

**SECTION 5, BY-LAWS**

The developer, Westfield Homes of Illinois, created the Association's By-Laws. Once the subdivision was completed, and the Association Board was created, the By-Laws were given to the Board by its previous Management Company.

The following are highlights from the By-Laws. These highlights are provided as a primer on the By-Laws and do not replace the actual By-Laws contained in this manual. Please make sure you read these. In the event of a question please call a Board member.

2.01 discusses the purpose of the Association. The Association, through its elected Board of Directors and Management Company, carry out and exercise the duties, right, and responsibilities as set forth in the covenants and By-Laws.

4.02 applies to those folks who do not pay their assessments. The Board will suspend a member's voting rights until their assessments are paid in full.

5.01 says that the annual meeting shall be held during the second week of May. During the previous five years Association members have asked that it be held earlier due to schedule conflicts involving children's school and other activities.

5.06 discusses the required quorum for voting on certain issues concerning the Association. It's important to participate in your Association's affairs, particularly its annual meeting.

6.01 directs the Association Board to direct and administer the affairs of the Association.

6.07 states that the Association Board members do not receive compensation. Some of these members go well beyond the norm to help reduce Association expenses.

7.01 describes the powers of the Association Board.

7.02 describes the duties of the Association Board.

12.03 states that the Association Board shall determine the annual assessments.

12.04 says that the Board may authorize special assessments.

**EXHIBIT B**

**BY-LAWS OF  
STONEBROOK ESTATES HOMEOWNER'S ASSOCIATION**

**ARTICLE I  
NAME OF CORPORATION**

The name of this corporation is STONEBROOK ESTATES HOMEOWNER'S ASSOCIATION.

**ARTICLE II**

**PURPOSE OF ASSOCIATION**

2.01 PURPOSES. The purpose of this Association is to carry out and exercise the duties, rights and responsibilities of the Association as set forth in the covenants, conditions, easements, rights, restrictions and obligations as contained and delineated in the Declaration of Covenants, Conditions, Restrictions and Easements for STONEBROOK ESTATES HOMEOWNER'S ASSOCIATION (hereafter referred to as the "Declaration"). Any conflict arising between these By-Laws and the Declaration shall be resolved in favor of said Declaration.

No part of the monies received by the Association will inure to the benefit of any private individual, except in accordance with the Illinois General Not-For-Profit Corporation Act.

The Association shall also have such powers as are now or may hereafter be granted by the General Not-For-Profit Corporation Act of the State of Illinois.

**ARTICLE III**

**OFFICES**

3.01 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.

3.02 PRINCIPAL OFFICE. The principal office shall be maintained in the Village of Gurnee, Lake County, Illinois, except that prior to the Turnover Date described in subparagraph 2.02 of the Declaration, Developer may maintain the principal office elsewhere in Lake County, Illinois, as Developer shall determine.

## ARTICLE IV

### MEMBERSHIP AND VOTING RIGHTS

4.01 MEMBERS. Membership qualifications and voting rights shall be as set forth in the Declaration.

4.02 SUSPENSION OF MEMBERSHIP RIGHTS. The membership rights of certain Members may be suspended by action of the Board during the period when such Member's assessment remains unpaid; but, upon payment of such assessment, such Member's rights and privileges shall be automatically restored.

## ARTICLE V

### MEETINGS OF MEMBERS

5.01 ANNUAL MEETING. After the Turnover Date, an annual meeting of the Members shall be held the second Tuesday in May in each year for the transaction of such business as may come before the meeting. If such day is a legal holiday, the meeting shall be held on the next succeeding business day.

5.02 SPECIAL MEETINGS. Special meetings of the Members may be called either by the President, the Board or by Members representing in the aggregate not less than one-fourth (1/4) of the votes entitled to be cast at a meeting of Members.

5.03 PLACE OF MEETING. The Board may designate any place within or near the Property as the place of meeting for any annual meeting or for any special meeting. If no designation is made or if a special meeting is not otherwise called, the place of meeting shall be at the principal office of the Association, provided, however, that should all of the Members meet at any time and place and consent to the holding of a meeting, such meeting shall be valid without call or notice, and at such meeting any corporate action may be taken.

5.04 NOTICE OF MEETING. Written or printed notice stating the place, day, and hour of any meeting of Members shall be delivered either personally or by mail to each member not less than five or more than forty days before the day of such meeting. Said notice shall be given by or at the direction of the President, Secretary or the officers calling the meeting. In case of a special meeting or when required by statute or by these By-Laws, the purpose for which the meeting is called shall be stated in the notice. If mailed, the notice of the meeting shall be deemed delivered when deposited in the United States mail addressed to the Member at the Member's address as it appears on the records of the Association, with postage prepaid.

