BY-LAWS OF WILLOWGATE On The Fox River Homeowners Association

ARTICLE I

PURPOSES AND POWERS

The Willowgate On The Fox River Homeowner's Association (hereinafter the "Association") shall be responsible for the general management and supervision of the Property (hereinafter the "Property") commonly known as Willowgate On The Fox River and more fully described in Exhibit A to the Declaration of Covenants, Conditions and Restrictions, Reservations, Grants, Easements, Liens and Charges recorded as Document (hereinafter referred to as the "Declaration") and shall have all of the powers to perform, and shall be responsible to perform, all of the obligations provided in the Declaration. Further, the Association shall have all 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.

ARTICLE II

OFFICES

- 2.01 REGISTERED OFFICE. The Association shall have and continuously maintain in this State 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.
- 2.02 PRINCIPAL OFFICE. The principal office of the Association shall be maintained in Illinois.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

3.01. MEMBERS. As provided in Article IV of the Declaration, every owner of a Lot shall be a Member of the Association. 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.

- 3.02. MEMBERSHIP SUBJECT TO ASSESSMENT. The rights of Membership are subject to the payment of annual and special assessments levied by the Association as set forth in the Declaration.
- 3.03 VOTING RIGHTS. The Association shall have a single class of membership. Each Member shall have one vote, provided that when more than one person is the record owner of a Lot, the vote for such Lot shall be exercised as such record owners of that Lot among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

3.04. MEETINGS.

- (a) NOTICE, OUORUM AND PROCEDURE. Meetings of the Members shall be held at the principal office of the Association or at such other place in Kane County, Illinois as may be designated in any notice of a meeting. Written notice of any meeting called for the purpose of taking any action authorized under the provisions of this Article shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of such meeting. At the first such meeting called, the presence of Members in person or by proxy of sixty percent (60%) of the Lots shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. 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. Member in writing may waive notice of a meeting or consent to any action of the Association without a meeting.
- (b) INITIAL AND ANNUAL MEETING. The initial meeting of the Members shall be held at such time as may be designated upon thirty (30) days prior written notice given by the Developer, but in no event later than the earlier of five (5) years after the recording of the Declaration or the conveyance by the Declarant of not less than thirty-five (35) Lots to Members other than the Developer. Thereafter, there shall be an annual meeting of the Members each year as set by the Board of Directors. If the date for the annual meeting of Members is a legal holiday, the meeting will be held at the same hour of the first day next succeeding such date which is not a legal holiday.
- (c) <u>SPECIAL MEETINGS</u>. 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 the President, a majority of the Board or by any three (3) Members, 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.

- (d) NOTICE OF MEETINGS. Notices of meetings required to be given herein may be delivered either personally or by mail to the persons entitled to vote at the meeting, addressed to each such person at the address given by him or her to the Board for the purpose of service of such notice, or to the Unit located on the Lot of that Member with respect with such voting right appertains, if no address has been given to the Board. The notices required herein shall state the specific purpose of the nature of the business for which the meeting is called. No business may be transacted at any meeting other than that specified in the notice.
- (e) <u>PROXIES</u>. At any meeting of Members, a Member entitled to vote may either vote in person or by proxy executed in writing by the Member of by his or her duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy.

ARTICLE IV

BOARD OF DIRECTORS

4.01. BOARD OF DIRECTORS. The direction and administration of the Real Estate in accordance with the provisions of the Declaration shall be vested in the Board of Directors, consisting of not less than three (3) persons nor more than nine (9) persons who shall be elected in the manner hereinafter provided. first Board of Directors appointed by the Developer shall be three (3) in number. The Members having at least two-thirds (2/3) of the total votes may from time to time increase or decrease the number and term of the office of the Board members at any annual meeting, provided that such number shall not be less than three (3). Each Member of the Board, with the exception of the Board Members initially appointed by the Developer shall be one of the Owners (including the Developer); 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, shall be eligible to serve as a Member of the Board and provided further that in the event a Member of the Board has entered into a contract to sell his or her Lot and

vacates the Unit prior to the consummation of that transaction such Member shall no longer be eligible to serve on the Board and his or her term of office shall be deemed terminated.

