

**BYLAWS
OF TALCOTT GLEN
HOMEOWNERS ASSOCIATION**

ARTICLE I

Name of Association and Definition of Terms

Section 1. NAME. The name of the Association is TALCOTT GLEN HOMEOWNERS ASSOCIATION.

Section 2. DEFINITIONS.

- (a) Any term used in these Bylaws that is defined in the Declaration of Covenants, Conditions and Restrictions of Talcott Glen dated as of November 24, 1992, and recorded May 19, 1993, as Document No. 93R028064 in the Office of the McHenry County Recorder, shall have the same definition herein that is set forth in said Declaration.
- (b) The words Acommon expenses@ shall have the following meaning when used in these by-laws: common expenses are those expenses to be shared equally by the members of the Association. They are all expenses approved by the Board of Directors that directly or indirectly relate to the performance by the Association of its obligations or permitted activities as specified in the Declaration of Covenants, Conditions and Restrictions of Talcott Glen or the Plat of Subdivision of Talcott Glen.

ARTICLE II

Members

Section 1. ELIGIBILITY. The members of the Association shall consist of all the Owners of a Lot in the Development Talcott Glen Subdivision in Crystal Lake, Illinois, (ADevelopment@).

Section 2. SUCCESSION. The membership of each Owner of a Lot in the Association shall terminate when said Owner of a Lot ceases to be an Owner of a Lot, and upon the sale, transfer or other disposition of such Owner of a Lot's property, said Owner of a Lot's membership in the Association shall be transferred ipso facto to the new Owner of a Lot.

Section 3. ANNUAL MEETINGS. The First Meeting shall be held on a date to be determined as provided in the Declaration. Thereafter, there shall be an annual meeting of members on the first Monday of October following such First Meeting, and on the first Monday of October of each succeeding year thereafter at 7:00 p.m., or at such other reasonable time or date as may be designated by the Board. Each such meeting of members shall be held at such

place in McHenry County, Illinois, and at such time and date as shall be specified in the written notice of such meeting which shall be sent to all members at least ten (10) days prior to the date of such meeting.

Section 4. SPECIAL MEETINGS. A special meeting of the members may be called at any time by the President of the Association, by a majority of the Directors of the Board or upon written request of at least 1/4 of all members. Said special meeting shall be called by sending written notice thereof to all members not less than ten (10) days prior to the date of said meeting, stating the date, time and place of said special meeting and the matters to be considered.

Section 5. DELIVERY OF NOTICE OF MEETINGS. Notice of a meeting may be delivered either personally or by mail to a member at the address given to the Board by said member for such purpose, or to the Owner of a Lot, if no other address for such purpose has been given to the Board.

Section 6. VOTING. Each member shall have one (1) vote. If any Owner of a Lot consists of more than one person, the voting rights of such Owner of a Lot shall not be divided but shall be exercised as if the Owner of a Lot consisted of only one (1) person, in accordance with the proxy or other designation made by the persons constituting such Owner of a Lot.

Section 7. QUORUM. A quorum of members for any meeting shall be constituted by members represented in person or by proxy, holding 1/4 of the total number of votes entitled to be cast at such meeting. If a quorum is not present at any meeting of members, a majority of the members present may adjourn the meeting to another time without further notice.

Section 8. PROXIES. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association. Every proxy shall be revocable and shall automatically cease upon conveyance by the Owner of a Lot.

ARTICLE III

Board of Directors

Section 1. NUMBER, ELECTION AND TERM OF OFFICE. The initial Board shall consist of nine (9) Directors. The Board of Directors may, pursuant to the authority granted in the Declaration and the General Not For Profit Corporation Act of 1986, reduce the number of Directors. Directors shall be elected at the regular annual meeting of Association members by vote of the members. Those Directors of the First Board who are not Officers shall be elected to serve until the end of the second fiscal year. Those Directors who are also Officers of the First Board shall be elected to serve until the end of the third fiscal year. The successor Directors shall thereafter be elected for a two-year term, however, every Director shall serve until his successor is elected and has duly qualified.

