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**BY-LAWS OF THE FIVE OAKS HOMEOWNERS
AND LAKEOWNERS ASSOCIATION**

DATED APRIL 23, 2015

This Instrument was Prepared By:

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After Recording Mail To:

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10/55

BY-LAWS OF
THE FIVE OAKS HOMEOWNERS AND LAKEOWNERS ASSOCIATION

WHEREAS, the FIVE OAKS HOMEOWNERS AND LAKEOWNERS ASSOCIATION (the "Association"), as defined in the Declaration of Covenants and Restrictions for Five Oaks of Frankfort Subdivision Homeowners and Lakeowners recorded December 17, 2004 as Document No: R2004227436 with the Will County Recorder of Deeds, and as amended from time to time (the "Declaration") and within, held an initial meeting of Owners on August 12, 2014 called for and noticed by twenty percent (20%) of the Owners who signed a petition and submitted to the Developer pursuant to 765 ILCS 605/18.2 (the "Initial Petition") requesting an initial meeting and a turnover of the Association; and

WHEREAS, at the initial meeting of Owners on August 12, 2014, over fifty-one percent (51%) of the Owners were present establishing a lawful quorum and the Owners at the initial meeting voted unanimously to create the Association; and the Owners elected a Board of Directors; and

WHEREAS, on September 26, 2014 the Board of Directors filed with the State of Illinois, Department of Business Services an Application for Reinstatement Domestic Corporation and all other necessary documents to re-incorporate the Association and place the Association in good standing with the State of Illinois; and the State of Illinois recognized such filings and placed the Association back in good-standing on October 3, 2014; and

WHEREAS, the Association is adopting these By-Laws as necessary to fulfill its functions.

NOW THEREFORE, the Association, pursuant to Section 9.3(a) of Article IX of the Declaration hereby adopts these By-Laws as if originally fully set forth as part of the Declaration.

ARTICLE I
DEFINITIONS

- 1.1 All words previously defined within the Declaration shall have the same meaning as defined within the Declaration unless otherwise stated within.
- 1.2 Articles of Incorporation: shall mean and refer to the Articles of Incorporation of the Five Oaks Homeowners and Lakeowners Association, an Illinois not-for-profit corporation, as amended from time to time.
- 1.3 Association: shall mean and refer to the Five Oaks Homeowners and Lakeowners Association, an Illinois not-for-profit corporation, which is also defined as a "Common Interest Community" pursuant to the Illinois Forcible Entry and Detainer Act, 735 ILCS 5/9-102(c)(1).
- 1.4 Board of Directors or Board: shall mean and refer to the Board of Directors of the Association, which is the governing body of the Association.
- 1.5 By-Laws of the Association or the By-Laws: shall mean and refer to these By-Laws of the Five Oaks Homeowners and Lakeowners Association, which govern the administration and operation of the Association, and which may be amended from time to time.
- 1.6 Common Area: shall mean and refer to all real and personal property now or hereafter owned and/or maintained by the Association for the common use and enjoyment of Owners as delineated on the Final Plat. The Common Area may include but not be limited to the

following, if any; entry monument areas, the Lake as defined herein, storm water management facilities, landscape islands, and landscaped buffer areas, except to the extent any of the foregoing have been publicly dedicated to a municipality, county or the State of Illinois. The designation of any land and/or improvements as Common Area shall not mean or imply that the public at large or all Owners acquire any easement of use or enjoyment of the Common Area property.

- 1.7 Common Expenses shall mean and refer to all expenditures lawfully made or incurred by or on behalf of the Association for the maintenance, repair and replacement of the Common Area, property taxes and insurance and all funds lawfully assessed for the creation or maintenance of reserves, pursuant to the provisions of the By-Laws and the Declaration, and all other reasonable and necessary expenses of the Association.
- 1.8 Declaration: shall mean and refer to the Declaration of Covenants and Restrictions for Five Oaks of Frankfort Subdivision Homeowners and Lakeowners recorded December 17, 2004 as Document No: R2004227436 with the Will County Recorder of Deeds; and as amended by the First Amendment to Declaration of Covenants, Conditions and Restrictions recorded April 4, 2005 as Document R200561657 with the Will County Recorder of Deeds; and as amended by the Second Amendment to Declaration of Covenants and Restrictions for Five Oaks of Frankfort Subdivision Homeowners and Lakeowners recorded May 25, 2005 as Document R2005085877 with the Will County Recorder of Deeds and all amendments thereof filed for record in the Office of the Recorder of Deeds of Will County, Illinois, a true and correct copy of the Declaration and all amendments is attached hereto as Exhibit #1 and incorporated throughout.
- 1.9 Detention Pond Expenses: shall mean and refer to any expenses related solely to the use of the Lake as a detention pond/drainage facility which benefits the entire Subdivision as further defined in Article VII, Section 7.3. Both Homeowners and Lakeowners shall be responsible for the payment of any Detention Pond Expenses and any vote triggered by Detention Pond Expenses shall be voted on by both Homeowners and Lakeowners.
- 1.10 Developer: shall mean and refer to JBWF Holdings, LLC, a dissolved Illinois limited liability company, the initial title holder of record and developer of the real estate located in the Village of Frankfort, Illinois and referred to as the Five Oaks of Frankfort Subdivision.
- 1.11 Dwelling: shall mean any building located on a Lot and intended for shelter and housing of a single family.
- 1.12 Final Plat: shall mean the Five Oaks of Frankfort Phase One Final Plat of Subdivision recorded November 19, 2004 as Document R200421076 with the Will County Recorder of Deeds and the Five Oaks of Frankfort Phase Two Final Plat of Subdivision recorded April 8, 2005 as Document April 8, 2005 with the Will County Recorder of Deeds, a true and correct copy of which is attached hereto as Exhibit #2 and incorporated throughout.
- 1.13 Five Oaks of Frankfort or Subdivision: shall mean the land legally described on Exhibit #A to the Declaration with all improvements thereon, including the Common Area, the Lake, utility systems, drainage systems, and other improvements serving the Lots and Dwellings, and commonly known as the Five Oaks of Frankfort Subdivision.

