

STILLING WOODS ESTATES PROPERTY OWNERS ASSOCIATION

BY-LAWS

ARTICLE I

NAME AND LOCATION

The name of the corporation is Stilling Woods Estates Property Owners Association, hereinafter referred to as the “Association.” The principal address of the corporation shall be P.O. Box 972, McHenry, Illinois, 60051, but meetings of members and Directors may be held at such places within the State of Illinois as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. “Association” shall mean and refer to Stilling Woods Estates Property Owners Association, an Illinois not-for-profit corporation, its successors, and assigns.

Section 2. “Subdivision” shall mean and refer to that certain real property described in the Declarations of Covenants, Conditions, and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. “Common Areas” shall mean those portions of the Subdivisions designated as such on the plats of Subdivision for the property and all private streets.

Section 4. “Lot” shall mean and refer to any plot of land shown upon any recorded subdivision map of the Subdivision with the exception of the Common Areas, and streets dedicated to the public.

Section 5. “Owner” shall mean and refer to the record owner, whether one or more persons or entities and including the Developer where applicable, of the fee simple title to any Lot, or portion of any Lot, which is a part of the Subdivision, but shall not mean or refer to the mortgagee unless and until such mortgagee has acquired title pursuant to foreclosure or any proceeding or transfer in lieu of foreclosure.

Section 6. “Declaration” shall mean and refer to the Declaration of Covenants, Conditions, and Restrictions applicable to the Subdivision recorded in the Office of the Recorder Of Deeds, McHenry County, Illinois.

Section 7. “Member” shall mean and refer to those persons entitled to membership as provided in the Declaration.

Section 8. “Common Facilities” shall mean and refer to all buildings, improvements, and fixtures situated on or in the Common Areas and owned by the Association and all personal property owned by the Association.

Section 9. “First Mortgagee” shall mean and refer to those holders of first mortgages on Lots who are defined as being “First Mortgages” in Article I of the Declaration.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Qualifications for Membership. The qualifications for membership in the Association are set out in Section 1 of Article V of the Declaration.

Section 2. Voting Rights of Members. The voting rights of Members and the classes of membership in the Association are set out in section 2 of Article V of the Declaration.

Section 3. Conditions of Continued Membership. The conditions of continued membership are as set forth in Section 3 of Article V of the Declaration.

Section 4. Members Rights of Enjoyment of Common Areas. Each Member shall be entitled to the use and enjoyment of the Common Areas and Common Facilities as provided by the Declaration.

ARTICLE IV

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members following approval of these By-Laws shall be held within one year of the date of approval of these By-Laws. The subsequent regular annual meetings of the members shall be held on the same day of the same month of each year thereafter, or at such other reasonable date planned not more than ten (10) days before or after such date as may be designated by written notice of the Board delivered to the members as provided in Section 3 of this Article. The Notices shall specify the date, time, and place of the meeting.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the president or by the Board of Directors or upon written request of the members who are entitled to vote one-fourth (1/4) of all the votes of the membership.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of the secretary or person authorized to call the meeting, by mailing a copy of such notice postage prepaid, at least 15 days before such meetings to each member

entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the association for the purpose of notice. Such notice shall specify the place, day, and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Notice of all meetings shall also be posted on the Association's website.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, 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.

Section 5. 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. Every proxy shall be revocable and shall automatically expire upon conveyance by the member of his Unit.

ARTICLE V

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of five (5) directors who are members of the Association, or who hold a beneficial interest in a member of the Association.

Section 2. Term of Office. At the first annual meeting following approval of these By-Laws, the voting members shall elect a complete Board of Directors. The three (3) candidates receiving the greatest number of votes shall each serve a two (2)-year term; and the two (2) candidates receiving the next greatest number of votes shall each serve a one (1)-year term. At each annual meeting thereafter the members shall elect that number of Directors whose tenure expires on that date for a term of two (2) years. Each Director shall hold office until his term expires or until his successor shall have been elected and qualified. Directors may succeed themselves in office.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a two-thirds (2/3) majority vote of the members of the Association. In the event of death, resignation, or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE VI

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association who may or may not be Directors. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members of the Association. Nominating Committee shall qualify candidates based on the following criteria: candidates must be members of the Association or hold a beneficial interest in a member of the Association, and the member must be in good standing regarding payment of dues and assessments.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election, the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 3. Continuing Obligations of Board. Within thirty (30) days after the election of the majority of the Board of Directors, the outgoing Board members shall deliver to the newly-elected Board members:

- (a) Original copies of the Declaration, these By-Laws, this Association's Article of Incorporation, and the Association's Minute Book;
- (b) An accounting of all receipts and expenditures made and received on behalf of the Association by the previous Board;
- (c) All Association funds and bank accounts;
- (d) A schedule of all personal property, equipment, and fixtures belong to the Association, including documents transferring the property to the Association, if applicable.

