

Attachment "A" to
Directors' Consent to Action in Lieu
Of Meeting dated November 12, 2008

BY-LAWS

**THE BY-LAWS OF
BOULDER RIDGE HOMEOWNERS' ASSOCIATION
an Illinois not-for-profit corporation**

ARTICLE I

Name of Corporation

1.01 **NAME OF CORPORATION**: The name of this corporation is Boulder Ridge Homeowners' Association.

ARTICLE II

Purpose and Powers

2.01 **PURPOSES**: The purposes of this Association are to act on behalf of its members collectively, as their governing body for civic functions and other purposes, with respect to the preservation, care, maintenance, replacement, improvement, enhancement, operation and administration of both real and personal property and for the promotion of the health, safety and welfare of the members of the Association, all on a not-for-profit basis.

2.02 **POWERS**: The Association shall have and exercise all powers as are now or may hereafter be granted by the General Not For Profit Corporation Act of the State of Illinois, the Owners Certificate and Covenants applicable to the subdivision ("Covenants") and these By-Laws.

2.03 **PERSONAL APPLICATION**: All present or future Owners, tenants, future tenants, and their agents and employees, and any other person that might use the facilities of the subdivision in any manner, shall be subject to the provisions of the Covenants and these By-Laws. The acquisition or rental of a dwelling unit or the act of occupancy of a dwelling unit will signify that the Covenants and these By-Laws are accepted, ratified and will be complied with.

ARTICLE III

Offices

3.01 **REGISTERED OFFICE**: The Association shall have and continuously maintain in this state a registered office and a registered agent whose office is identical with such registered office, and may have other offices within or without the State of Illinois as the Board may from time to time determine.

3.02 **PRINCIPAL OFFICE**: The Association's principal office shall be maintained on the property, at the office of the managing agent engaged by the Association, or such other place as is designated by the Board of Directors.

ARTICLE IV

Meetings of Members

4.01 **VOTING RIGHTS**: The Association shall have one class of membership. Only members in good standing shall be permitted to vote. A member in good standing is an Owner who is current in the payment of all charges to the Association, including assessments, fees, costs or fines and is not a plaintiff in litigation filed against the Association. There shall be one individual with respect to each Dwelling unit who shall be entitled to vote at any meeting of the Owners (the "Voting Member"). If the Owner of a Dwelling unit is one individual, then such individual shall be the Voting Member. If the Record ownership of a Dwelling unit shall be in more than one individual or if the Owner is a trustee, corporation, partnership or other legal entity, then the Voting Member shall

be designated by the Owner or Owners in writing to the Board, and if in the case of multiple individual Owners no designation is given, then the Board may, at its election, recognize an individual Owner of the Dwelling unit as the Voting Member for such Dwelling unit. Any or all Owners may be present at any meeting of the Owners, but the voting rights shall be vested exclusively in the Voting Members; provided, however, that a Voting Member may vote either in person or by proxy executed in writing by the Voting Member or his duly authorized attorney-in-fact and filed with the secretary before the meeting. All elections for the Board of Directors shall be by secret ballot. No proxy shall be valid after eleven (11) months from the date of its execution. Commencing with the next annual meeting and any annual meeting or meeting of members where a vote is taken, mail-in election procedures are deemed legal and in effect and the Board of Directors may adopt rules to that effect. Each Voting Member shall have one vote for each Dwelling unit which he represents.

4.02 PLACE OF MEETING; QUORUM: Meetings of the Owners shall be held at such place in the County in which the subdivision is located, as determined by the Board, and be designated in any notice of a meeting. All meetings shall be conducted in accordance with the rules and provisions of parliamentary procedure. Voting Members holding ten percent (10%) of the votes, represented in person or by proxy, shall constitute a quorum. The vote of a majority of the votes entitled to be cast by the Voting Members present or represented by proxy at a meeting at which a quorum is present, shall be necessary for the adoption of any matter voted upon by the Voting Members, unless a greater proportion is required by the Act, the Covenants or these By-Laws. The affirmative vote of two-thirds (2/3) of all voting members shall be required for the following actions:

- (a) Merger or consolidation of the Association; and
- (b) Sale, lease, exchange, mortgage, pledge or other disposition of all, or substantially all of the property and assets of the Association (excluding the securing of a loan for common area maintenance).