- 1.14 Homeowner: shall mean the record Owner (whether one or more person or entities), of the fee simple title to any Lot situated within the Subdivision that is not immediately adjacent and contiguous to the Lake as shown on the Final Plat.
- 1.15 Initial Petition: shall mean the petition signed by twenty percent (20%) of the Owners and submitted to the Developer in accordance with 765 ILCS 605/18.2.
- 1.16 Lake or Five Oaks Lake: shall mean and refer to the lake area designated as Outlot A on the Final Plat.
- 1.17 Lake Expenses: shall mean and refer to all expenditures lawfully made or incurred by or on behalf of the Association related to the Lake including but not limited to any expenditures made for maintenance, repair, replacement, upkeep, improvement, property taxes, insurance, all funds assessed for the creation of maintenance reserves, payments for obligations imposed by the Declaration, and all other reasonable and necessary expenses of the Association related to the Lake. Any expenditures related solely to the use of the Lake as a detention pond/drainage facility which benefit the entire Subdivision (defined as Detention Pond Expenses in Article VII, Section 7.3) are not considered Lake Expenses.
- 1.18 Lakeowner: shall mean the record Owner (whether one or more person or entities), of the fee simple title to for any Lot situated within the Subdivision that is immediately adjacent and contiguous to the Lake as shown on the Final Plat.
- 1.19 Lot: shall mean any plot of land established and depicted by the Final Plat of the Subdivision.
- 1.20 Mortgage: shall mean and refer to a security deed, deed of trust, mortgage, or other similar security instrument granting, creating, or conveying a lien upon, a security interest, or a security title to a Lot.
- 1.21 Owner: shall mean the record Owner (whether one or more persons or entities), of the fee simple title to any Lot situated within the Subdivision but, notwithstanding any applicable holder of a Mortgage, shall not mean or refer to any holder of a Mortgage unless and until such holder has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure. Pursuant to Section 9.2 of Article IX of the Declaration each Owner is a member of the Association and such member shall be entitled to one vote, on matters submitted to a vote of Owners for each Lot owned by such Owner; provided, that where title to a Lot is in more than one person or via trust, such Co-Owners or the Trustee or Co-Trustees of land trust, acting jointly shall be entitled to but one vote for each Lot for which it holds title. From time to time an Owner may be referred to as a "Member" within these By-Laws.
- 1.22 Village: shall mean the Village of Frankfort, an Illinois municipal corporation, and its corporate authorities.
- 1.23 Voting Member: shall mean the Owner or person designated in writing to vote on behalf of an Owner pursuant to Article IV of the By-Laws.

ARTICLE II
PURPOSES AND POWERS

The Association shall be responsible for the general management and supervision of the Subdivision and the Common Area and shall have all of the powers to perform, and shall be responsible to perform, all of the obligations provided in the Declaration and the By-Laws. Further the Association shall have all powers now or hereafter granted by the General Not for Profit Corporation Act of the State of Illinois, 805 ILCS 105/101.01 et seq., and for a “common interest community” as defined in the Forcible Entry and Detainer Act, 735 ILCS 5/9-101 et seq., and which shall be consistent with the purposes specified herein and in the Declaration.

ARTICLE III
OFFICES

Registered Office. 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 determine from time to time.

ARTICLE IV
MEMBERSHIP, VOTING
RIGHTS & MEETINGS OF THE ASSOCIATION

4.1 Association Responsibilities. The Association, acting through its membership or its Board of Directors, as the case may be, shall have the responsibility including but not limited to the (a) enforcing and administrating the terms of the Declaration and the By-Laws, (b) establishing and collecting assessments, and (c) maintaining the integrity and uniform design of Five Oaks of Frankfort as single-family residential subdivision, which includes but is not limited to the future and past maintenance of the Common Area, the enforcement of all maintenance covenants, use restrictions, or architectural controls as stated within the Declaration or the enforcement of any other rules or regulations adopted by the Association or the Board of Directors.

4.2 Membership. Every Owner, with respect to each Lot owned by him or her, shall be a member of the Association. Membership is appurtenant to and shall not be separated from ownership of such Owner’s Lot. Each such Owner, by acceptance of a deed or other conveyance of a Lot, thereby becomes a “Member”, whether or not the Declaration or such Lot is made a part of, incorporated by reference in, or expressed in said deed or conveyance. An Owner’s membership shall automatically terminate when he ceases to be an owner of a Lot. Such succession of interest shall not, however, relieve the former Owner or the current Owner of obligations for any assessments, late fees or fines which were levied or became due while the Owner maintained ownership of a Lot.

4.3 Voting Rights.

- (a) There shall be one person with respect to each Ownership who shall be entitled to vote at any meeting of the Association (“Voting Member”). The Voting Member may be the Owner or may be a person designated in writing by such owner to act as Proxy on behalf of the Owner. Such designation shall be made in writing by the Owner to the Board and shall be revocable at any time by actual notice to the Board or the death or judicially declared incompetence of the Proxy or Owner, or by written notice to the Board by the Owner. It shall be the obligation of each Owner to furnish the Board with the current mailing address of the Voting Member for purpose of receiving notice. In any case where Ownership is vested in more than one person, the vote of such Owner shall be

determined among those have interest in the Lot as they see fit, but no more than one (1) vote and no fractional votes may be cast on behalf of any Lot.

- (b) During any period in which a Owner shall be in default in the payment of any assessments, special assessments, fines, or late fees levied by the Association pursuant to the Declaration or the By-Laws, the Board, at its sole discretion, may suspend the voting rights of such Owner, and the Board or Association shall further have the right to suspend any or all services to such Owner until such default is cured.