In every election for Directors, voting shall be cumulative and every member shall have the right to vote, in person or by proxy. Those Directors receiving the greatest number of votes

shall be deemed elected. Every elected Director shall hold office for his or her term and thereafter, until his or her successor shall be elected and qualified.

A majority of the total number of Directors on the Board from time to time shall constitute a quorum. Each Director shall be a member, the spouse of a member (or, if a member is a trustee of a trust, a Director may be a beneficiary of such trust or the spouse of such beneficiary) or one of the Persons whose estates or interests aggregate fee simple ownership of a Lot. If a Director shall cease to meet the requirements set forth in the preceding sentence during his term, or in the event of the death, resignation or refusal or inability to act of any Director, he or she shall thereupon cease to be a Director and his place on the Board shall be deemed vacant. Any vacancy occurring on the Board may be filled by a majority vote of the remaining Directors thereof. Any Director elected or appointed to fill a vacancy shall hold office for a term equal to the unexpired term of the Director whom he or she succeeds. Any Director may be removed from office, with or without cause, by a vote of 2/3 of all members, and in any such case such Director's place on the Board shall be filled as hereinabove provided.

Section 2. MEETINGS. A regular annual meeting of the Board shall be held within ten (10) days following the regular annual meetings of members. Regular meetings of the Board other than the aforesaid regular annual meetings shall be with such frequency and at such place and hour as may be fixed from time to time by resolution of the Board. Special meetings of the Board shall be held upon a call by the President of the Association or by a majority of the Board on not less than forty-eight (48) hours notice in writing to each Director, delivered personally, by mail, email, or by telephone. Any Director may waive notice of a meeting, or consent to the holding of a meeting without notice, or consent to any action of the Board without meeting. A Director's attendance at a meeting shall constitute his waiver of notice of said meeting. The Directors shall have the right to take action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 3. COMPENSATION. Directors shall receive no compensation for their services unless expressly provided for in a resolution duly adopted by the members; provided, however, any Director may be reimbursed for his actual expenses incurred in the performance of the Director's duties.

Section 4. POWERS AND DUTIES. The Board shall have the following powers and duties:

- (a) to elect and remove the officers of the Association as hereinafter provided;
- (b) to administer the affairs of the Association and the Development;
- (c) to engage the services of a Managing Agent to maintain, repair, replace, administer and operate the Development or any part thereof upon such terms and for such compensation and with such authority as the Board may approve;

- (d) to formulate policies for the administration, management and operation of the Development;
- (e) to adopt rules and regulations, with written notice thereof to all members, governing the administration, management, operation and use of the Development and to amend such rules and regulations from time to time;
- (f) to establish penalties and fines for the violation of the provisions of the Declaration, these Bylaws or the aforesaid rules and regulations;
- (g) to provide for the maintenance, repair and replacement of the Common Properties, entry monument easement areas, and privately maintained underground storm sewer and surface detention and drainage areas, as provided in the Declaration, payment therefor, and to approve payment vouchers or to delegate such approval to the officers of the Association or the Managing Agent;
- (h) in the sole discretion of the Board, to declare the office of a Director to be vacant in the event such Director shall be absent from three (3) consecutive regular meetings of the Board;
- (i) to provide for the designation, hiring and removal of employees and other personnel, including accountants and attorneys, and to contract for any services deemed necessary or desirable by the Board, and to make purchases for the maintenance, repair, replacement, administration, management and operation of the Development, the Common Properties, and easement areas, and to delegate any such powers to the Management Agent (and to any employees or other personnel of the Managing Agent);
- (j) to appoint committees of the Board as the Board deems appropriate and to delegate to such committees the Board's authority to carry out certain duties of the Board;
- (k) to determine from time to time the fiscal year of the Association as the Board deems advisable;
- (l) to estimate the amount of the annual budget, and to provide the manner of assessing and collecting from the members (excluding the Developer) their respective shares of the Common Expenses;
- (m) to grant licenses, concessions or easements over portions of the Common Properties;
- (n) to cause to be kept a complete record of all of its acts and corporate affairs and to present a statement thereof to the members at each regular annual meeting of the members or at any special meeting when such statement is requested in writing by 1/4 of the members;

- (o) to the extent the Board deems necessary or appropriate, to cause any officers or employees having fiscal responsibilities to be bonded;
- (p) unless otherwise provided herein or in the Declaration, to comply with the instructions of a majority of the members as expressed in a resolution duly adopted at any annual or special meeting of the members; and
- (q) to exercise all other powers and duties of the members as a group, and all powers and duties of the Board set forth in the Declaration.