5.05 PROXIES. At any meeting of Members, a Member entitled to vote may either vote in person or by proxy executed in writing or by his duty authorized attorney-in-fact. No proxy shall be valid after eleven months from the date of its execution unless otherwise provided in the proxy.

5.06 QUORUM. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, fifty percent (50%) of the votes shall constitute a quorum for any action except as otherwise provided in the Declaration or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting, from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

## ARTICLE VI

### BOARD

6.01 BOARD. The affairs of the Association shall be managed by a Board of Directors. The Board shall be elected by the Members voting pursuant to the provisions of paragraph 6.02 hereof, subject, however, to the Developer's rights to designate those persons who shall act as the first Board of Directors. The Board shall direct and administer the affairs of the Association in accordance with the terms and provisions of the Declaration and, when not inconsistent therewith, the charter and By-Laws of the Association. All matters requiring action by the Board shall be decided by a majority vote.

6.02 NUMBER OF DIRECTORS. The number of directors on the first Board shall be three (3) who will be selected by the Developer. After the Developer relinquishes its control to designate directors, the Board shall be increased to five (5) directors and elected for the following terms: the two (2) persons receiving the highest number of votes at the first election shall be elected to the Board for a term of three (3) years, the two (2) persons receiving the next highest votes shall be elected to the Board for a term of two (2) years, and the one (1) person receiving the next highest number of votes shall be elected to the Board for a term of one (1) year. Each director shall hold office until the next annual meeting and until his successor shall have been elected. Each director elected after the first election shall serve for a term of three (3) years.

6.03 ANNUAL MEETINGS. An annual meeting of the Board shall be held without other notice than these By-Laws, immediately after and at the same place as the annual meeting of Mem-

bers. The Board may provide by resolution the time and place, within the subdivision or the County of Lake, for holding any special meeting of the Board called by them.

6.04 NOTICE OF SPECIAL MEETINGS. Notice of any special meeting of the Board shall be given at least five (5) days prior to any such meeting by written notice delivered personally or sent by mail or telegram to each director at his address as shown by the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepared. If notice is given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegram company. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice of such meeting unless specifically required by law or by these By-Laws.

6.05 CONSENT. Any action required to be taken at a meeting of the Board, or any other action which may be taken at a meeting of the Board, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

6.06 QUORUM. Except where designated differently in the Declaration, a majority of the directors, serving from time to time on the Board shall constitute a quorum for the election of officers and for the transaction of business at any meeting of the Board, provided that if less than a majority of the directors are present, they may adjourn the meeting from time to time without further notice.

6.07 COMPENSATION. Directors shall receive no compensation for their services.

6.08 BOARD LIABILITY. The directors from time to time constituting the Board shall not be liable to the Members for any mistake of judgment or for any acts made, or omissions to acts committed, in good faith as such directors.

6.09 GOVERNING LAW. In all other respects, the Association, its directors, officers and Members shall be governed by the Illinois General Not-For-Profit Corporation Act.



ARTICLE VII

POWERS AND DUTIES OF THE BOARD

7.01 POWERS. The Board shall have power to:

(a) Adopt and publish rules and regulations governing the use, maintenance, repair, reconstruction, conservation and administration of the Common Area in accordance with all applicable codes, ordinances and regulations, and to establish and impose penalties for the infraction thereof, including, but not limited to, the penalties provided for in subsection (b) hereof;

(b) Suspend the voting rights of a Member for the period during which any assessment against his Lot remains unpaid and, after notice and hearing, for a reasonable period not to exceed sixty (60) days, for any infraction of published rules and regulations;

(c) Employ such employees as they deem necessary, and to prescribe their duties;

(d) Procure and maintain policies of public liability insurance in an amount that the Board in its discretion determines to be necessary and appropriate; and

(e) Exercise for the Association all other powers, duties and authority vested in the Association and not reserved to the membership by other provisions of these By-Laws or the Declaration.

7.02 DUTIES. It shall be the duty of the Board to:

(a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Members;

(b) Supervise all officers, agents and employees of the Association, and see that their duties are properly performed;

(c) As more fully provided in the Declaration, to:

(1) Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

(2) Send written notice of each assessment against each Lot at least thirty (30) days in advance of each annual assessment; and

(3) Foreclose the lien against any Lot(s) for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same;

(d) Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of such certificate which shall be conclusive evidence of such payment; and

(e) Cause all officers or employees having fiscal responsibilities to be bonded in an amount which is at least one and one-half times the estimated annual operating expenses and reserves of the Association.

## ARTICLE VIII

### OFFICERS

8.01 OFFICERS. The officers of the Association shall be a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers as the Board may deem appropriate. All officers shall be elected at each annual meeting of the Board and shall hold office at the pleasure of the Board.