4.4 Applicability. The provisions of this Article IV hereof shall be mandatory. No Owner of any interest in any Lot shall have any right or power to disclaim, terminate or withdraw from Membership in the Association or any of his obligations as such Member, and no purported disclaimer, termination or withdrawal thereof or therefrom on the part of any such owner shall be of any force or effect for any purpose.

4.5 Method of Voting. The total number of votes which may be cast on any matter requiring assent of the Owners of the Association shall be equal to the total number of undivided Owners at the time of any such vote, except those Owners whose voting rights have been suspended pursuant to 4.3(b). Whenever a vote of the Owners is required pursuant to the Declaration or pursuant to the Articles of Incorporation or By-Laws, or is otherwise required by law, such votes shall be cast only by the respective Voting Members entitled to cast a vote. Unless the Declaration or the Articles of Incorporation or By-Laws, or any law, shall specify a greater vote, all Association matters requiring action by Owners shall be decided by a majority of the votes cast by the Voting Members voting at a meeting at which a quorum (as defined within these By-Laws) is present.

4.6 Email Voting. Whenever a vote of the Voting Members is required, Voting Members, who are eligible to vote, may cast and submit their vote in advance of any meeting called for to conduct this vote via email at a valid email address provided and designated by the Board to accept email votes. All email votes must be submitted at least (1) day in advance of any such meeting called for to conduct a vote of the Voting Members or at such cut off time designated by the Board. If a Voting Member submits a vote via email that Voting Member shall be considered present at the meeting of the Voting Members called for to conduct such vote.

4.7 Meetings.

- (a) Location/Quorum. Meetings of the Owners/Voting Members shall be held at such a reasonable location in the Village of Frankfort, County of Will, Illinois, as may be designated in any notice of a meeting. The presence in person of at least fifteen (15%) percent of all Voting Members whose voting rights have not been suspended shall constitute a quorum. Unless otherwise expressly provided herein, any action may be taken at any meeting of the Voting Members at which a quorum is present upon the affirmative vote of a majority of the Voting Members present at such meeting. All meetings of the Voting Members shall be open to all Owners. Withdrawal of a Voting Member from any meeting shall not cause failure of a duly constituted quorum at that meeting.

- (b) Annual Meeting. There shall be an annual meeting of the Voting Members during the first quarter of each calendar year at such reasonable time and date as may be designated not less than thirty (30) days prior to the date fixed for such meeting.

- (c) Special Meetings. Special meetings of the Owners/Voting Members may be called at any time for the purpose of considering matters which, by the terms of the Declaration and By-Laws require the approval of all or some of the Voting Members, or for any such purpose. Such meetings shall be called by written notice authorized by a majority of the Board or by the Voting Members having one third (1/3) of the total votes and delivered not less than four (4) calendar days prior to the date of the meeting, or such longer period as may be specifically required by the Declaration or By-Laws. The notices shall specify the date, time and place of the meetings and the matters to be considered.

Notice of Meetings. Notices of meetings required to be given herein shall be delivered either personally or by mail to the Voting Members, addressed to each such person at the address given to the Board for the purpose of service of such notice, or to the Owner at the address of the tax assessee of record for such Lot, if no other address has been given to the Board. At any time a Voting Member may provide a valid email address to the Board to receive notice. Should a Voting Member provide an email address, notice via email to such Voting Member shall be sufficient.

ARTICLE V **BOARD OF DIRECTORS**

5.1 Board of Directors:

- (a) The Association shall be governed by its Board of Directors (“Board”) comprised of seven (7) persons duly appointed or elected as provided herein and in the Articles of Incorporation and By-Laws of the Association.
- (b) The Board shall administer the Association which includes but is not limited to the enforcement of the Powers of the Board as defined in Article VI herein. All matters requiring action by the Board shall be decided by the majority vote of the Board, except as otherwise provided herein or in the Declaration.
- (c) Prior to the approval of these By-Laws, the initial meeting of the Voting Members has occurred, and a Board consisting of seven (7) Owners has been established. That prior to the approval of these By-Laws the Board has appointed a President, a Secretary and a Treasurer and fulfilled a vacancy of one of the Board Members elected at the initial meeting who since resigned. The Board, has further designated four (4) Board Members who shall serve a term of two (2) years until a qualified successor is elected and (3) Board Members who shall serve a term of one (1) year until a qualified successor is elected. Thereafter, at each annual meeting thereafter, all board members whose term has expired or for which a vacancy exists shall be elected for terms of two (2) years including the President, Secretary or Treasurer.
- (d) The President shall preside over both the Board meetings and the meetings of the Voting Members and shall be the chief executive officer of the Board and Association and shall perform all the usual functions of a President of an Association. The Secretary shall keep the minutes and records of the Board and Association and shall perform all the usual functions of a Secretary of an Association. The Treasurer shall keep the financial records of the Board and Association and shall perform all the usual functions of a Treasurer of an Association. There shall be no other Officers of the Association unless the Board sees fit to create additional officers.

- (e) At any regular or special meeting duly called, any one or more Directors may be removed with or without cause by a vote of two-thirds (2/3) majority of the total undivided Owners in the Subdivision and a successor may then and there be elected to fill the vacancy (for the unexpired term) thus created. Any such Director whose removal has been proposed shall be given an opportunity to be heard at the meeting.
- (f) No Owner will be eligible for a position on the Board if his voting rights are suspended pursuant to section 4.03(b) of the By-Laws.

5.2 Informal Action by Board of Directors. Unless specifically prohibited by the Declaration, Articles of Incorporation or the By-Laws, any action required by the Declaration to be taken by the Board may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the members of the Board entitled to vote with respect to the subject matter thereof. Any such consent signed by all the members of the Board shall have the same effect as a unanimous vote.

