board and who shall, in general, perform all the duties incident to the office of Secretary, and (iii) a Treasurer to keep the financial records and books of account, and such additional officers as the Board shall see fit to elect. All

officers shall be elected at each annual meeting of the Board and shall hold office at the pleasure of the Board.

Section 4.7 Any Board member may be removed from office by affirmative vote of the Members having at least two-thirds (2/3) of the total vote at any special meeting called for the purpose in the manner aforesaid. A successor to fill the unexpired term of the Board member removed may be elected by the Members at the same meeting or any subsequent meeting called for that purpose.

Section 4.8 The initial meeting of the Board shall be held immediately following the initial meeting of the Members and at the same place. At such meeting the Board shall elect its officers to serve until the first annual meeting which shall be held immediately following the first annual meeting of the Members and at the same place. All subsequent annual meetings of the Board shall be held immediately after, and at the same place as, the annual meeting of Members. Special meetings of the Board shall be held upon call by the President or by a majority of the Board on not less than forty-eight (48) hours notice in writing to each member of the Board, delivered personally or by mail or telegram. Any member of the Board may in writing waive notice of a meeting, or consent to the holding of a meeting without notice, or consent to any action of the Board without a meeting. A majority of the number of Board members shall constitute a quorum for the transaction of business. Unless otherwise expressly provided herein, any action may be taken by the Board upon the affirmative vote of those present at its meetings when a quorum is present.

Section 4.9 All agreements, contracts, deeds, leases, vouchers for payment of expenditures and other instruments shall be signed by such officer or officers, agent or agents of the Board and in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board, such documents shall be signed by the President and countersigned by the Secretary.

ARTICLE V

POWERS OF THE BOARD

Section 5.1 Without limiting the general powers which may be provided by law, the Declaration or these By-Laws, the Board shall have the power and duty to :

- a. Own, maintain and otherwise manage the Common Area and all Improvements thereon and all other property acquired by the Association or which the Association pursuant to the easement or license agreement, is permitted or required (including any which may be entered into with the County of Kane, the Municipality or other governmental agency) to maintain or which the Association agrees to maintain, including any obligation or agreement to maintain any landscaping located in the Common Areas or Common Facilities

within the Property and to maintain any entry monument signage and lighting located thereon;

- b. Contract with independent contractors to perform all or any part of the duties and responsibilities of the Association;
- c. Establish and maintain a Contingency and Replacement Reserve in an amount to be determined by the Board;
- d. Maintain, at the expense of the defaulting Owner, all drainage areas and facilities located on the Property in accordance with reasonable and acceptable engineering requirements of the City in the event that one or more Owners fail to do so;
- e. Provide for the maintenance of landscaping, signs, monuments, fencing, retaining walls, water systems, lighting and other improvements located on the Common Area or on other property acquired by the Association or which the Association, pursuant to easement or license agreement, is permitted or required to maintain, or which the Association agrees to maintain;
- f. At its option, complete construction of any Dwelling or other Improvements, the construction of which is not being performed in a diligent, timely or workmanlike manner.
- g. At its option, mow, care for, maintain and remove rubbish from any vacant or unimproved portions of the Property and to do any other things necessary or desirable in the judgment of the Board to keep any vacant or unimproved portions of the Property neat in appearance and in good order. The foregoing rights shall not apply to any Lot or other portion of the Property owned by Declarant or Developer.
- h. Make such improvements to the Common Area and provide such other facilities and services as may be authorized from time to time by the affirmative vote of two-thirds (2/3) of the Members of the Association acting in accordance with its articles of incorporation and these By-Laws, provided, however, that any such action so authorized shall always be for the express purpose of keeping the Development a highly desirable residential community; and
- i. Exercise all other powers and duties vested in or delegated to the Association and not specifically reserved to the Members by the Declaration, the articles of incorporation or these By-Laws.

Section 5.2 The Board shall have the power to seek relief from or in connection with the assessment or levy of any general real estate taxes, special assessments and any other special taxes or charges of the State of Illinois or any political subdivision thereof, or

any other lawful assessing body, which are authorized by law to be assessed and levied on the Common Area and to charge all expenses incurred in connection therewith to the fund established pursuant to Section 6.1 hereinbelow.

Section 5.3

- a. The Board may adopt such reasonable rules and regulations 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 the Property. Written notice of such rules and regulations shall be given to all Owners and occupants, and the entire Property shall at all times be maintained subject to such rules and regulations.
- b. Nothing hereinabove contained shall be construed to give the Board authority to conduct an active business for profit on behalf of all the Owners or any of them.

Section 5.4 The members of the Board and the officers of the Association shall not be personally liable to the Owners or others for any mistake of judgment or for any acts or omissions made in good faith by such officers or Board members.