- 4.02. **DETERMINATION** OF BOARD TO BE BINDING. All matters of dispute or disagreement between Members 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 Members.
- 4.03 ELECTION OF BOARD MEMBERS. At the initial meeting of the Members and at all subsequent annual meetings of the Members there shall be elected a Board of Directors. In all elections for members of the Board of Directors, 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. The initial Board of Directors designated by the Developer pursuant to Section 4.01 hereof shall serve for a period commencing on the date the Declaration is recorded and ending upon the qualification of the directors elected at the initial meeting of Members. the Board elected at the initial meeting shall serve until the first annual meeting. Five (5) Board Members shall be elected at the initial meeting. The two (2) persons receiving the highest number of votes at the first annual meeting shall be elected to the Board for a term of two (2) years and the person(s) receiving the next highest number of votes shall be elected to the Board for a term of one (1) year. In the event of a tie vote, the Members of the Board shall determine which Members shall have the two (2) year terms and which Members shall have the one (1) year terms. Upon the expiration of the terms of office of the Board Members so elected at the initial meeting and thereafter, successors shall be elected for a term of two (2) years each. 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.
- 4.04. COMPENSATION. 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 or her duties.
- 4.05 VACANCIES IN THE BOARD. Vacancies in the Board, other than as a result of removal pursuant to paragraph 4.07 hereof, including vacancies due to any increase in the number of persons on the Board, shall be filled by the remaining members of the Board or by the Members present at the next annual meeting or at

a special meeting of the Members called for such purpose.

- 4.06 ELECTION OF OFFICERS. The Board shall elect from among its Members, 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, 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 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.
- 4.07. REMOVAL OF BOARD MEMBERS. Any Board Member may be removed from office by affirmative vote of the Members having at least two-thirds (2/3) of the total votes, at any special meeting called for the purpose in the manner aforesaid. A successor to fill the unexpired term of a Board Member removed may be elected by the Members at the same meeting or any subsequent meeting called for that purpose.
- 4.08 MEETING OF BOARD. The initial meeting of the Board shall be held immediately following the initial meeting of the Members at the same place. At such meeting the Board shall elect its officers to serve until the first annual meeting of the Board 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 with notice and shall be immediately after, and at the same place as, the annual Special meetings of the Board shall be held meeting of Members. upon call by the President or by a majority of the Board on no less than forty-eight (48) hours notice in writing to each Member, delivered personally or by mail, telegram or fascimile transmission. Any Member 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. majority of the number of the 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.
- 4.09. EXECUTION OF INVESTMENTS. 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

- 5.01. GENERAL POWER 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 officers of the Association as hereinabove provided;
- (b) To administer the affairs of the Association and the Property;
- (c) Subject to Section 5.02 (b) below, to engage the services of a manager or managing agent who shall manage and operate the Property and maintain the accounting records for the Association;
- (d) To formulate policies for the Administration, management and operation of the Property;
- (e) To adopt administrative rules and regulations governing the administration, management, operation and use of the Property, and to amend such rules and regulations from time to time:
- (f) To provide for the maintenance, repair and replacement of lawns, landscaped areas, Common Areas and the exterior portions of the Units, to the extent not maintained by the Owners thereof, and payments therefor, and to approve payment vouchers or to delegate such approval to the officers or the manager or managing agent;
- (g) To provide for the designation, hiring and removal of employees and other personnel, including accountants and legal counsel, 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 laws and landscaped areas and the exterior portions of the Units located on the Lots to the extent not maintained by the Owners thereof and to delegate any such powers to the manager or managing agent (and any such employees or other personnel as may be the employees of the managing agent);
- (h) To estimate the amount of the annual budget, and to provide the manner of assessing and collecting from the Members their respective shares of such estimated expenses, as hereinafter provided;
 - (i) To borrow money under such terms and conditions

and in such amounts as may be determined from time to time by the Board of Directors;

(j) To exercise all other powers an duties vested in or delegated to the Association, and not specifically reserved to the Members by the Articles of Incorporation, the Declaration or these By-Laws.