5.3 Board Liability. The Board, Members of the Board, officers of the Association, and the agents and employees of any (all of the above hereinafter referred to as the "Protected Parties), shall not be liable to the Owners or any other person for any mistake of judgment or error or for any acts or omissions of any nature whatsoever in their respective positions, except for such acts or omissions found by a court of competent jurisdiction to have been made fraudulently or with gross negligence or criminal intent. The Owners shall indemnify, hold harmless, protect and defend any and all of the Protected Parties against all claims, suits, losses, damages, costs and expenses, including, without limitation, attorney's fees and amounts paid in reasonable settlement or compromise incurred in connection therewith. Each Owner shall be entitled to a right of contribution from every other Owner in respect of said indemnity to the end that, to the extent possible, the burden of any such indemnity shall be borne by the Owners at the time the loss, cost, damage or expense is incurred in the proportion that the number of Lots in the subdivision owned by each respective Owner bears to the total number of Lots in the Subdivision at the time the loss, cost, damage or expense is incurred. The Board shall assess each Owner for his share of the cost of such indemnification, and such assessment shall be collectible and enforceable in mode and manner as set forth in Article 7 hereof. To the extent possible the obligation of the Owners for indemnification and the Board's liability hereunder shall be insured by means of appropriate contractual endorsements to the comprehensive general liability insurance policies held from time to time by the Association.

5.4 Nonprofit Purposes of Association. Nothing herein shall be construed to give the Association authority to conduct an active business for profit on its own behalf or on behalf of the Members, Owners, Voting Members, or on behalf of the Developer.

5.5 Governing Law. Except as otherwise provided in the Declaration or By-Laws, the Association, the Board, officers and Members shall be governed by the Illinois General Not For Profit Corporation Act, 805 ILCS 105/101.01 et seq.

5.6 Board as Representative of Owners. The Board shall have standing and capacity to act in a representative capacity in relation to matters involving the Common Area or more than one Lot, on behalf of the Owners as their interests may appear.

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

5.8 Vacancies in Board. Vacancies in the Board, other than as a result of removal pursuant to Paragraph 5.01(e) hereof, including vacancies due to any increase in the number of persons on the Board, shall be filled by an Owner appointed to fill such vacancy by majority vote of the Board until a vote by the Voting Members is held at the next annual meeting or at a special meeting of the Owners called for such purpose to elect a new member to the Board.

5.9 Meetings of the Board.

- (a) An annual meeting of the Board shall be held without notice immediately after and at the same place as the annual meeting of the Owners/Voting Members. The annual meetings of the Board shall be open to any Owner or Voting Member excluding any executive sessions in which the Board may exclude Owners or Voting Members at its sole discretion.
- (b) The Board at its sole discretion and upon the call of the President or the majority of the Board may hold monthly meetings of the Board in which Voting Members will receive notice of the date, time and location not less than forty-eight (48) hours prior to such meeting. The monthly meetings of the Board shall be open to any Owner or Voting Member excluding any executive sessions in which the Board may exclude Owners or Voting Members at its sole discretion. At the annual meeting, the Board may elect to hold the monthly meetings on a specified date, time and location for each calendar month. Notice of the monthly meetings will be deemed sufficient provided the Owners receive notice of the specified date, time and location of the monthly meetings determined at the annual meeting and a separate notice to the Owners will not be required for each monthly meeting.
- (c) 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 Director, and without notice to all Voting Members. Notice to the Directors may be delivered personally or by mail, facsimile mail, telegram or email. Any Director 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. Four (4) of the Directors 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.
- (d) The Board shall have the right to hold executive sessions at any meeting whether annual, monthly or special in which at the Board's own discretion it may or may not allow Owners and Voting Members to attend.

5.10 Execution of Instruments. 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 a 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 either the Secretary or Treasurer.

ARTICLE VI
POWERS OF THE BOARD

6.1 General Powers of the Board. Without limiting the general powers which may be provided by law, the Declaration or the By-Laws, the Board shall have the following general powers and duties necessary for the administration of the affairs of the Association and may do all acts or things as not

by the Declaration or By-Laws but directed to be exercised by the Owners, including without limitation the following:

- (a) To provide for the management, improvement, maintenance, repair, operation care, upkeep, replacement and rehabilitation of the Common Area including without limitation, such maintenance and improvements needed from time to time required in order to maintain and keep the Subdivision and all Common Areas in compliance with the applicable codes and regulations of the Village and other applicable governmental authorities and any other lawful purpose;
- (b) To enforce the terms of the Declaration and the By-Laws and to enact such additional rules and regulations as are necessary for the use and enjoyment of the Subdivision and Common Area;
- (c) To enforce the terms of the Declaration and the By-Laws and to enact such additional rules and regulations as are necessary to ensure the uniform development of the Subdivision as originally intended in the Declaration including but not limited to create an Architectural Review Committee pursuant to section 4.2 of Article IX of the Declaration;
- (d) To cause the annual budget to be prepared, and to notify each Owner of the annual budget and any annual or special assessment against the Lots of the Subdivision;
- (e) To levy annual or special assessments against the Lots of the Subdivision in accordance with the Declaration and By-Laws and to collect the same;
- (f) To procure and maintain such public liability, workmen's compensation, fidelity, directors' and officers' liability and other insurance in such amounts insuring the Owners, the Association and the Board against such risks as the Board in its discretion deem appropriate, provided however, that in no event shall comprehensive general liability insurance coverage be in an amount of not less than One Million Dollars (\$1,000,000.00) for each person and Two Million Dollars (\$2,000,000.00) in the aggregate for each occurrence;
- (g) To pay all other costs and expenses in connection with the performance of the functions set forth herein;
- (h) To execute such grants of easement, not inconsistent with the easements specified in Article VIII of the Declaration, as may be necessary to any utility company or provider servicing the Subdivision;
- (i) To authorize any officer or officers, agent or agents of the Association to enter into contracts and to execute and deliver instruments in the name of and on behalf of the Association;
- (j) To keep correct and complete books and records of account and minutes of the proceedings of the Board and committees having any of the authority of the Board. All books and records of the Association may be inspected by any Owner, Voting Member or member of the board or his agent or attorney, upon receipt of proper notice and for any proper purpose, as determined in the absolute discretion of the Board, and at reasonable times. Any expense for copies shall be born solely by the person requesting such copies;