4.03 ANNUAL MEETING OF THE OWNERS: There shall be an annual meeting of the Owners on the property or at such other location designated by the Board of Directors each year, in the month of June of each year, or such time and date as the Board shall deem appropriate.

4.04. SPECIAL MEETINGS: Special meetings of the Owners may be called at any time for the purpose of considering matters which, by the terms of the Covenants and these By-Laws require the approval of all or some of the Voting Members or for any other reasonable purpose. Said meetings shall be called by written notice, authorized by the President, a majority of the Board or by Voting Members representing at least twenty-five percent (25%) of the votes.

4.05 NOTICE OF MEMBERSHIP MEETINGS: Written notice of any membership meeting shall be mailed or personally delivered, giving Owners not less than ten (10) nor more than thirty (30) days' notice of the time, place and purpose of the meeting.

ARTICLE V **Board of Directors**

5.01 IN GENERAL: The affairs of the Association and the direction and administration of the Subdivision shall be vested in the Board, which shall consist of not less than three (3) and not more than nine (9) persons ("Directors"). The Board shall have all of the powers granted to it under the Covenants, these By-Laws and the General Not For Profit Corporation Act of the State of Illinois. All directors are deemed to be fiduciaries of all the members of the Association.

5.02 CANDIDATES FOR THE BOARD: All members of the Association who are in good standing are qualified to be candidates for the Board of Directors, whether or not they reside on the property. A husband and wife cannot serve on the board of directors at the same time unless they own more than one Unit.

5.03 ELECTION: At each election for members of the Board, each Voting Member for each Dwelling unit which he represents shall be entitled to the number of votes equal to the number of the Directors to be elected and cumulative voting shall be permitted; provided that a Resident who is a contract purchaser of a Dwelling unit from a contract seller other than the Developer shall have the right to vote for Directors unless such contract

seller expressly retains such right in writing. All Directors shall serve one (1) year terms and may succeed themselves in office. Each Director shall serve until his term expires or is terminated or until his successor shall have been elected and qualified.

5.04 ANNUAL MEETING OF THE BOARD: The Board of Directors shall hold a Board meeting within thirty (30) days after the annual meeting of the Owners at such place as shall be fixed by the Directors at annual meeting of the Owners, for the purpose of electing officers and for such other lawful purpose the Board deems appropriate. All votes shall be tabulated on the basis of the one vote per director.

5.05 REGULAR MEETINGS: Regular meetings of the Board shall be held at such time and place as shall be determined from time to time, by a majority of the Directors, provided that not less than one (1) open meetings shall be held during each fiscal year.

5.06 CLOSED OR EXECUTIVE SESSIONS: The Board of Directors may from time to time convene a closed or executive session to discuss:

- (a) the hiring and firing of personnel and other contractors;
- (b) disciplinary action pertaining to any Owner's conduct or failure to pay any charges;
- (c) confidential matters such as threatened or pending legal matters with legal counsel;
- (d) such other confidential matters as the Board of Directors deems appropriate.

No business shall be conducted at any closed session nor may any vote be taken. There shall be no minutes taken of closed sessions.

5.07 SPECIAL MEETINGS: Special meetings of the Board may be called by the President or by at least two-thirds (2/3) of the Directors then serving.

5.08 NOTICE OF BOARD MEETINGS: Notice of each meeting of the Board shall be mailed or personally delivered to each Owner, or delivered by posting on the homeowners' association website and also in a conspicuous place near the entrances of the subdivision, at least forty-eight (48) hours prior to the meeting. Notice of any meeting of the Board concerning the adoption of the proposed annual budget or any increase or establishment of an assessment shall be given to each Owner in the same manner as provided in Section 4.05 of these By-Laws, unless a written waiver of such notice is signed by the person or persons entitled to such notice before the meeting is convened.

