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**AMENDED AND RESTATED
DECLARATION OF COVENANTS
AND RESTRICTIONS FOR
OAK TERRACE IMPROVEMENT
ASSOCIATION**

**This document prepared by and after
recording to be returned to:**

PAMELA J. PARK, ESQ.
Kovitz Shifrin Nesbit
750 Lake Cook Road, Suite 350

**AMENDED AND RESTATED DECLARATION OF
OAK TERRACE IMPROVEMENT ASSOCIATION**

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[To be inserted prior to recording]

PREAMBLE

AMENDED AND RESTATED DECLARATION OF COVENANTS AND RESTRICTIONS

This Amended and Restated Declaration of Covenants and Restrictions for Oak Terrace Improvement Association has been approved by two-thirds (2/3) of the Board of Directors (the "Board") pursuant to Section 1-60 of the Illinois Common Interest Community Act.

WITNESSETH:

This Amended and Restated Declaration of Covenants and Restrictions has been approved this ____ day of _____, 2012, by no less than two-thirds (2/3) of the Board of Directors, pursuant to Section 1-60 of the Illinois Common Interest Community Act ("Act");

WHEREAS, Association and its Owners are the legal title holders of certain real property, which real estate is legally described on Exhibit "A" attached hereto and made a part hereof (the "Property"); and

WHEREAS, Declarant seeks to establish by this Declaration of Covenants and Restrictions for Oak Terrace Improvement Association, recorded with Lake County, Illinois ("Original Declaration"), established a plan relating to individual ownership and use of said property, the Homes constructed thereon and ancillary facilities relating thereto; and

WHEREAS, the Original Declaration and By-laws for Oak Terrace Improvement Association subjected the above referenced property to same and specified that the Original Declaration shall constitute covenants to run with the land and shall be binding on all subsequent owners of all or any part of said real property improvements, together with the their grantees, successors, heirs, executors, administrators, devisees or assigns;

NOW, THEREFORE, Association and its Owners hereby declare that the Property shall be held, transferred, conveyed and occupied subject to this Amended and Restated Declaration and the following covenants, conditions, restrictions, easements, assessments, charges and liens which are for the purpose of protecting the value and desirability of, and which shall run with the Property subjected hereto and be binding on and inure to the benefit of any Owner (as hereinafter defined) thereof and to all parties having or acquiring any right, title or interest therein or in any part thereof.

DEFINITIONS

For the purpose of brevity and clarity, certain words and terms used in this Declaration are defined as follows:

- (a) "Act" means the "Common Interest Community Act," as amended from time to time, of the State of Illinois.

(b) "Common Expenses" means the expenses of the administration (including management and professional services) of the Association; the expenses of the operation, maintenance, repair and replacement of the Common Area; the expense of maintenance, repair, replacement of landscaping and other improvements of the Common Area, the cost of general and special real estate taxes, if any, levied or assessed against the Common Area owned by the Association; premiums for insurance policies maintained by the Association hereunder; if not separately metered or charged to the Owners, the cost of waste removal, scavenger services, water, sewer or other necessary utility services to the Homes; any other expenses which are designated as Common Expenses hereunder; and any other expenses lawfully incurred by the Association for the common benefit of all of the Owners.

(c) "Community Areas" means the community area parcels as designated on the Plat of Subdivision.

(d) "Community Instruments" means all documents and authorized amendments thereto recorded by the Association, including, but not limited to, the Declaration, By-Laws, Plat, and rules and regulations.

(e) "Corporation" means the organization developed and created for the efficient preservation of the values and amenities at the Property, to maintain and protect the Community Areas and the improvements thereon, to administer and enforce the covenants, and to collect, account for and disburse the assessments and charges created.

(f) "Declaration" means this Amended and Restated Declaration, and any amendments made thereto.

(g) "Home" means a single-family residence constructed upon a Lot in the Oak Terrace Improvement Subdivision.

(h) "Lot" or "Lots" means the property consisting of an individual residential parcel owned by an Owner in fee simple.

(i) "Lot Owner" or "Owner" means each and all persons who have title to a Lot.

(j) "Management Company or Community Association Manager" means a person, partnership, corporation, or other legal entity entitled to transact business on behalf of others, acting on behalf of or as an agent for an Association for the purpose of carrying out the duties, responsibilities, and other obligations necessary for the day to day operation and management of any property subject to this Act.

(k) "Occupant" means a person, or persons, other than a Lot Owner, in possession of one or more Lots.

(l) "Person" means a natural individual, corporation, partnership, Trustee or other legal entity capable of holding title to real property.