ARTICLE VI ASSESSMENTS

Section 6.1 Each year on or before November 1, the Board will estimate the total amount of expenses necessary to pay the cost of wages, materials, taxes, insurance, services, supplies and any other necessary or desirable items which will be required during the ensuing calendar year (January 1 - December 31) for services authorized by the Board, together with a reasonable amount necessary to fund the Contingency and Replacement Reserve, and shall, on or before December 1, notify each Owner in writing of the amount of such estimate ("Estimated Cash Requirement"). Such Estimated Cash Requirement shall be prepared on a line-item basis. The Estimated Cash Requirement shall be assessed equally among all of the Owners, excluding the Declarant or Developer, on the basis of the number of Lots owned by them and the total number of Lots (disregarding, however, any Lots which in their entirety constitute a part of the Common Area). On or before January 1 of the ensuing fiscal year, each Owner, excluding the Declarant or Developer, shall be obligated to pay to the Board, or as it may direct, the annual assessment made pursuant to this Section 6.1. On or before the date of the annual meeting of each calendar year, the Board shall furnish to all Owners an itemized accounting of the expenses for the preceding fiscal year actually incurred and paid, together with a tabulation of the amounts collected from the Owners pursuant to assessments made during such year and showing the net amount over or short of the actual expenditures, plus reserves. The Board shall, upon demand at any time, furnish a certificate in writing signed by an officer or agent of the

Association, setting forth whether the assessments on a specified Lot have been paid. Such certificates shall be conclusive evidence of payment or nonpayment of any assessment thereon.

Section 6.2

- a. The Board shall build and maintain a reserve for the replacement of capital improvements, other authorized capital expenditures and for unforeseen expenditures (the "Contingency and Replacement Reserve"). Capital improvements and expenditures which may become necessary during the year shall be charged first against the Contingency and Replacement Reserve. Every expenditure from the Contingency and Replacement Reserve having a cost in excess of Five Thousand Dollars (\$5,000.00) shall require the prior approval of the Members holding two-thirds (2/3) of the votes of the Association.
- b. If the Contingency and Replacement Reserve proves inadequate for any reason, including nonpayment of any Owner's assessment, the Board may, at any time, levy a special assessment, which shall be assessed equally among the Owners, excluding Declarant or Developer, on the basis of the number of lots owned by them and the total number of Lots (disregarding, however, any Lots which in their entirety constitute a part of the Common Area). The Board shall serve notice of any such special assessment on all such Owners by a statement in writing giving the amount and reasons therefor, and such special assessment shall become effective and fully payable ten (10) days after the delivery or mailing of any such notice of assessment.

Section 6.3 When the first Board takes office, it shall determine the Estimated Cash Requirement for the period ending on December 31 of the calendar year in which it takes office. The initial Estimated Cash Requirement shall be assessed equally among all Owners, excluding the Declarant or Developer, on the basis of the number of Lots owned by them and the total number of Lots (disregarding, however, any Lots which in their entirety constitute a part of the Common Area).

Section 6.4 The failure or delay of the Board to prepare or serve the Estimated Cash Requirement on any Owner shall not constitute a waiver or release in any manner of any Owner's obligation to pay his share of such Estimated Cash Requirement as herein provided, as and when the Estimated Cash Requirement shall be determined, and, in the absence of the preparation of the Estimated Cash Requirement, the Owner shall continue to pay his share of such Estimated Cash Requirement at the then existing annual rate established for the previous calendar year, subject to adjustment at such time as the Estimated Cash Requirement has been prepared and the Owners have been notified thereof.

Section 6.5 The Board shall keep full and correct books of accounts in chronological order of the receipts and expenditures pertaining to the Common Area,

specifying and itemizing the maintenance and repair expenses of the Common Area and any other expenses so incurred. Such records and the vouchers authorizing the payments described therein shall be available for inspection by any Owner or any representative of an Owner duly authorized in writing, or any holder of a mortgage at such reasonable time or times during normal business hours when requested by an Owner or by the holder of a Mortgage. The Estimated Cash Requirement may include a charge for the keeping of the books of account. Upon five (5) days' prior written notice to the Board, any Owner shall be furnished a statement of his account, which statement shall set forth the amount of any unpaid assessments or other charges due and owing from such Owner.

Section 6.6 All funds collected hereunder shall be held and expended for the purposes designated herein, and are hereby held in trust for the benefit, use and account of all Owners. All funds not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board may select.