- (k) To provide to the holder of a first Mortgage on any Lot, upon written request, written notice of any default by the Owner of such Lot in the performance of any obligation under the Declaration or By-Laws, which is not cured within thirty (30) days. This provision may not be amended without the written consent of all holders of first Mortgages in the Lots;
- (l) To elect the officers of the Association as hereinabove provided;
- (m) Subject to Section 6.4(b) below, to engage the services of a manager or managing agent who shall manage and operate the Subdivision and Common Area;
- (n) To formulate policies for the administration, management and operation of the Common Area;
- (o) To adopt administrative rules and regulations governing the administration, management, operation and use of the Common Area and Subdivision, and to amend such rules and regulations from time to time;
- (p) To provide for the maintenance, repair and replacement of the Common Area and payments therefore, and to approve payment vouchers or to delegate such approval to the officers of the manager or managing agent;
- (q) 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 Common Area and Subdivision 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);
- (r) To estimate the amount of the annual budget, and to provide the manner of assessing and collecting from the Owners of such Lots which have been occupied for residential purposes, their respective shares of such estimated expenses, as hereinafter provided;
- (s) To adopt administrative rules and regulations and to formulate policies for the administration, management and operation of the Subdivision including but not limited to the Common Area in order to promote the uniform design of the Subdivision and to take administrative actions including but not limited to the use of fines to ensure all Lots within the Subdivision are following the uniform design guidelines, architectural controls and maintenance covenants of the Declaration and By-Laws;
- (t) To exercise all other powers and duties vested in or delegated to the Association, and not specifically reserved to the Owners by the Articles of Incorporation, the Declaration or the By-Laws.

6.2 Capital Additions and Improvements. The Board's powers hereinabove enumerated shall be limited in that the Board shall have no authority to acquire and pay for out of the maintenance fund or reserves any structural alterations, capital additions or capital improvements to the Common Area (other than for purposes of replacing or restoring portions of the Common Area, subject to all the provisions of the Declaration) having a total cost in excess of Thirty Thousand Dollars (\$30,000.00), without in each case the prior approval of the Voting Members holding fifty-one (51%) of the total votes.

6.3 Tax Relief. In connection with the Common Area, the Board shall have the power to seek relief from or in connection with the assessment or levy of any real property taxes, special assessments and any other special taxes or charges of the State of Illinois or any political subdivision thereof, or any other lawful taxing or assessing body, which are authorized by law to be assessed and levied on real property and to charge all expenses incurred in connection therewith to the maintenance fund.

6.4 Rules and Regulations: Management

- (a) Rules. The Board may adopt such reasonable rules and regulations as it may deem advisable for the maintenance, conservation and beautification of the Subdivision or Common Area, and for the health, comfort, safety and general welfare of the Owners, the Common Area or the Subdivision including but not limited to the Lake. Written notice of such rules and regulations shall be given to all Owners, and the entire Subdivision shall at all times be maintained subject to such rules and regulations.
- (b) Management. The Board may engage the services of an agent to manage the Subdivision to the extent deemed advisable by the Board. Any management fees incurred pursuant to this Section 6.4(b) shall be paid from the assessments collected pursuant to Article VII 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 Owners or any of them.

6.5 Liability of the Board of Directors. 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. The Owners shall indemnify 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 of Directors or officers on behalf of the Owners unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration. The liability of any Owner arising out of any such contract made by the Board or officers or out of the aforesaid indemnity in favor of the Members of the Board or officers, to the extent not covered by insurance, shall be limited to his proportionate share of the total liability thereunder.

ARTICLE VII
COVENANTS FOR ASSESSMENTS

7.1 Annual Budget. The Board shall cause to be prepared an estimated annual budget for each fiscal year of the Association. Such budget shall take into account the estimated Common Expenses and cash requirements for the year, including but not limited to salaries, wages, payroll taxes, legal and accounting fees, working capital fund, supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, insurance, fuel, power, real estate taxes, and all other Common Expenses including but not limited to Lake Expenses. To the extent that the assessment and other cash income collected from the Owners during the preceding year shall be more or less than the expenditures for such preceding year, the surplus or deficit, as the case may be, shall also be taken into account. The annual budget shall also take into account the estimated net available cash income for the year from the lease, operation or use of the Common Elements. The annual budget shall provide for a reserve for contingencies for the year and a reserve for capital expenditures, in reasonable amounts as determined by the Board. The reserve for capital expenditures shall be held in a segregated account in the name of the Association. Any reserve for capital expenditures for Lake Expenses shall be held in a segregated account in the name of the Association and such account shall be designated as a reserve account solely for Lake Expenses.

7.2 Assessments. The estimated annual budget for each fiscal year shall be approved by the Board, and copies of the proposed annual budget, together with an indication of which portions are intended for capital expenditures or repairs or payment of real estate taxes, shall be furnished by the Board to each Owner, not later than thirty (30) days prior to the adoption thereof. If an adopted budget requires assessment against the Owners in any fiscal or calendar year exceeding 1.15% of the assessments of the preceding year, the Board upon written petition of Owners with twenty percent (20%) of the votes of the Association filed within fourteen (14) days of the Board's action, shall call a meeting of the Owners within thirty (30) days of the date of the filing of the petition to consider the budget. Unless a majority of the votes of the Owners are cast at a meeting to reject the budget, it is ratified, whether or not a quorum is present. In determining whether assessments exceed 1.15% of similar assessments in prior years, any authorized provisions for reasonable reserves for repair or replacement of the Common Area, and anticipated expenses by the Association which are not anticipated to be incurred on a regular or annual basis, shall be excluded from the computation. On or before February 1 of the ensuing year, each Owner shall pay such Owner's annual assessment. In the event that the Board shall not approve an estimated annual budget or shall fail to determine new Assessments for any year, or shall be delayed in doing so, each Owner shall continue to pay the amount of the Assessment as last determined. No Owner shall be relieved of his obligation to pay his assessment by abandoning or not using his Lot or the Common Elements. Each Owner shall receive notice, in the same manner as provided herein for membership meetings, or any meeting of the Board concerning the adoption of the proposed annual budget or any increase or establishment of an assessment.