5.02. RULES AND REGULATIONS; MANAGEMENT.

- (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 Members, and all others residing on the Property. Written notice of such rules and regulations shall be given to all Members, and the Property shall at all times be maintained subject to such rules and regulations.
- (b) The Developer or the Board shall engage the initial management organization under contracts expiring not later than ninety (90) days after the date the initial meeting of Members is held. Thereafter, the Board may engage the services of an agent to manage the Property to the extent deemed advisable by the Board. Any management fees incurred pursuant to this Section 5.02(b) shall be paid from the assessments collected pursuant to Article VI hereof.
- (c) Nothing hereinabove contained shall be construed to give the Board authority to conduct an active business for profit on behalf of all of the Members or any of them.
- 5.03 LIABILITY OF THE BOARD OF DIRECTORS. The members of the Board and the officers of the Association shall not be personally liable to the Members or others for any mistakes of judgment or for any acts or omissions made in good faith by such officers or Board members. The Members shall indemnity and hold harmless each of the members of the Board and each of the officers against all contractual liability to others arising out of contracts made by the Board or officers on behalf of the Members unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration. The liability of any Member arising out of any such contract made by the Board or officers, to the extent not covered by insurance, shall be limited to his or her proportionate share of the total liability thereunder.

ARTICLE VI

ASSESSMENTS - MAINTENANCE FUND

- PREPARATION OF ESTIMATED BUDGET. Each year, on or before November 15, the Board shall estimate the total amount necessary to pay the cost of wages, materials, insurance, services, real estate taxes and supplies which will be required during the ensuing calendar year for the rendering of all services authorized by the Board hereinafter referred to as the "Estimated Cash Requirement," together with a reasonable amount considered by the Board to be necessary for a reserve for contingencies and replacements, and shall, on or before December 1 of said year, notify each Member in writing as to the amount of each estimate, with reasonable itemization thereof. The Estimated Cash Requirement shall be assessed equally to all Lots subject to assessment other than the Developer as provided in 6.11 below. On or before the following January 1, and the first day of each and every month of said year, each Member, other than the Developer, shall be obligated to pay to the Board, or as it may direct, one-twelfth (1/12) of the assessment made pursuant to this paragraph. On or before April 1 of each calendar year following the initial meeting, the Board shall supply to all Members an itemized accounting of maintenance expenses for the preceding calendar year actually incurred and paid, together with a tabulation of the amounts collected from the Members pursuant to the assessments made during such year (including amount collected from the Developer) and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses shall be credited to the Reserve Account as provided in 6.02 below or retained in the operating fund for contingencies. In the event of a net-shortage, the Board may elect to add one-third (1/3) of the amount any net shortage to the Members monthly installments due in each of the succeeding three (3) months after rendering of the account or the Board may elect to charge the deficit to the Reserve Account as defined in 6.02 below. 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 specific Lot have been paid and may charge a reasonable fee for such certificate. Such certificates shall be conclusive evidence of payment of any assessment therein.
- 6.02. EXTRAORDINARY EXPENDITURES. The Board shall also build up and maintain a reasonable reserve for contingencies and replacements, hereinafter called a "Reserve Account." Extraordinary expenditures not originally included in the annual estimate which may become necessary during the year may be charged first against the Reserve Account. If the Reserve Account proves inadequate for any reason, including non-payment of any Member's assessment, the Board may, at any time, levy a