(m) "Plat" means a plat or plats of survey of the Property and of all Lots submitted to the provisions of the Act, which may consist of a three-dimensional horizontal and vertical delineation of all such Lots incorporated herein by reference only.

(n) "Prescribed delivery method" means mailing, delivering, posting in an Association publication that is routinely mailed to all Owners, or any other delivery method that is approved in writing by the Owners.

(o) "Property" means all the land, property and space submitted to this Declaration, all improvements and structures erected, constructed or contained therein or thereon, including the building and all easements, rights, and appurtenances belonging thereto, and all fixtures and equipment intended for the mutual use, benefit or enjoyment of the Lot Owners, submitted to the provisions of the Act.

(p) "Record" means to record in the office of the Recorder or, whenever required, to file in the office of the Registrar of Titles of the county wherein the property is located.

(q) "Reserves" means those sums paid by Owners which are separately maintained by the Association for purposes specified by the Declaration and By-Laws of the Association.

(r) "Voting Member" means the person entitled to exercise all voting power with respect to each Home. In the event there is more than one Owner for any one Home, votes and rights of use and enjoyment shall be as provided herein. The vote for such Member shall be exercised as the Owners of that Home among themselves determine, but in no event shall more than one vote be cast with respect to any one Home. In the event said persons or entities holding an interest in any one Home cannot agree among themselves, the Corporation may not consider anything less than a whole vote per Member. Said undecided vote shall be counted towards quorum only.

Article I **Membership**

Section 1. Definition of Members.

A. A member is the legal titleholder to a parcel within the Oak Terrace subdivision as set forth in the Fremont Township County Assessors register.

B. A member in good standing is the legal titleholder to a parcel within the Oak Terrace subdivision as set forth in the Fremont Township County Assessors register who is current in the payment of any and all dues and assessments required by the Association.

C. A member not in good standing is a member who is in default in any manner as to dues and assessments required by the Association.

Section 2. Rights and Obligations of Members.

- A. Members in good standing shall have the right to vote at the annual meeting and serve as Officers and Directors of the Association. Those members in good standing shall also have a right to the utilization of the common properties, including parks and beaches, owned by the Association.
- B. Members not in good standing shall not have the right to vote at the annual meeting nor act as Officer or Director of the Association or to utilize the common areas, including parks and beaches, owned by the Association.
- C. If member property is in joint tenancy, both or all owners may attend all meetings of members, but only one vote may be cast for each parcel of such property owned by such owners.

Article II
Board of Directors

Section 1. Annual Meeting.

- A. There shall be an annual election of the board of directors from among the membership. The annual meeting of the members shall be held on the first Thursday of November each year, at the hour of 7 p.m., for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day. If the election of Directors shall not be held on the day designated herein for the annual meeting, or at any continuation thereof, the Board of the Directors shall cause the election to be held at a special meeting of the members as soon thereafter as is conveniently possible.
- B. If no election is held to elect board members within the time period specified in the bylaws, or within a reasonable amount of time thereafter not to exceed 90 days, then 20% of the members may bring an action to compel compliance with the election requirements specified in the bylaws. If the court finds that an election was not held to elect members of the board within the required period due to the bad faith acts or omissions of the board of directors, the Owners shall be entitled to recover their reasonable attorney's fees and costs from the Association. If the relevant notice requirements have been met and an election is not held solely due to lack of a quorum, then this subsection (B) does not apply.

Section 2. Number, Tenure and Qualifications. The number of Directors of the Association shall be eleven. Directors shall be elected from the members in good standing of the Association. Each Director shall hold office for the term for which (s)he is elected or until his/her successor shall have been elected and qualified. The term of office shall be for a period of two years. Board members may succeed themselves. Five Directors shall be elected in odd-numbered years and six Directors shall be elected in even-numbered years.

Section 3. Compensation. The members of the board shall serve without compensation.

Section 4. Voting.

A. Each member in good standing shall be entitled to one vote upon each matter submitted to vote at a meeting of the members in accordance with the ownership interest of that member (i.e. if a member owns more than one parcel, the member shall be entitled to one vote for each parcel for which (s)he is in good standing.

B. A member may vote:

(i) By proxy executed in writing by the member or by his or her duly authorized attorney in fact, provided, however, that the proxy bears the date of execution, Unless the community instruments or the written proxy itself provide otherwise, proxies will not be valid for more than 11 months after the date of its execution; or

(ii) By submitting an Association-issued ballot in person at the election meeting; or

(iii) By submitting an Association-issued ballot to the Association or its designated agent by mail or other means of delivery specified in the declaration or bylaws.