7.3 Lake Expenses. When preparing the Annual Budget pursuant to Section 7.1 and determining the Assessments pursuant to Section 7.2, the Board shall take into account that all Lake Expenses are to be born solely and paid solely by the Lakeowners or any holder of License to use and enjoy the Lake as defined in Article VII of the Declaration. In no event shall Homeowners, those being the owners of Lots not adjacent and contiguous to the Lake who have no License or right to use and enjoy the Lake, be responsible for the payment of any Lake Expenses. If an increase of Assessments is related only to the assessment assessed against Lake Owners, and a vote on such increase is required pursuant to Section 7.2, then only Voting Members of Lakeowners shall be entitled to vote on the approval or disapproval of the assessment charged to Lakeowners. This provision shall not apply to any expenses related solely to the use of the Lake as a detention pond/drainage facility which benefit the entire Subdivision defined as Detention Pond Expenses. In the event Detention Pond Expenses are necessary to maintain the use of the Lake as a detention pond/drainage facility such Detention Pond Expenses shall be assessed uniformly against both Homeowners and Lake Owners. If an increase of Assessments is related Detention Pond Expenses, and a vote on such increase is required pursuant to Section 7.2, then all Voting Members shall be entitled to vote on the approval or disapproval of the assessment charged related to Detention Pond Expenses charged to both Homeowners and Lakeowners.

7.4 Annual Report. Within ninety (90) days after the end of each fiscal year covered by an annual budget, or as soon thereafter as shall be practicable, the Board shall cause to be furnished to each Owner a statement for such year so ended, showing an itemized accounting of the Common Expenses for the preceding year actually incurred and paid including capital expenditures or repairs and real estate taxes, together with an indication of which portions were for capital expenditures or payment of real estate taxes and with a tabulation of the amounts collected pursuant to the budget or assessments, and showing the net excess or deficit of income over expenditures plus reserves, and such other information as the Board may deem desirable.

7.5 Supplemental Budget. In the event that during the course of a year, it shall appear to the Board that the assessments, determined in accordance with the estimated annual budget for such year, are

insufficient or inadequate to cover the estimated Common Expenses, including but not limited to Lake Expenses or Detention Pond Expenses, for the remainder of such year, then the Board shall prepare and approve a supplemental budget covering the estimated deficiency for the remainder of such year, copies of which supplemental budget shall be furnished to each Owner, and thereupon a supplemental assessment shall be made to each Owner for his proportionate share of such supplemental budget.

- 7.6 Expenditures. Except with respect to such expenditures which are (i) are specifically authorized by the Declaration or By-Laws, or (ii) are required by law, or (iii) can be paid from the proceeds of insurance received by or for the account of the Board, or (iv) are immediately necessary for the emergency repair, preservation, safety or protection of the Owners or the Common Elements, the Board shall have no authority to approve or authorize any structural alterations, capital additions to, or capital improvements of the Common Area requiring an expenditure in excess of Thirty Thousand Dollars (\$30,000.00) or any contract for a term of more than four (4) years, unless such expenditure or contract has been approved the majority of the votes cast at a meeting called for that purpose. Any non-recurring Common Expense, any Common Expenses not set forth in the budget as adopted, any Detention Pond Expenses, and any increase in assessment over the amount adopted shall be separately assessed against all Owners unless such expenditure is related solely towards Lake Expenses in such event the expense shall be assessed solely and only against Lakeowners. Any such separate assessment shall be subject to the approval by the affirmative votes of at least fifty one percent (51%) of the Voting Members present at a meeting of Owners duly called for the purpose of approving the assessment if it involves proposed expenditures resulting in a total payment assessed to a Lot equal to the greater of four (4) times the Lots' most recent Common Expense assessment calculated on a yearly basis or \$1,000.00.
- 7.7 Lien. It shall be the duty of every Owner to pay his proportionate share of the Common Expenses, as provided in the Declaration, and as assessed in the manner herein. If any Owner shall fail or refuse to make any such payment of the Common Expenses, when due, the amount thereof together with interest thereon at the rate of 8% per annum or such greater percentage as may then be permitted under the laws of the State of Illinois after said Common Expenses become due and payable, late charges, reasonable attorneys' fees and cost of collection or amount of any unpaid fine shall constitute a lien, as provided in the Forcible Entry and Detainer Act, 735 ILCS 5/9-101 et seq., enforceable by the Board, on the interest of such Owner in the Subject Property, provided, however, that such lien shall be subordinate to the lien of a prior recorded mortgage held by an insurance company, bank, savings and loan, mortgage broker and FNMA or other lending institution on the interest of such Owner, except for the amount of the proportionate share of Common Expenses which are due and payable from and after the date on which such mortgage owner or holder either takes possession of the Lot, accepts a conveyance of any interest therein (other than as security), or accepts a deed in lieu of foreclosure for its mortgage and causes a receiver to be appointed, in suit to foreclose its mortgage, all as provided in the Declaration. The provisions of this paragraph of this Section 7.6 shall not be amended, changed or modified or rescinded in any way without the prior written consent of all such lien holders of record. The Association or its successors and assigns, or the Board or its agents, shall have the right to maintain a suit to foreclose any such lien, and there shall be added to the amount due costs of said suit and other fees and expenses, together with legal interest and reasonable attorneys' fees to be fixed by the Court. Furthermore, if any Owner shall fail or refuses to pay when due his proportionate share of the Common Expenses and such Owner withholds possession of his Lot after demand by the Board or the Association in writing setting forth the amount claimed, the Board or the Association shall have the right to possession of such Lot. The Board and the Association shall have the authority to exercise and enforce any and all rights and remedies provided for a "common interest community" as defined in the Forcible Entry and Detainer Act, 735

ILCS 5/9-101 et seq., the Declaration or the By-Laws, or as are otherwise available at law or in equity, for the collection of unpaid assessments.