ARTICLE IV

Officers

Section 1. DESIGNATION. At each annual meeting, the Directors present at said meeting shall elect the following officers of the Association by a majority vote:

- (a) a President, who (i) shall be a Director (ii) shall preside over the meetings of the Board and of the members (iii) shall be the chief executive officer of the Association (iv) shall see that orders and resolutions of the Board are carried out, and (v) shall sign all leases, mortgages, deeds, contracts, and other written instruments on behalf of the Association, other than checks issued in the normal course of the Association's affairs;
- (b) a Vice-President who shall be a Director, shall act in the place and stead of the President in the event of the President's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board;
- (c) a Secretary, who (i) shall record the notes and keep the minutes of all meetings of the Board and of the members (ii) shall keep the corporate seal of the Association (if the Association has a corporate seal) and affix it on all appropriate papers (iii) shall serve notice of meetings of the Board and of the members (iv) shall keep appropriate current records showing the members of the Association together with their addresses, and (v) shall, in general, perform all the duties incident to the office of Secretary;
- (d) a Treasurer, who (i) shall be responsible for financial records and books of account and the manner in which such records and books are kept and reported (ii) shall disburse such funds as directed by resolution of the Board (iii) shall sign all checks and promissory notes of the Association (iv) may, but shall not be required to, cause an annual audit of the Association's books to be made by a public accountant at the completion of each fiscal year, and (v) shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members; and
- (e) such additional officers as the board shall see fit to elect.

Section 2. POWERS. The respective officers shall have the general powers usually vested in such officers; provided that the Board may delegate any specific powers to any other officer or impose such limitations or restrictions upon the powers of any officer as the Board may see fit.

Section 3. TERM OF OFFICE. Each officer shall hold office for a term of one year and thereafter until his successor shall have been elected and qualified.

Section 4. VACANCIES. A vacancy in any office shall be filled by the Board by a majority vote of the Directors at a regular or special meeting of said Board. Any officer elected to fill a vacancy shall hold office for a term equal to the unexpired term of the officer he or she succeeds. Any officer may be removed with or without cause at any time by the Board at a regular or special meeting thereof.

Section 5. COMPENSATION. The officers shall receive no compensation for their services, unless expressly provided for in a resolution duly adopted by the members; provided, however, any officer may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE V

Assessments

Section 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 expenses and cash requirements for the year, including management, salaries, wages, payroll taxes, real estate taxes on the Common Properties, legal and accounting fees, supplies, materials, equipment, parts, services, maintenance, repairs, replacements, landscaping, insurance, and all other Common Expenses. The annual budget shall also take into account the estimated net available cash income for such fiscal year. The annual budget may provide for a reserve for contingencies for the year and a reserve for replacements, in reasonable amounts as determined by the Board. To the extent that the assessments and other cash income collected from the members 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.

Section 2. ANNUAL ASSESSMENTS. The estimated annual budget for each fiscal year and any amendments or changes thereto shall be approved by the affirmative value of fifty-one percent (51%) of the Board. On or before the first day of the first year and of each succeeding year covered by the annual budget, each member shall pay such member's share of the annual assessment for the Common Expenses in accordance with the provisions of the Declaration. The member's Share shall be determined as set forth in the Declaration. Pursuant to rules and regulations duly adopted by the Board, the Board may assess a late charge against any member who fails to pay the annual assessment on his property when due, and in the event of the failure to pay any sums due and owing, said outstanding sums shall include interest in the amount of ten (10%) percent of the total sum due, or the sum of Ten (\$10.00) Dollars, whichever amount is greater. Copies of said estimated annual budget and any amendments or changes

thereto shall be furnished by the Board to each member not less than 30 days before the first annual assessment, based upon said annual budget or amended or changed annual budget, is due. In the event that the Board shall not approve an estimated annual budget or shall fail to determine new annual assessment for any year, or shall be delayed in doing so, each member shall continue to pay each year the amount of his prior respective annual assessment to the Managing Agent or as may be otherwise directed by the Board. No member shall be relieved of his obligation to pay his assessment by abandoning or not using his property or the Common Properties.