Section 5. The Association may, upon adoption of the appropriate rules by the board, conduct election by secret ballot, distributed by the Association, whereby the voting ballot is marked only with the voting interest for the member and the member issuing a proxy or casting a ballot. A candidate for election to the board or such candidate's representative shall have the right to be present at the counting of ballots at such election.

Section 6. Upon proof of purchase, the purchaser of a Home from a seller pursuant to an installment contract for purchase shall, during such times as he or she resides in the Home, be counted toward a quorum for purposes of election of members of the board at any meeting of the membership called for purposes of electing members of the board, shall have the right to vote for the members of the board of the common interest community Association and to be elected to and serve on the board unless the seller expressly retains in writing any or all of such rights.

Article III

Board Duties and Obligations; Records

Section 1. General Powers. The Board of Directors shall manage the business and affairs of the Association. The Board of Directors is empowered to assess and collect all dues from the members of the Association. The Board of Directors shall have the power to seek Court enforcement of all rules, regulations and provisions set forth in the By-laws of the Oak Terrace Improvement Association. Any failure of the Board of Directors to enforce all rules, regulations and provisions set forth in the By-laws of the Oak Terrace Improvement Association does not in any way make them void or create a waiver of right to do so thereafter.

A. Contracts. The Board of Directors may authorize any Officer or Officers, agent or agents, 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 general or confined to specific instances.

B. Loans. No loan(s) shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in the name of the Oak Terrace Improvement Association unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

C. Checks and Drafts and Expenditures. 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 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 of Directors. Signatures from the President and the Treasurer are required on any check or draft. A financial annual report must be presented at the annual meeting of the members.

D. Deposits. 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 of Directors may select.

E. Sale of Property. All properties owned by Oak Terrace Improvement Association shall require 100% approval of all its members in order to consummate a sale of said property.

Section 2. The Board shall meet at least 4 times annually.

Section 3. A member of the board of directors may not enter into a contract with a current board member, or with a corporation or partnership in which a board member or a member of his or her immediate family has 25% or more interest, unless notice of intent to enter into the contract is given to Owners within 20 days after a decision is made to enter into the contract and the Owners are afforded an opportunity by filing a petition, signed by 20% of the membership, for an election to approve or disapprove the contract; such petition shall be filed within 20 days after such notice and such election shall be held within 30 days after filling the petition. For purposes of this subsection, a board member's immediate family means the board member's spouse, parents, and children.

Section 4. Management

A. The Board may engage the services of a manager or management company.

B. Any management company holding reserve funds of the Association shall at all times maintain a separate account for the Association, unless by contract the Board authorizes the management company to maintain Association reserves in a single account with other Associations for investment purposes. With the consent of the Board, the management company may hold all operating funds of Associations which it manages in a single operating account, but shall at all times maintain records identifying all moneys

of each Association in such operating Account. Such operating and reserve funds held by the management company for the Association shall not be subject to attachment by any creditor of the management company. The funds shall not, in any event, be commingled with funds of the management company, the firm of the management company, or any other Association. The maintenance of these accounts shall be custodial, and the accounts shall be in the name of the respective Association.

Section 5. The Board shall have the power, after notice and an opportunity to be heard, to levy and collect reasonable fines from Owners for violations of the declaration, by-laws, and rules and regulations of the Association.

Article IV **Insurance and Condemnation**

Section 1. Condemnation Awards. If any portion of the Common Area shall become the subject of any condemnation proceeding, the Board is authorized to retain legal representation in connection therewith, and such related expenses and fees shall be a Common Expense. Any compensation or award received by the Association in connection with such proceeding shall first be applied to restore or reconstruct that portion of the Common Area effected. If the Board shall determine that such restoration or reconstruction is undesirable or unfeasible, and the amount of the award is in excess of \$2,500.00; or if there shall be funds in excess of such fees, restoration or reconstruction costs in an amount of \$2,500.00 or more, then, in either event, the available proceeds shall be distributed or applied in such manner as shall be agreed upon by the Board and seventy-five percent (75%) of the institutional holders of first mortgage liens against the Homes subject to the terms of this Declaration.

Section 2. Fidelity Insurance. The Association shall obtain and maintain fidelity insurance covering persons who control or disburse funds of the Association for the maximum amount of coverage that is commercially available or reasonably required to protect funds in the custody or control of the Association plus the Association reserve fund. All management companies which are responsible for the funds held or administered by the Association shall maintain and furnish to the Association a fidelity bond for the maximum amount of coverage that is commercially available or reasonably required to protect funds in the custody of the management company at any time. The Association shall bear the cost of the fidelity insurance and fidelity bond, unless otherwise provided by contract between the Association and a management company.