Section 6.7 Any assessments or other charges which are not paid when due shall be delinquent. If the assessment or charge is not paid within thirty (30) days after the due date, the assessment shall bear interest from and after the due date at the lesser of the rate of eighteen percent (18%) per annum or the highest rate allowed by law, and the Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Owner's Lot, and interest, costs and reasonable attorney's fees incurred in any such action shall be added to the amount of any such overdue assessment or such further remedies as are set forth in Section 14.03 of the Declaration. To the extent permitted by any decision or any statute or law now or hereafter effective, the amount of any delinquent and unpaid charges or assessments, and interest, costs and fees as above provided, shall be and become a lien or charge against the Lot of any such Owner when payable and may be foreclosed by an action brought in the name of the Board as in the case of foreclosure of mortgage liens against real estate. The directors of the Board and their successors in office acting on behalf of the other Owners, shall have the power to bid in the interest so foreclosed at foreclosure sale, and to acquire and hold, lease, mortgage and convey any interest so acquired. To the fullest extent permitted by law, any court shall be authorized to restrain the defaulting Owner from reacquiring his interest at such foreclosure sale.

ARTICLE VII

COVENANTS AND RESTRICTIONS AS TO USE AND OCCUPANCY

Section 7.1 All Owners shall maintain, occupy and use their Dwelling and the Common Area only in accordance with the terms of the Declaration and any additional rules and regulations adopted by the Board or by the Association.

Section 7.2 Owner Maintenance. Each Owner shall maintain his Lot and all improvements located thereon in a clean, sightly and safe condition and shall at all times cause the prompt removal of all papers, debris and refuse therefrom when and as required.

Section 7.3 Homeowners Association Maintained Areas. Nothing shall be altered in or removed from the areas maintained by the Association except upon the written consent of the Board.

Section 7.4 Garaging of Vehicles. No commercial vehicles, mobile homes, motor homes, boats, trailers, recreational motorcycles, all-terrain vehicles, snowmobiles, or other such vehicles, shall be parked on any Lot unless enclosed within a garage or except on a temporary and non-recurring basis, with the exception of construction equipment owned by the Developer, which may be permitted on any Lot owned by it, or on any Lot on which it is working subsequent to the sale of that Lot to complete any "punch list" items or other requirements of the City ordinances or the Special Use Ordinance for the Royal Fox Townhomes. Trucks, recreational vehicles, boats or trailers shall at all times be parked in the garage of a Living Unit. Recreational vehicles which are not garaged may not be parked within the Property, except as otherwise approved by the Association. The repair or maintenance of any motorized vehicle shall not be permitted except within the confines of the garage of a Living Unit. Automobiles shall be garaged except where necessity dictates otherwise, and then on a temporary basis only (i.e., not exceeding 3 days in any given month).

Section 7.5 Fences. No fences may be constructed for the benefit of any individual owner; only commonly owned fences constructed for the benefit of all owners may be installed, and then only by approval of the Board. Further, no other improvements, e.g., sheds, walls, recreational items and the like shall be installed or placed on the Common Property, except as otherwise approved by the Association.

The Board shall have full authority to enforce all such rules and regulations by taking all action as may be necessary.

ARTICLE VIII

COMMITTEES

Section 8.1 The Board shall appoint the members of the Architectural Review Committee in accordance with the provisions of the Declaration. The Board, by resolution, adopted by the majority of the Board, may designate one (1) or more other committees, each of which shall consist of one (1) or more members of the Board; said committees, to the extent consistent with law and as provided in said resolution, shall have and exercise the authority of the Board in the management of the Association; but the designation of such committees and the delegation thereof of authority shall not operate to relieve the Board, or any individual member of the Board, of any responsibility imposed upon it or him by law.

Section 8.2 Other committees not having and exercising the authority of the Board in the management of the Association may be designated by a resolution adopted by a majority of the members of the Board present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, members of each such committee shall be Members of the Association, and the President of the Association shall appoint the members thereof. Any member thereof may be removed whenever in the judgment of the Board the best interests of the Association shall be served by such removal.

Section 8.3 Each member of a committee shall continue as such until the next annual meeting of the Board and until his successor is appointed and shall have qualified, unless the committee shall be sooner terminated, or unless such member shall cease to qualify as a member thereof.

Section 8.4 One (1) member of each committee shall be appointed chairman.

Section 8.5 Vacancies in the membership of any committee may be filled by appointment made in the same manner as provided in the case of the original appointment.

Section 8.6 Unless otherwise provided in the resolution of the Board designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

Section 8.7 Each committee may adopt rules for its own governance not inconsistent with these By-Laws or with rules adopted by the Board.

ARTICLE IX INTERIM PROCEDURE

Until the initial meeting of the Members as provided in Section 3.1(d) hereof, the Declarant or Developer may appoint the Board which shall have the same powers and authority as given to the Board generally.

ARTICLE X AMENDMENTS

These By-Laws may be amended or modified from time to time by action or approval of the Members entitled to cast two-thirds (2/3) of the total votes computed as provided in Section 3.1(b) and the Developer so long as Declarant owns any Lots. Such

amendments shall be recorded in the Office of the Recorder of Deeds of Kane County, Illinois.

ARTICLE XI
INTERPRETATION

In case of any conflict between the articles of incorporation of the Association and these By-Laws, the articles of incorporation shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.