further assessment, which shall be divided prorata among the remaining installments for such calendar year and assessed equally among the Members, other than the Developer. shall serve notice of such further assessment on all Members by a statement in writing giving the amount and reasons therefor, and such further assessment shall become effective with the next due monthly maintenance payment, which is due more than ten (10) days after delivery of mailing of such notice of further assessment. All Owners of a Lot shall be jointly and severally personally liable for and obligated to pay the respective adjusted monthly Notwithstanding anything herein to the contrary, the total assessments levied by the Board for any year shall not exceed 125% of the Estimated Cash Requirement for that year unless such excess is approved by a vote of two-thirds (2/3) of the Members who are voting in person or by proxy at any annual or special meeting duly called for that purpose, or, in lieu of such meeting, by an instrument signed by the Members representing at least two-thirds (2/3) of the Lots.

- 6.03 ASSESSMENTS AT TIME OF CLOSING. At the time of the closing of the sale of each Lot by the Developer, the Member shall pay (in addition to the first monthly assessment to the manager or managing agent, or as otherwise directed by the Board, an amount equal to two (2) times the first full monthly assessment for such Member, which amount shall be added to the Reserve Account. The Board shall have the authority to transfer such funds into the operating account to fund any deficit in said account.
- 6.04 BUDGET FOR THE FIRST YEAR. When the first Board elected hereunder (or appointed by the Developer or its beneficiaries) takes office, it shall determine the Estimated Cash Requirement, as hereinabove defined, for the period commencing thirty (30)days after said election and ending on December 31 of the calendar year in which said election occurs. The initial Estimated Cash Requirement shall be divided among the remaining monthly installments of such calendar year and assessed equally to all Members, other than the Developer.
- delay of the Board to prepare or serve an annual or adjusted estimated budget on any Member shall not constitute a waiver or release in any manner of such Member's obligation to pay the maintenance costs and necessary reserves, as herein provided, whenever the same shall be determined, and in the absence of any annual estimate or adjusted estimate, the Member shall continue to pay the monthly maintenance charge at the then existing monthly rate established for the previous period until the monthly maintenance payment which is due more than ten (10) days after such new annual or adjusted estimate shall have been mailed or delivered.

- 6.06 SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only, for the purpose of defraying in whole or in part the cost of acquiring, constructing and/or installing a new capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, provided that any such assessment shall be approved by a vote of two-thirds (2/3) of the Members who are voting in person or by proxy at an annual or special meeting duly called for this purpose, or in lieu of such meeting, by an instrument signed by the Members representing at least two-thirds (2/3) of the Lots.
- 6.07 BOOKS AND RECORDS. The Board shall keep full and correct books of account in chronological order of the receipts and expenditures affecting the Common Areas, specifying and itemizing the maintenance and repair expenses of the Common Areas and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for inspection by any Member or any representative of a Member duly authorized in writing at such reasonable time or times during normal business hours as may be requested by the Member or his or her representative. Upon ten (10) days notice to the Board, any Member shall be furnished a statement of his or her account, setting forth the amount of any unpaid assessments or other charges due and owing from such Member.
- 6.08. STATUS OF COLLECTED FUNDS. All funds collected hereunder shall be held and expended for the purposes designated herein, and (except for such special assessments as may be levied hereunder against less than all the Members and for such adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held in trust for the benefit, use and account of all the Members. 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.
- assessments which are not paid within fifteen (15) days after the due date shall be delinquent and shall bear a penalty as from time to time set by the Board of Directors, and the Association may bring an action of law against the Member personally obligated to pay the same, or foreclose the lien against the Lot, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. 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 the Member involved when payable and may be foreclosed by an

action brought in the name of the Board as in the case of foreclosure of liens against real estate. Unless otherwise provided in the Declaration, the members of the Board and their successors in office, acting on behalf of the other Members, shall have the power to bid for the Lot so foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same. Any court shall be authorized to restrain the defaulting Members from reacquiring his or her Lot at such foreclosure sale. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage now or hereafter placed on the Lot, provided, however, that such prior recorded mortgage shall be subject to the lien of all unpaid assessments with respect to such Lot which became due and payable subsequent to the date the holder of said mortgage takes possession of the Lot, accepts a conveyance of any interest in the Lot or as a receiver appointed in a suit to foreclose his or her lien.