Article V **Assessments**

Section 1. Maintenance Assessments. Each Owner shall receive through a prescribed delivery method, at least 30 days but not more than 60 days prior to the adoption thereof by the board, a copy of the proposed annual budget together with an indication of which portions are intended for reserves, capital expenditures or repairs or payment of real estate taxes. The Association's Board of Directors shall set the annual dues assessment and the share each property owner shall pay for the expenses of the maintenance, repair, replacements, taxes, administration and operation of the Association's affairs. All such assessments, together with interest, costs and reasonable attorney's fees, shall be the personal obligation of the person who

is the owner of the property at the time the assessment fell due, such obligation shall pass to his successor in title if unpaid.

Section 2. Purpose and Use of Assessments. All assessments levied by the Board shall be for the primary purpose of insuring the high standards of maintenance and operation of the Association as so determined within the complete discretion of the Board of Directors.

Section 3. Allocation of Assessments. The annual dues assessments set by the Board of Directors shall be uniform for all Lots in the Association. The Board shall set the amount and the due date for the payment of dues. Owners shall be notified in December of each year of the next year's assessment and the due date for payment thereof. The Association shall on demand furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A reasonable charge may be set by the Board for the issuance of such a certificate. Such certificate shall be conclusive evidence to persons relying thereon of payment of the assessment therein stated to be paid.

Section 4. If an adopted budget or any separate assessment adopted by the Board would result in the sum of all regular and separate assessments payable in the current fiscal year exceeding one hundred fifteen percent (115%) of the sum of all regular and separate assessments payable during the preceding fiscal year, the Association, upon written petition by Owners with twenty percent (20%) of the votes of the Association delivered to the Board within fourteen (14) days of the Board action, shall call a meeting of the Owners within thirty (30) days of the date of delivery of the petition to consider the budget or separate assessment; unless a majority of the total votes of the Owners are cast at the meeting to reject the budget or separate assessment, it shall be deemed ratified.

- (i) Any common expense not set forth in the budget or any increase in assessments over the amount adopted in the budget shall be separately assessed against all Owners.
- (ii) Separate assessments for expenditures relating to emergencies or mandated by law may be adopted by the Board without being subject to Owner approval or the provisions of this Section. As used herein, "emergency" means an immediate danger to the structural integrity of the common areas or to the life, health, safety, or property of the Owners.
- (iii) Assessments for additions and alterations to the common areas or to Association-owned property not included in the adopted annual budget, shall be separately assessed and are subject to approval of two-thirds (2/3) of the total members at a meeting called for that purpose.

Section 5. Non-Payment of Assessments. Any assessment which is not paid on the due date shall be delinquent. Such delinquency shall be a continuing lien and an equitable charge running with the land touching and concerning said Lot so assessed, held by then Owner or Owners, his heirs, devisees, personal representative, assigns, successors and grantees.

Should title to any Lot be held by more than one Owner all Owners shall be jointly and severally liable. The Lien shall attach to all rents due from parties in possession of any Lot on which a

delinquent assessment exists, provided that it shall be subordinate to an assignment of rents held by a mortgagee when delivered with a first mortgage loan to purchase the Lot.

Should any assessment remain unpaid for thirty (30) days after it became delinquent, such delinquency shall bear interest at the maximum rate allowed for unsatisfied judgments under the laws of the State of Illinois.

The Association may recover any delinquent assessment by bringing an action at law or equity against the then Owner personally obligated to pay same or foreclose the Lien against the Lot. Such recovery shall include interest, costs and reasonable attorney's fees incurred in connection with any such action.

Section 6. Other than attorneys' fees and court costs, no fees pertaining to the collection of an Owner's financial obligation to the Association, including fees charged by a manager or managing agent, shall be added to and deemed a part of an Owner's respective share of the common expenses unless. (i) the managing agent fees relate to the costs to collect common expenses for the Association; (ii) the fees are set forth in a contract between the managing agent and the Association; and (iii) the authority to add the management fees to an Owner's respective share of the common expenses is specifically stated in the declaration or bylaws of the Association.

Section 7. The board shall provide all Owners a reasonable detailed summary of the receipts, common expenses, and reserves for the preceding budget year. The board shall (i) make available for review to all Owners an itemized accounting of the common expenses for the preceding year actually incurred or paid, together with an indication of which portions were for reserves, capital expenditures or repairs or payment of real estate taxes and with a tabulation of the amounts collected pursuant to the budget or assessment, and showing the net excess or deficit of income over expenditures plus reserves or (ii) provide a consolidated annual independent audit report of the financial status of all fund accounts with the Association.