- 7.8 Records and Statement of Account. The Board shall cause to be kept detailed and accurate records in chronological order of the receipts and expenditures affecting the Common Elements, specifying and itemizing the Common Expenses incurred. Payment vouchers may be approved in such manner as the Board may determine. The Board shall, upon receipt of ten (10) days written notice to it or the Association and upon payments of a reasonable fee, furnish to any Owner a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner.
- 7.9 Discharge of Liens. The Board may cause the Association to discharge any mechanic's lien or other encumbrance, which in the opinion of the Board may constitute a lien against the Subject Property or the Common Elements, rather than a lien against only a particular Ownership. When less than all Owners are responsible for the existence of any such lien, the Owners responsible shall be jointly and severally liable for the amount necessary to discharge the same and for all costs and expenses, including attorneys' fees, incurred by reason of such lien.
- 7.10 Holding of Funds. All funds collected hereunder shall be held and expended for the purposes designated herein, and (except for special assessments as may be levied hereunder against less than all the Owners and for such adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held for the benefit, use and account of all the Owners.
- 7.11 Forbearance. The Association shall have no authority to forbear the payment of assessments by an Owner.
- 7.12 Special Assessment for Extraordinary Items and Capital Improvements. In addition to the annual assessment authorized by Section 7.2, the Association may levy in any assessment year, applicable to that year only, a special assessments which shall be assessed uniformly against each Lot for the purpose of defraying, in whole or in part, the cost of any extraordinary construction or reconstruction, unexpected or emergency repair, replacement, rehabilitation or maintenance of the Common Area, provided that such special assessment shall be subject to the approval of fifty one percent (51%) of the Voting Members present voting on the question at an annual meeting or a special meeting duly called for this purpose, written notice of which shall be sent to all Voting Members at least fourteen (14) days in advance and shall set forth the purpose of the meeting. Provided however, only the Voting Member of Lakeowners are entitled to vote on special assessments related solely to Lake Expenses as further defined in Article IX of these By-Laws.
- 7.13 Notice of Quorum. Written notice of any meeting called for the purpose of authorizing any special assessments requiring approval pursuant to Section 7.11 hereof shall be sent to all Owners not less than fourteen (14) days nor more than sixty (60) days in advance of the meeting. At the opening of such meeting, the presence in person or by proxy of Owners entitled to cast as least thirty percent (30%) of all votes shall constitute a quorum; provided, that if the Voting Members entitled to cast thirty percent (30%) of all votes do not attend, a second meeting may be called with the same notice requirements as herein provided, except that the quorum therefore shall be reduced to Voting Members entitled to cast fifteen (15%) of all votes. For any other meeting of Voting Members, the presence in person or by proxy of the Voting Members entitled to cast at least fifteen (15%) of all votes shall constitute a quorum.
- 7.14 Allocation of Assessments Among Owners. Both annual and special assessments shall be fixed at a uniform rate for all Homeowners. Both annual and special assessments shall be fixed at a uniform rate for Lakeowners as further stated in Article IX of these By-Laws.

7.15 Initial Assessment Reserve. Each purchaser of a Lot agrees that at the time of the initial closing, said Purchaser shall be charged an assessment of three months average Costs of the estimated initial maintenance as a reserve against future expense of the operation of the Association or at such amount determined by the Board, in its absolute and sole discretion.

ARTICLE VIII
RULES AND REGULATIONS, USE AND OCCUPANCY RESTRICTIONS

The Declaration contains the initial Rules and Regulations of the Association and the Use and Occupancy, Maintenance and Architectural Controls, subject to change from time to time according to the procedure set forth in the Declaration or the By-Laws. The Board may adopt rules and regulations, including the power to levy fines on Owners for failure to comply with all use restrictions, maintenance covenants and architectural controls or any other standards set forth in the Declaration, the By-Laws or any rules and regulations adopted by the Association.

ARTICLE IX
LAKEOWNERS, LAKE CARE AND MAINTENANCE, LAKOWNERS ASSOCIATION,
RULES AND REGULATIONS,
AND LAKE USE RESTRICTIONS

- 9.1 Rules and Regulations and Use of Lake. All Lakeowners and permitted licensees shall be entitled to use of the Lake pursuant the rules and regulations and restrictions established in Article VII of the Declaration. No Homeowner shall be permitted to use or access the Lake unless said Homeowner has been granted a license to use the Lake pursuant to the Declaration.
- 9.2 Care and Maintenance of the Lake. Care and maintenance of the Lake shall be performed by the Association. When preparing the Annual Budget and determining the amount of Assessments to be assessed against each Lot, all Lake Expenses including but not limited to expenditures for the care and maintenance of the Lake, obligations imposed by the Declaration or any municipality, or insurance, shall be assessed solely and only against such Lots owned by Lakeowners pursuant to these By-Laws. In no event shall the Lots owned by Homeowners be responsible for payment of any Lake Expenses which specifically does not include Detention Pond Expenses and in no event shall any funds collected from assessments paid by Homeowners be used for the payment of Lake Expenses provided however that funds collected from assessments paid by Homeowners and Lakeowners may be used to pay Detention Pond Expenses.
- 9.3 Rules and Regulations. The Board may adopt such reasonable rules and regulations as it may deem advisable for the maintenance, conservation and beautification of the Lake, and for the health, comfort, safety and general welfare of the Lakeowners, and the Lake. Written notice of such rules and regulations shall be given to all Lakeowners and the Lake and Lots owned by Lakeowners shall at all times be maintained subject to such rules and regulations.
- 9.4 Lakeowners Account. The Board, in its sole discretion, may elect to maintain a separate account for all assessments collected by Lakeowners for the payment of Lakeowners.
- 9.5 Lakeowner Approval of Assessments, Expenditures, Special Assessments. Should any increase in assessments, whether regular or special, or any expenditures related solely and only for Lake Expenses, trigger any vote of approval pursuant to these By-Laws, only Lakeowners shall be entitled to cast a vote for approval or disapproval of such assessments, whether regular or special, or any such