ARTICLE VII

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of directors shall be held at least semi-annually without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be

held as scheduled by the Board of Directors.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors with approval of the President, after not less than three (3) days' notice to each director, provided, however, that attendance or written waiver shall be deemed as conclusive evidence of proper notice.

Section 3. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of a majority of the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

Section 4. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have the power to:

- (a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) suspend the voting rights and the speaking privileges at meetings of the Board of any member who is in default in the payment of dues until such time that the member has paid all delinquent dues and assessments, including any administrative fees associated with the filing and reporting of delinquent accounts;
- (c) exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;
- (d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
- (e) employ a manager, an independent contractor, or such other employees or agents, and to prescribe their duties. Any management contract entered into by the Developer on behalf of the Association shall not bind the Association.

Section 2. Duties. It shall be the duty of the Board of Directors to:

- (a) 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 the annual meeting of the members or any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote;
- (b) supervise all officers, agents, and employees of this Association, and to see that their duties are properly performed;
- (c) as more fully provided in the Declaration, to:
 - (1) fix the amount of any capital contribution called for or the amount of the annual or special assessment against each Unit at least thirty (30) days in advance of the due date of such capital contribution or assessment (or the first installment of either, if such contribution or assessment is to be made in installments);
 - (2) send written notice of each capital contribution or annual or special assessment to every Owner subject thereto at least thirty (30) days in advance of the due date of such capital contribution or assessment (or the first installment of either, if such contribution or assessment is to be made in installments);
 - (3) take all reasonable steps to obtain payment of capital contributions and assessments (or installments of either) which are not paid within thirty (30) days of their due date, including, without limitation (where such action is required in the Board's judgment), enforcing the Association's lien rights against the delinquent Owner's Unit and bringing any legal action against the Owner personally obligated to pay the same, or both; and
 - (4) cause a roster of Lots to be prepared, stating the amount of any capital contributions and the annual and special assessments applicable thereto, on which roster shall be reported each payment of such contributions and assessments when received; such roster to be kept in the office of the Association and to be open to inspection by any Member and any First Mortgagee during regular business hours.
- (d) issue, or cause an appropriate officer or collecting agent designated by the Board to issue, upon demand by any Member or First Mortgagee, a certificate setting forth whether or not all capital contributions and assessments (or installments thereof) against such Unit which are then due and payable have been paid as of the date of such certificate. A reasonable charge may be made by the Board for the issuance of such certificates. If a certificate states that a capital contribution or assessment (or an installment of either) has been paid, such certificate shall be conclusive evidence of such payment;

- (e) cause a roster of First Mortgagees to be prepared and maintained in a current manner, which roster shall contain the names of all First Mortgagees, and the addresses to which notices to such First Mortgagees are to be sent, and shall identify the Lots which are subject to the first mortgages held by such First Mortgagees;
- (f) procure and maintain liability, casualty, and hazard insurance on property owned by the Association, a fidelity bond or insurance policy covering all persons who are responsible for handling the funds of the Association, Directors and officers liability insurance for the Directors and officers of the Association, if available, and such other insurance as the Board of Directors shall deem to be necessary or desirable in carrying out its responsibilities under the Declaration;
- (g) cause all officers or employees having fiscal responsibilities to be bonded or insured, as it may deem appropriate;
- (h) cause the Common Areas and Common Facilities to be maintained, operated, and managed.

ARTICLE IX

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of the Association shall be a president and vice president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The officers shall be elected by majority vote of the directors at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of the Association shall be elected annually by the board and (with the exception of the initial officers who shall serve only until the first meeting of the Board after the first annual meeting of the Members) each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or shall be otherwise disqualified to serve. Nothing in this Section shall be construed to limit the number of terms any officer may serve.

Section 4. Special Appointments. The Board may appoint such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving notice thereof to the Board, the president, or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and the acceptance of such resignation shall not

be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article IX.