- 6.10 FORCIBLE ENTRY AND DETAINER. In addition to the rights and remedies set forth in Section 6.09, if any Member shall default in the payment, when the same shall be due, of the aforesaid charges or assessments and said default shall continue for thirty (30) days after notice to said Member by the Board, setting forth the amount of unpaid charges or assessments together with a demand for payment thereof, the Board shall have the right to declare said default a forcible detainer of the Lot and shall have the right, on behalf of the other Members, to enter and take possession of the Lot from said defaulting Member, to put out the Member, or any occupant claiming by, through or under the Member, using such reasonable force as the Board shall deem necessary under the circumstances and to exercise any of the rights and remedies set forth in the Forcible Entry and Detainer Act, 735 Illinois Compiled Statutes 5/9-101.
- 6.11 EXEMPT LOTS. With regard to Lots which are being constructed or have been completed and title has not been conveyed by the Declarant or the Developer, the assessment respecting any such Lot shall be limited to the aggregate amount of the actual operating expenses from time to time required to be paid with respect to such Lot, provided, however, that in the event the Declarant or the Developer enters into a lease or installment contract for any Lot, then the Declarant or the Developer shall be responsible for the payment of assessments on those Lots on the same basis as any other Member as provided in Section 6.01 hereof. Actual operating expenses shall mean those ordinary expenses attributable only to the period in question covering the maintenance and operation of the Property and shall not include capital expenditures, amounts set aside as a reserve for contingencies or replacements, prepaid items or inventory items to the extent attributable to subsequent periods or costs incurred by the occupation of a Lot, such as the cost of garbage collection. Until such time as title to forty (40) of the Lots

have been conveyed, the assessments covering the Lots which have not been sold by the Declarant or the Developer may be paid on a monthly basis or, at it option, paid to the Association at the close of each calendar year without interest.

ARTICLE VII

COVENANTS AND RESTRICTIONS

USE AND OCCUPANCY

All Members shall maintain, occupy and use the Lots and Common Area only in accordance with the terms of the Declaration and any additional rules and regulations adopted by the Board or by the Members.

ARTICLE VIII

COMMITTEES

- 8.01. BOARD COMMITTEES. The Board, by resolution adopted by a majority of the directors in office, may designate one (1) or more committees, each of which shall consist of one (1) or more directors. The 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 director, of any responsibility imposed upon it, him, or her by law.
- 8.02 SPECIAL COMMITTEES. Other committees not having and exercising the authority of the Board in the management of the Association may be designated by a resolution by a majority of the directors 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, and the President of the Association shall appoint the members thereof. Any member thereof may be removed whenever in their judgment the best interests of the Association shall be served by such removal.
- 8.03 TERM. Each member of the committee shall continue as such until the next annual meeting of the Board and until his or her 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.
- 8.04 CHAIRMAN. One (1) Member of each committee shall be appointed chairman.
- 8.05. VACANCIES. 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 appointments.

- 8.06 QUORUM. 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.
- 8.07 RULES. Each committee may adopt rules for its own government not inconsistent with these By-Laws or with rules adopted by the Board.

ARTICLE IX

INTERIM PROCEDURE

Until the initial meeting of the Members, the Developer shall 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 three-fourths (3/4) of the total votes, provided, that any amendment shall require the consent of the Developer if it, or the Declarant, owns one (1) or more Units.

ARTICLE XI

INTERPRETATIONS

In the 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.

ARTICLE XII

DEFINITION OF TERMS

The terms used in these By-Laws shall have the same definition as set forth in the Declaration to which these By-Laws are attached to the extent such terms are defined therein.