expenditure. This provision does not apply if the increase in assessments, whether regular or special, or any expenditures is related to Detention Pond Expenses which shall be voted on by both Homeowners and Lakeowners.

9.6 Lakeowners Association. At some point in the future that it is economically feasible and only upon a two thirds (2/3) vote in approval by the Board, the Board may make a recommendation and call for a meeting in which all Voting Members, that being Homeowners and Lakeowners, shall be entitled to vote on the creation a sub-association specifically for the Lakeowners. Such vote for creation of a sub-association for the Lakeowners shall require a two-thirds (2/3) vote in approval of Voting Members present at such meeting provided a quorum is present. Should a sub-association be created for the Lakeowners, the Association shall take all steps to modify these By-Laws, the Declarations, Articles of Incorporation or any other corporate document or ledger classifying the Association as a "Master Association" as defined in 765 ILCS 605/18.5 and the new Lakeowners Association as a sub-association of the Association. Should a Lakeowners Association be created, the Association shall take all steps to transfer title and ownership of the Lake the Lakeowners Association, and the Lakeowners Association shall become fully responsible and shall fully indemnify the Association for any and all past, present or future liabilities concerning the Lake. The creation of a Lakeowners Association shall not relieve the Lakeowners of any liabilities for Assessments, whether regular or special, for the payment of Common Expenses related to the Association or the Subdivision nor shall the creation of a Lakeowners Association relieve the Lakeowners of any obligations, restrictions, covenants, declarations or other imposed by these By-Laws or the Declaration.

ARTICLE X **CONTRACTUAL POWERS**

No contract or other transaction between this Association and one or more of its Director or between this Association and any corporation, firm or association in which one or more of the Director of this Association are directors, or are financially interested, is void or voidable because such Director or Directors are present at the meeting of the Board or a committee thereof which authorizes or approves the contract or transaction or because his or their votes are counted, if the circumstances specified in either of the following subparagraphs exists:

- (a) The fact of the common directorship or financial interest is disclosed or known to the Board or committee and noted in the minutes and the Board or committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such Director or Directors; or
- (b) the contract or transaction is just and reasonable as to the Association at the time it is authorized or approved.

Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board or committee thereof, which authorizes, approves or ratifies a contract or transaction.

ARTICLE XI **COMMITTEES**

11.1 Board Committees. The Board, by resolution adopted by a majority of the Directors in the office, may designate one (1) or more committees, each of which shall consist of one (1) or more Directors;

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 director, of any director, of any responsibility imposed upon it or him by law.

11.2 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 adopted 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 Voting Members, and the President of the Association shall appoint the members thereof. Any member thereof may be removed whenever in the Board's judgment the best interests of the Association shall be served by such removal.

11.3 Term. Each member of the 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.

11.4 Chairman. One (1) member of each committee shall be appointed chairman.

11.5 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.

11.6 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 the committee.

11.7 Rules. Each committee may adopt rules for its own government not inconsistent with the By-Laws, the Declaration or with rules adopted by the Board.

ARTICLE XII **GENERAL PROVISIONS**

12.1 Recitals and Paragraph Headings. The recitals set forth at the beginning of the By-Laws are incorporated into and made part of the substance of these By-Laws.

12.2 Severability. If any provision of this Declaration or any section, sentence, clause, phrase, or word hereof, or the application thereof in any circumstance is held invalid, the validity of the remainder of the By-Laws and of the application of any provision, section, sentence, clause, phrase or word in any other circumstances shall not be affected thereby.

12.3 Conflict. In the event of a conflict between any provision of the By-Laws and the Declaration, the provision of the By-Laws shall prevail.

12.4 Limited Application. Nothing contained in the By-Laws shall be construed to apply to any property other than the Subdivision as defined in the Declaration.

12.5 Amendment. The By-Laws may be amended or modified from time to time by an instrument signed by those Owners or Voting Members entitled to cast two-thirds (2/3) of the total votes in the Association. Such amendments shall be recorded in the Office of the Recorder of Will County, Illinois.

12.6 Liberal Construction. The provision of the By-Laws shall be liberally construed to effectuate the purpose of maintaining and managing the provision of the By-Laws and Declaration to create a uniform for plan for development.

Signature Page to Follow

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IN WITNESS WHEREOF, the Association has caused this instrument to be executed, acknowledged, and attested to by its undersigned, after acceptance of these by By-Laws pursuant to a vote of approval received by two-thirds (2/3) of the Owners or their duly authorized Proxy, and attested to by its undersigned, duly authorized of ficers on the day and date first below written

Dated: April 23rd, 2015

FIVE OAKS HOMEOWNERS AND LAKEOWNERS ASSOCIATION

By: Michelle Zusmer
Its: President

Attest: [Signature]
Its: Secretary

Attest: [Signature]
Its: Treasurer

Prepared by and Return to:

Michael R. Martin
Dunn, Martin, Miller & Heathcock, Ltd.
15 West Jefferson Street, Suite 300
Joliet, Illinois 60432
(815) 726-7311