Section 8. Duties. The duties of the officers are as follows:

- (a) President. The president shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out, and, upon prior approval by the Board shall have the power to sign all leases, mortgages, deeds, and other written instruments on behalf of the Association, and other written instruments on behalf of the Association, and shall co-sign all checks and promissory notes of the Association with Board approval.
- (b) Vice President. The vice president shall act in the place and stead of the president in the event of his absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board of Directors.
- (c) Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members in books to be kept for that purpose; shall keep the corporate seal of the Association and affix it on all papers requiring said seal; shall serve notice of meetings of the Board of Directors and of the Members; shall keep appropriate current records showing the Members of the Association together with their addresses as registered with him by such Members; and shall perform such other duties as are required by the Board.
- (d) Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, provided, however, that such a resolution shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board of Directors; shall co-sign all checks and promissory notes of the Association, provided that such checks shall also be signed by the treasurer and one other Board member; shall keep proper books of account; shall maintain the roster of assessments referred to in Section 2(c)(4) of Article VIII hereof and the roster of First Mortgagees referred to in Section 2(e) of Article VIII hereof; may cause an annual audit of the Association books to be made by a certified public accountant (and shall cause such an audit and provide an audited financial statement for the preceding fiscal year to all mortgagees who request it); shall make a written report monthly to each Director; shall cause the financial statement of the Association to be delivered to each

Member prior to the annual meeting of the membership; shall prepare an annual budget for the forthcoming fiscal year and submit it for review and adoption by the Board of Directors; and shall deliver a copy of the adopted budget to each Member.

ARTICLE X

COMMITTEES

Section 1. The Association shall appoint an Architectural Review Committee, as provided in the Declaration, and a Nominating Committee, as provided in the By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

Section 2. Additional Committees. The Board may appoint other committees, each of which shall consist of one or more Directors, which committees, to the extent consistent with law, shall have and exercise the authority delegated to it by the Board, but the designation of such committees and delegation thereto of authority shall not operate to relieve the Board or any individual Director of any responsibility imposed upon it by law.

- (a) Term. Each member of a committee shall continue as such until the next annual meeting of the Board and until a successor is appointed, unless the committee shall be sooner terminated, or unless such member shall be removed from such committee, or unless such member shall cease to qualify as a member thereof.
- (b) Chairperson. One member of each committee shall be appointed chairman.
- (c) Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments to such committee.
- (d) Quorum. A majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the whole committee.

ARTICLE XI

BOOKS AND RECORDS

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 the By-Laws of the Association shall be available for inspection by any member from the Secretary of the Association from whom copies may be purchased at reasonable cost.

ARTICLE XII

INDEMNIFICATION

Section 1. The Association shall indemnify the officers and directors of the Association to the full extent permitted or allowed by the laws of the State of Illinois.

Section 2. The Association shall indemnify any person who, by reason of the fact that he is or was an officer or director of the Association, is made a party or is threatened to be made a party to any litigation, claim, suit, action, or other proceeding of any kind, against expenses (including reasonable attorneys fees), liabilities, judgments, costs, fines, penalties, amounts paid in settlement, and other losses, actually and reasonably incurred by him in connection with the defense or settlement thereof, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and if he had no reasonable cause to believe his conduct was unlawful. No indemnification shall be made in respect of any claim or matter as to which such person shall have been adjudged to be liable for gross negligent or willful misconduct in the performance of his duty to the Association.

Section 3. The indemnification provided hereby shall not be deemed exclusive of any other rights to which those seeking indemnification (whether or not they are officers or directors) may be entitled under any law, agreement, vote of members, or directors or otherwise, both as to action in official capacities and as to action in other capacities, and shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors, and administrators of the person being so indemnified.

ARTICLE XIII

ASSESSMENTS

In accordance with the Declaration, the Board shall have the power, duty, and authority to levy assessments. Each Member's obligation to pay to the Association assessments, and the consequences for the non-payment of such assessments, shall be as provided in the Declaration. Special assessments may not be levied for enhancements that are outside of the normal maintenance and operations of the subdivision, unless approved by a majority of a quorum of members present in person or by proxy at a regular or special meeting of the members.

ARTICLE XIV

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words:

STILLING WOODS ESTATES PROPERTY OWNERS ASSOCIATION

ARTICLE XV

AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy.

ARTICLE XVI

MISCELLANEOUS

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation of the Association.

Section 2. Captions. The paragraph captions in these By-Laws, and any Table of Contents, are for convenience only and do not in any way define, limit, describe, or amplify the terms and provisions of these By-Laws or the scope or intent thereof.

Section 3. Inconsistencies Among Documents. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

IN WITNESS WHEREOF, we, being all of the Directors of Stilling Woods Estates Property Owners Association, have hereunto set our hands this ____ day of _____, 20 ____.