Section 3. SPECIAL ASSESSMENTS. In addition to the annual assessments, the Association may levy in any assessment year a special assessment or assessments, applicable to that year only, for the purpose of defraying in whole or in part, the unexpected cost of any construction or reconstruction, repair or replacement of improvements, landscaping or other items, including such necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of a majority of all the votes which all Members of the Association shall then be entitled to vote at a meeting duly called for this purpose, written notice of which shall be sent to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 4. PARTIAL YEAR OR MONTH. For the first fiscal year, the annual budget shall be as approved by the First Board.

Section 5. ANNUAL REPORT. Within 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 member a statement for such year so ended, showing the receipts and expenditures and such other information as the Board may deem desirable.

Section 6. SUPPLEMENTAL BUDGET. In the event that during the course of any year it shall appear to the Board that the annual assessment, determined in accordance with the estimated annual budget for such year, are insufficient or inadequate to cover the estimated Common 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 member, and thereupon a supplemental assessment shall be made to each member for his proportionate share of such supplemental budget.

Section 7. CAPITAL EXPENDITURES AND LONG TERM CONTRACTS. Except for capital expenditures and contracts specifically authorized by the Declaration and these Bylaws, the Board shall not approve any capital expenditure in excess of Two Thousand Dollars (\$ 2000.00) (unless required for emergency repair, protection or operation of the Common Area or Property) nor enter into any contract for more than 3 years, without the prior approval of 2/3 of the members. The said Two Thousand Dollars (\$2000.00) limitation provided herein shall be adjusted in each fiscal year by an amount equal to the product obtained by multiplying the said Two Thousand Dollars (\$2000.00) limitation by a fraction that has as its numerator the Consumer Price Index (Urban) Chicago Area for the month beginning the current fiscal year and as its denominator the Consumer Price Index for the month of the adopting of these Bylaws by

the Board. Provided, however, in no event shall the said limitation ever be less than Two Thousand Dollars (\$2000.00).

Section 8. LIEN. It shall be the duty of every member to pay his proportionate share of the Common Expenses, as assessed in the manner herein and in the Declaration provided.

If any member shall fail or refuse to make any such payment of the Common Expenses when due, the amount thereof (plus any late charge assessed against such member), together with interest thereon after said Common Expenses become due and payable, at the rate allowed by law or ten percent (10%), whichever is less, and costs of collection, including reasonable attorneys fees, shall constitute a lien on the interest of such member in the Development, and upon the personal property of such member located on his Lot or elsewhere in the Development, provided, however, that such lien shall be subordinate to the lien of a prior recorded mortgage held by a mortgagee on the interest of such member, except for the amount of the proportionate share of Common Expenses, which become due and payable from and after the date on which such mortgagee or a purchaser at a foreclosure sale either takes possession of the Property or accepts a conveyance of any interest therein or the date on which said mortgagee causes a receiver to be appointed for the Property.

The Association, or its successors and assigns, or the Board or its agents, shall have the rights to bring an action at law against the Owner of a Lot personally obligated to pay the same or to maintain a suit to foreclose any such lien against the Property, and there shall be added to the amount due the costs of said suit and other fees and expenses, together with interest set forth above and reasonable attorney's fees. Furthermore, if any member shall fail or refuse to pay when due his proportionate share of the Common Expenses and such member withholds possession of his Property, 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 immediate possession of such Property. The Board or the Association shall have the authority to exercise and enforce any and all rights and remedies in the manner prescribed by Article IX of the Illinois Code of Civil Procedure, the Declaration or these Bylaws or as are otherwise available at law or in equity, for the collection of all unpaid assessments.

Section 9. RECORDS AND STATEMENT OF ACCOUNT. The Board shall cause to be kept detailed and accurate records in chronological order of the receipts and expenditures of the Association, specifying and itemizing the Common Expenses incurred. Payment vouchers may be approved in such manner as the Board may determine.