8.02 VACANCY OF OFFICE. Any officer may be removed at any meeting of the Board by the affirmative vote of the majority of the directors in office, either with or without cause. Any vacancy in any office may be filled by the Board at any meeting thereof.

8.03 POWERS OF OFFICERS. Each officer of the Association shall have such powers and duties as are usually vested in such office of a not-for-profit corporation, including but not limited to, the following:

(a) The President shall be the Chief Executive Officer of the Association and shall preside at all meetings of the members and of the Board;

(b) The Vice President shall, in the absence or the disability of the President, perform the duties and exercise the powers of such office;



(c) The Secretary shall keep minutes of all meetings of the Members and of the Board and shall have custody of the Association's Seal, the Membership transfer books and such other books, papers and documents as the Board may prescribe;

(d) The Treasurer shall be responsible for the Association funds and securities and for keeping full and accurate accounts of all receipts and disbursements in the Association books of account kept for such purposes.

8.04 OFFICER LIABILITY. No officer shall be liable to the Members for any mistake of judgment or for any acts or omissions done in good faith in his official capacity.

8.05 OFFICER'S COMPENSATION. The officers shall receive no compensation for their services except as expressly provided by a resolution duly adopted by the Board.

## ARTICLE IX

### COMMITTEES

9.01 BOARD COMMITTEES. The Board, by resolution adopted by a majority of the directors in office, may designate one or more committees, in addition to the Architectural Review Committee, each of which shall consist of two or more Members, be advisory in nature and shall make recommendations to the Board with respect to various aspects of the management of the Association but the designation of such committees shall not be deemed to be a delegation thereto of authority granted to the Board hereunder nor shall such designation operate to relieve the Board, or any individual director, of any responsibility imposed upon it or him by law. Except as otherwise provided in such resolution, members of each such committee shall be Members of the Association and the President of the Association shall appoint the members thereof. Any member thereof may be removed by the person or persons authorized to appoint such member whenever in their judgment the best interests of the Association shall be served by such removal.

9.02 TERM. Each member of a committee shall continue as such until the next annual meeting of the Board and until his successor is appointed, unless the committee shall be sooner terminated, such member shall be removed from such committee or such member shall cease to qualify as a Member hereof.

9.03 CHAIRMAN. One member of each committee shall be appointed chairman.

9.04 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.

9.05 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 the meeting at which a quorum is present shall be the act of the committee.

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

## ARTICLE X

### CONTRACTS, CHECKS, DEPOSITS AND FUNDS

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

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

10.03 BANK ACCOUNTS. All funds of the Association 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 selects.

10.04 SPECIAL RECEIPTS. The Board may accept on behalf of the Association any contribution, gift, bequest or devise for general purposes or for any special purpose of the Association.

## ARTICLE XI

### CERTIFICATE OF MEMBERSHIP

The Board may provide for the issuance of certificates evidencing Membership in the Association which shall be in such form as may be determined by the Board.

## ARTICLE XII

### FISCAL MANAGEMENT

12.01 FISCAL YEAR. The fiscal year of the Association shall begin on the first day of January each year and shall end on the last day of December of the year of such incorporation.

12.02 FINANCIAL STATEMENTS. Within a reasonable time after the close of each fiscal year, the Association shall furnish its Members with a statement of the income and disbursements of the Association for such fiscal year. As provided in the Declaration, an annual budget shall be adopted and communicated to the Members.

12.03 ANNUAL ASSESSMENTS. The Board in its sole discretion shall determine the annual assessments subject to the terms, conditions and limitations set forth in the Declaration.

12.04 SPECIAL ASSESSMENTS. Special assessments may be authorized pursuant to the terms set forth in the Declaration.

## ARTICLE XIII

### BOOKS AND RECORDS

The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Members, the Board, and any committee of the Board and shall keep at the registered or principal office a record giving the names and addresses of the Members. All books and records of the Association may be inspected by any Member or any first mortgagee, their agents or attorneys, for any purpose at any reasonable time.

#### ARTICLE XIV

##### SEAL

The Board may provide for a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the Association.

#### ARTICLE XV

##### WAIVER OF NOTICE

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

#### ARTICLE XVI

##### AMENDMENTS

These By-Laws may be amended or modified at any time, or from time to time, or these By-Laws may be repealed and new By-Laws adopted, at any meeting of the Board, by a majority of the directors then serving on the Board. However, said action of the Board shall not take effect until ratified in writing by Owners representing not less than fifty percent (50%) of the Lots. Notwithstanding the aforesaid, as long as any Lot is owned by Declarant or Developer, no amendment or modification of these By-Laws shall be made without the prior written consent of the Developer, which consent may or may not be given in the sole discretion of the Developer.