Article VI

Resale and Records

Section 1. Resale. In the event of any sale of a Lot by an Owner, such Owner shall obtain from the Board and shall make available for inspection to the prospective purchaser, upon demand the following:

- (a) A copy of the Amended and Restated Declaration, Amended and Restated By-Laws and any Rules and Regulations.
- (b) A statement of any liens, assessments due or other charges due and owing.
- (c) A statement of any capital expenditures anticipated by the Association within the current or succeeding two fiscal years.
- (d) A statement of the status and amount of any reserve or replacement fund or any portion of such fund earmarked for any specified project by the Board.

- (e) A copy of the statement of financial condition of the Association for the last fiscal year for which such statement is available.
- (f) A statement of the status of any pending suits or judgments in which the Association is a party.
- (g) A statement setting forth what insurance coverage is provided for all Owners by the Association.

The President of the Association or such other officer as is specifically designated shall furnish the above information when requested to do so in writing and within thirty (30) days of the request. A reasonable fee covering the direct out-of-pocket cost of providing such information and copying may be charged by the Association or the Board to the seller for providing such information.

Section 2. Records of the Association.

A. The Board shall keep and maintain the following records or true and complete copies of these records, at the Association's principal office:

- (i) the Association's Amended and Restated Declaration, Amended and Restated By-Laws, and plats of survey, and all amendments of these;
- (ii) the Rules and Regulations of the Association, if any;
- (iii) the Articles of Incorporation of the Association and all amendments to the Articles of Incorporation;
- (iv) minutes of all meetings of the Association and the Board of Directors for the immediately preceding seven (7) years;
- (v) all contracts, leases, and other agreements then in effect to which the Association is a party or under which the Association or the Owners have obligations or liabilities;
- (vi) ballots and proxies related to ballots for all matters voted on by the members of the Association during the immediately preceding twelve (12) months, including but not limited to the election of members of the Board of Directors; and
- (vii) the books and records of account for the Association's current and ten (10) immediately preceding fiscal years, including but not limited to itemized and detailed records of all receipts and expenditures.

B. Any member of the Association shall have the right to inspect, examine, and make copies of the records described in subdivisions (i) – (vii) of Subsection A of this

Section, in person or by agent, at any reasonable time or times, at the Association's principal office. In order to exercise this right, a member must submit a written request to the Board of Directors or its authorized agent, stating with particularity the records sought to be examined.

C. Except as otherwise provided in Subsection D of this Section, any member of Association shall have the right to inspect, examine, and make copies of the records described in subdivision (vii) of Subsection A of this Section, in person or by agent, at any reasonable time or times but only for a proper purpose, at the Association's principal office. In order to exercise this right, a member must submit a written request, to the Board or its authorized agent, stating with particularity the records sought to be examined and a proper purpose for the request.

D. The actual cost to the Association of retrieving and making requested records available for inspection and examination under this Section shall be charged by the Association to the requesting member. If a member requests copies of records requested under this Section, the actual costs to the Association of reproducing the records shall also be charged by the Association to the requesting member.

E. Notwithstanding the provisions of Subsection C of this Section, unless otherwise directed by court order, the following records are not available to inspection, examination, or copying by members:

- (i) documents relating to appointment, employment, discipline, or dismissal of Association employees;
- (ii) documents relating to actions pending against or on behalf of the Association or the Board of Directors in a court or administrative tribunal;
- (iii) documents relating to actions threatened against, or likely to be asserted on behalf of, the Association or the Board of Directors in a court or administrative tribunal;
- (iv) documents relating to common expenses or other charges owed by a member other than the requesting member; and
- (v) documents provided to the Association in connection with the lease, sale, or other transfer of a Home by a member other than the requesting member.

Article VII

Use and Occupancy Restrictions

Section 1. Flags.

A. Notwithstanding any provision in the Declaration, By-Laws, Community Instruments, rules, regulations, or agreements or other instruments of Association or the Board's construction of any of those instruments, a Board may not prohibit the display of

the American flag or a Military flag, or both, on or within the Limited Common Areas and facilities of an Owner or on the immediately adjacent exterior of the building in which the Home of an Owner is located. The Board may adopt reasonable rules and regulations, consistent with Sections 4 through 10 of Chapter 1 of Title 4 of the United States Code, regarding the placement and manner of display of the American flag and the Board may adopt reasonable rules and regulations regarding the placement and manner of display of a Military flag. The Board may not prohibit the installation of a flagpole for the display of the American flag or a Military flag, or both, on or within the Limited Common Areas and facilities of an Owner or on the immediately adjacent exterior of the building in which the Home of an Owner is located, but the Board may adopt reasonable rules and regulations regarding the location and size of flagpoles.