Upon receipt of 10 days written notice to it or to the Association from a member or mortgagee of record and upon payment of a reasonable fee, the Board shall furnish to said member or mortgagee, as the case may be, a statement of the account setting forth the amount of any unpaid assessments or other charges due and owing from said member. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of

Incorporation and these Bylaws shall be available for inspection by any member at the principal office of the Association, where copies shall be available for purchase at reasonable cost.

Section 10. DISCHARGE OF LIENS. The Board may cause the Association to discharge any mechanics Lien or other encumbrance which, in the opinion of the Board, may constitute a lien against the Development or the Common Properties, rather than a lien against only a particular Property. When less than all the members are responsible for the existence of any such lien, the member responsible therefore 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.

Section 11. HOLDING OF FUNDS. All funds collected hereunder shall be held and expended for the purposes designated herein, and (except for such adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held for the sole benefit, use and account of all members equally.

ARTICLE VI

Contractual Powers

No contract or other transaction between the Association and one or more of its Directors or between the Association and any corporation, firm or association in which one or more of the Directors of the 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 the meeting of 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 exist:

- (a) the fact of the common directorship or financial interest is disclosed or known to the Board and noted in the minutes, and the Board 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 a committee thereof which authorizes, approves or ratifies a contract or transaction.

ARTICLE VII

Indemnification

Section 1. GENERAL. The Association shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or

proceeding, whether civil, criminal administrative or investigative (other than an action by or in the right of the Association), by reason of the fact that he or she is or was a Director, an officer of the Association or a member of any committee appointed pursuant to these Bylaws, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by or imposed on him in connection with such action, suit or proceeding provided said person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

The Association shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding by or in the right of the Association to procure a judgment in its favor by reason of the fact that he or she is or was a Director, an officer of the Association or a member of any committee appointed pursuant to these Bylaws, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense of settlement of such action or suit provided said person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Association, except that no indemnification shall be made in respect to any claim, issue or matter as to which such person shall have been adjudged to be liable for gross negligence, willful misconduct or fraud in the performance of his duty to the Association.

Section 2. SUCCESS ON MERITS. To the extent that a Director, an officer of the Association, or a member of any committee appointed pursuant to these Bylaws has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 of this Article VII, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 3. DETERMINATION OF RIGHT TO INDEMNIFY. Any indemnification under Sections 1 and 2 of this Article VII shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the Director or the officer or the member of such committee is proper in the circumstances because he or she has met the applicable standard of conduct set forth in such Sections 1 and 2. Such determination shall be made (1) by the Board by a majority vote of a quorum consisting of those Directors who were not parties to such action, suit or proceeding, or (2) if such quorum is not obtainable, or even if obtainable, if a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion, or (3) by a majority of the members of the Association.

Section 4. ADVANCE PAYMENT. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the Board in the specific case upon receipt of an undertaking by or on behalf of the Director, the officer or the member of such committee to be

indemnified to repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified by the Association as authorized in this Article VII.

Section 5. NON-EXCLUSIVITY. The indemnification provided by this Article VII shall not be deemed exclusive of any other rights to which a person seeking indemnification may be entitled under any statute, agreement, vote of members of the Association or disinterested Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, officer or member of such committee, and shall inure to the benefit of the heirs, executors and administration of any such person.

ARTICLE VIII

Amendments

Except as otherwise provided herein, these Bylaws may be amended or modified from time to time by action or approval of Sixty six percent (66%) of the Owners of Lots. Such amendments shall be recorded in the Office of the Recorder of Deeds of McHenry County, Illinois.

ARTICLE IX

Conflict Between Declaration and Bylaws

In the event of any conflict between any provision of these Bylaws and a provision of the Declaration, the provision of the Declaration shall control.

ARTICLE X

Corporate Seal

The Association may have a seal in circular form having within its circumference the words: TALCOTT GLEN HOMEOWNERS ASSOCIATION.

ARTICLE XI

Fiscal Year

Unless the Board adopts a resolution to the contrary, the fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on March 8, 2002, the date of incorporation.