B. As used in this Section:

"American flag" means the flag of the United States (as defined in Section 1 of Chapter 1 of Title 4 of the United States Code and the Executive Orders entered in connection with that Section) made of fabric, cloth, or paper displayed from a staff or flagpole or in a window, but "American flag" does not include a depiction or emblem of the American flag made of lights, paint, roofing, siding, paving materials, flora, or balloons, or any other similar building, landscaping, or decorative component.

"Military flag" means a flag of any branch of the United States armed forces or the Illinois National Guard made of fabric, cloth, or paper displayed from a staff or flagpole or in a window, but "Military flag" does not include a depiction or emblem of a Military flag made of lights, paint, roofing, siding, paving materials, flora, or balloons, or any other similar building, landscaping, or decorative component.

Signed and Acknowledged this ____ day of _____, 20____.

being at least two-thirds (2/3) of the
Board of Directors of the Oak Terrace
Improvement Association

**OAK TERRACE IMPROVEMENT ASSOCIATION
AMENDED AND RESTATED BY-LAWS**

**ARTICLE I
THE CORPORATION**

Section 1. Name of Association. The name of this Association shall be The Oak Terrace Improvement Association, hereafter referred to as the Association.

Section 2. Principal Offices. The principal office of the Association in the State of Illinois shall be located in Oak Terrace Subdivision, Mundelein, Illinois. The Association may have such other offices, either within or without the State of Illinois, as the business of the Association may require from time to time.

Section 3. Registered Offices. The registered office of the Association required by law to be maintained in the State of Illinois may, but need not, be identical with the principal office in the State of Illinois, and the address of the registered office may be changed from time to time by the Board of Directors.

**ARTICLE II
MEMBERSHIP**

Section 1. Definition of Members

A. A member is the legal titleholder to a parcel within the Oak Terrace subdivision as set forth in the Fremont Township County Assessors register.

B. A member in good standing is the legal titleholder to a parcel within the Oak Terrace subdivision as set forth in the Fremont Township County Assessors register who is current in the payment of any and all dues and assessments required by the Association.

C. A member not in good standing is a member who is in default in any manner as to dues and assessments required by the Association.

Section 2. Rights and Obligations of Members

A. Members in good standing shall have the right to vote at the annual meeting and serve as Officers and Directors of the Association. Those members in good standing shall also have a right to the utilization of the common properties, including parks and beaches, owned by the Association.

C. Members not in good standing shall not have the right to vote at the annual meeting nor act as Officer or Director of the Association or to utilize the common areas, including parks and beaches, owned by the Association.

D. If member property is in joint tenancy, both or all owners may attend all meetings of members, but only one vote may be cast for each parcel of such property owned by such owners.

E. The payment of all dues and assessments must be made within thirty (30) calendar days of invoice, and a member ceases to be a member in good standing if payment is not made within sixty (60) calendar days of notice of unpaid dues and assessments, which notice shall be given within the first thirty (30) day period of non-payment.

ARTICLE III

MEETINGS OF THE MEMBERS

Section 1. Annual Meeting. The annual meeting of the members shall be held on the first Thursday of November each year, at the hour of 7 p.m., for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day. If the election of Directors shall not be held on the day designated herein for the annual meeting, or at any continuation thereof, the Board of the Directors shall cause the election to be held at a special meeting of the members as soon thereafter as is conveniently possible.

If no election is held to elect Board members within the time period specified herein, or within a reasonable amount of time thereafter not to exceed ninety (90) days, then twenty percent (20%) of the members may bring an action to compel compliance with the election requirements specified in the By-Laws. If the court finds that an election was not held to elect members of the Board within the required period due to the bad faith acts or omissions of the Board, the Owner shall be entitled to recover their reasonable attorneys' fees and costs from the Association. If the relevant notice requirements have been met and an election is not held solely to a lack of a quorum, then this Section does not apply.

Section 2. Special Meetings. Special meetings of the members may be called by the President, by the Board of Directors, or by not less than one-fifth of all of the members in good standing of the Association making written petition for such meeting.

Section 3. Place of Meeting. The Board of Directors may designate any place within the county of Lake in the State of Illinois as the place for any annual meeting of the members or for any special meeting of the members called by the Board of Directors. A waiver of notice signed by all members may designate any place within the State of Illinois as the place for the holding of such meeting. If no designation is made, or if a special meeting of the members is otherwise called, the place of meeting shall be the registered office of the Association in the State of Illinois except as otherwise provided in these By-laws.

Section 4. Notice of Meeting. Written or printed notice stating the place, date and hour of the meeting of the members and, in case of a special meeting of the members, the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than thirty days before the date of the meeting, either personally, by mail, or by prescribed mail, to each member by or at the direction of the President of the Secretary or the Office or persons calling

the meeting,. If mailed, such notice will be deemed to be delivered when deposited in the United States mail in a sealed envelope addressed to the member at his/her address as it appears on the records of the Association, with proper postage thereon affixed.

Section 5. Quorum. One-tenth of the members in good standing, represented in person or by proxy, shall constitute a quorum at any meeting of members, provided that if less than one-tenth of the membership is represented at said meeting, a majority of the membership so represented may continue the meeting to a future date, time and place without further formal notice.

Section 6. Proxies. At all meetings of the members, a member may vote by proxy executed in writing, or executed by his/her duly authorized attorney-in-fact. Such proxy shall be filed with the Secretary of the Association before or at the time of the meeting.

Section 7. Voting. Each member in good standing shall be entitled to one vote upon each matter submitted to vote at a meeting of the members in accordance with the ownership interest of that member (i.e. if a member owns more than one parcel, the member shall be entitled to one vote for each parcel for which (s)he is in good standing. The voting of a member may be in person or by proxy. Proxy, to be valid, must be given in writing and in accordance with the form set forth herein, and incorporated hereby, as Exhibit "A." The proxy must be submitted prior to the time of voting to the Association Secretary.

ARTICLE IV **BOARD OF DIRECTORS**

Section 1. General Powers. The Board of Directors shall manage the business and affairs of the Association. The Board of Directors is empowered to assess and collect all dues from the members of the Association. The Board of Directors shall have the power to seek Court enforcement of all rules, regulations and provisions set forth in the By-laws of the Oak Terrace Improvement Association. Any failure of the Board of Directors to enforce all rules, regulations and provisions set forth in the By-laws of the Oak Terrace Improvement Association does not in any way make them void or create a waiver of right to do so thereafter.

Section 2. Number, Tenure and Qualifications. The number of Directors of the Association shall be eleven. Directors shall be elected from the members in good standing of the Association. Each Director shall hold office for the term for which (s)he is elected or until his/her successor shall have been elected and qualified. The term of office shall be for a period of two years. Board members may succeed themselves. Five Directors shall be elected in odd-numbered years and six Directors shall be elected in even-numbered years.

Section 3. Regular Meetings.

A. The Board shall meet at least four times annually. A regular meeting of the Board of Directors shall give the Owners notice of all board meetings at least 48 hours prior to the meeting by sending notice by using a prescribed delivery method or by posting copies of notices of meetings in entranceways or other conspicuous place in the common areas of the common interest community at least 48 hours prior to the meeting except where there is no common entranceway for 7 or more Homes, the board may designate

one or more locations in the proximity of these Homes where the notices of meetings shall be posted. The board shall give Owners notice of any board meeting, through a prescribed delivery method, concerning the adoption of (i) the proposed annual budget, (ii) regular assessments, or (iii) a separate or special assessments within 10 to 60 days prior to the meeting.

B. Meetings of the board shall be open to any Owner, except for the portion of any meeting held (i) to discuss litigation when an action against or on behalf of the particular Association has been filed and is pending in a court or administrative tribunal, or when the Association finds that such action is probable or imminent, (ii) to consider third party contracts or information regarding appointment, employment, or dismissal of an employee, or (iii) to discuss violations of rules and regulations of the Association or a Owner's unpaid share of common expenses. Any vote on these matters shall be taken at a meeting or portion thereof open to any Owner.

C. The Board must reserve a portion of the meeting of the board for comments by Owners; provided, however, the duration and meeting order for the Owner comment period is within the sole discretion of the board.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of, the President, any six Directors or by 25% of the members of the board. The person or persons authorized to call special meetings of the Board of Directors may fix any place within the county of Lake in the State of Illinois as the place for holding any special meeting of the Board of Directors called by them.

Section 5. Notice. Notice of any special meeting of the Board of Directors shall be given at least forty-eight hours notice to each director by written notice delivered personally, or mailed to each Director at his/her address as shown on the books of the Association or through a prescribed delivery method. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with the proper postage thereon affixed. Any Director may waive his/her notice of any special 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 of Directors need be specified in the notice or waiver of notice of such meeting.

Section 6. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors provided that if less than a majority of the Directors are present at said meeting, a majority of the Directors present may continue the meeting to a future date, time and place without further formal notice.

Section 7. Manner of Acting. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, and binding on the Oak Terrace Improvement Association and its members.

Section 8. Vacancies. Any vacancy occurring on the Board of Directors may be filled by a two-thirds vote of the remaining board members until the next annual meeting of the membership or until members holding 20% of the votes of the Association request a meeting of the members shall be called for purposes of filling a vacancy on the board no later than 30 days following the filing of a petition signed by membership holding 20% of the votes of the Association requesting such a meeting.

Section 9. Beach Committee. The Board of Directors shall appoint a Beach Committee which will be responsible for each related matter, including, but not limited to legal issues and state and federal requirements relating to the maintenance and upkeep of the beach, enforcement of beach safety rules, beach use rules and closing hours. The Beach Committee shall propose, the Board of Directors may adopt, any and all rules and regulations relating to the use of the beach area(s) owned by the Association.

Section 10. Indemnification. The Association shall indemnify and hold harmless any and all of the Directors, Officers and Beach Committee members, for any acts or omissions performed within the scope of their authority.

Section 11. 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. A member of the Board may not enter into a contract with a current Board member, or with a corporation or partnership in which a Board member or a member of his or her immediate family has twenty-five percent (25%) or more interest, unless notice of intent to enter into the contract is given to Owners within twenty (20) days after a decision is made to enter into the contract and the Owners are afforded an opportunity by filing a petition, signed by twenty percent (20%) of the membership, for an election to approve or disapprove the contract; such petition shall be filed within twenty (20) days after such notice and such election shall be held within thirty (30) days after filing the petition. For purposes of this subsection, a Board member's immediate family means the Board member's spouse, parents, and children.

Section 12. Removal and Termination. Two-thirds of the membership may remove a board member as a director at a duly called special meeting.

ARTICLE V

OFFICERS

Section 1. Number. The officers of the Association shall be a President, Vice-President, a Secretary, a Treasurer and such other officers as may be elected in accordance with the provisions of this article. The Board of Directors, by resolution, may create the offices of Assistant Treasurer and Assistant Secretary, who shall be elected by the Board of Directors. The same person, or persons of the same household, may not hold any two or more offices.

Section 2. Election and Term of Office. The Board of Directors shall hold an election to fill any vacant or expired officer position(s) of the Association from the membership of the Board of Directors at the first meeting of the new Board of Directors immediately following the meeting. If the election of offices shall not be held at such meeting, such election shall be held as soon

thereafter as is convenient. Vacancies may be filled, or new offices created and filled, at any meeting of the Board of Directors. Each Director shall hold office until his/her successor shall have been duly elected and shall have qualified or until (s)he shall resign or shall have been removed in the manner hereinafter provided. The term of office shall be for a period of two years, commencing with the annual meeting.

Section 3. Removal. Any officer elected or appointed by the Board of Directors, may be removed by a majority vote of the Board of Directors whenever, in its judgment, the best interests of the Association would be served thereby.

Section 4. Vacancies. A vacancy in any office due by death, resignation, removal, disqualification or otherwise of an Officer, may be filled by the Board of Directors for the remaining portion of the term.

Section 5. President. The President shall be the principal executive office of the Association and shall, in general, supervise and control all of the business and affairs of the Association. (S)he shall preside at all meetings of the membership and Board of Directors. (S)he may sign, the Secretary or any other proper Officer of the Association thereunto authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors have authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-laws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and, in general, shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. Vice-President. In the absence of the President or in the event of his/her inability or refusal to act, the Vice-President shall perform the duties of the President, and, when so acting, shall have all the powers of, and be subject to, all the restrictions upon the President; and shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 7. Treasurer. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his/her duties in such sum and with such surety or sureties, as the Board of Directors shall determine. (S)he shall: (a) have charge and custody of, and be responsible for, all funds and securities of the Association, received and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies or other depositories as shall be selected by the Board of Directors; (b) in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 8. Secretary. The Secretary shall: (a) keep the minutes of the meetings of the members and of the Board of Directors, in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these By-laws or as required by law; (c) be custodian of the Association records and of the seal of the Association and see that seal of the Association is affixed to all documents, the execution of which on behalf of the Association under its seal is duly authorized; (d) keep a register of the Post Office address of

each member, which shall be furnished to the Secretary by such member; (e) and in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by him by the President or by the Board of Directors.