5.09 OPEN MEETINGS: Each meeting of the Board, to the extent required by law, shall be open to any Owner, subject to the exception for closed sessions, and notice of such meeting shall be given as required under Section 5.08. The Board may adopt reasonable rules governing the conduct of the Owners who attend meetings or who choose to record the proceedings. Owners who do not comply with such rules may be removed from the meeting or barred for a specified period of time. All business to come before the Board shall be conducted at an open meeting and all votes shall be recorded in the official minutes.

5.10 QUORUM: A majority of the Directors serving from time to time shall constitute a quorum for the election of the officers and for the transaction of business at any meeting of the Board. Except as otherwise expressly provided herein or in the Covenants, any action may be taken upon the affirmative vote of a majority of the Directors present at a meeting at which a quorum is present.

5.11 MINUTES: At each meeting, the recording secretary, or some other individual designed by the Board, shall record a summary of the proceedings to be submitted for approval by the Board at any subsequent meeting.

5.12 NO COMPENSATION/REIMBURSEMENT FOR EXPENSES AS DIRECTOR: No Director shall be compensated by the Association for services rendered to the Association as a Director. Upon the

presentation of receipts or other appropriate documentation, a Director shall be reimbursed by the Association for reasonable out-of-pocket expenses incurred in the course of the performance of his duties as a Director.

5.13 REMOVAL OR RESIGNATION OF DIRECTOR:

- (a) Any Director may be removed from office, with or without cause, by action of the Voting Members at any annual meeting or at a special meeting called for such purpose.
- (b) Any Director who misses three (3) consecutive meetings without cause may be deemed to have resigned by action of the Board of Directors after notice and an opportunity for a hearing.
- (c) Any Director may resign at any time by submitting his written resignation to the Board.
- (d) If a Director ceases to be an Owner or a Voting Member, he shall be deemed to have resigned as of the date of such cessation.
- (e) The Board shall have the authority to fill any vacancy by a two-thirds (2/3) vote of the remaining Board members. Said appointed director shall serve until the next annual meeting of Owners, unless a petition signed by no less than twenty percent (20%) of the Owners is submitted to the Board requesting a meeting of the Owners for the purpose of holding an election to fill the vacancy for the remainder of the term. The meeting of the Unit Owners shall be called for purposes of filling the vacancy on the Board no later than thirty (30) days after the Board received the filing of a petition. The appointed Board member will continue to serve until the date of the election.

5.14 POWERS AND DUTIES OF THE BOARD: The Board shall have all of the powers and duties granted to it or imposed upon it by the Covenants, these By-Laws and the Illinois General Not For Profit Corporation Act, including, without limitation, the following powers and duties.

- (a) To provide for the designation, hiring and removal of the such employees and such other personnel, including attorneys and accountants, as the Board may, in its discretion, deem necessary or proper for the effective administration of the Association;
- (b) To provide for any maintenance, repair, alteration, addition, improvement or replace of the common areas for which the Association is responsible as is provided under the Covenants and these By-Laws;
- (c) To estimate and provide each Owner with an annual operating budget before the Annual Meeting of homeowners and an annual statement of financial condition during the first quarter after the completion of each fiscal year.
- (d) To set, give notice of, and collect assessments from the Owners as provided in the Covenants;
- (e) To pay the expenses of the common areas;
- (f) To adopt rules and regulations as deemed necessary or reasonable by the Board;
- (g) To delegate the exercise of its power to committees appointed pursuant to Section 7.01 of these By-Laws;
- (h) To own, convey, encumber, lease or otherwise deal with dwelling units or other real property conveyed to or purchased by the Association;
- (i) To incur liabilities, to borrow funds if necessary for Association purposes; to secure any of its obligations by pledge or assignment of the right for future income and accounts receivable;
- (j) To keep detailed, accurate records of the receipts and expenditures affecting the use and operation of the Subdivision; and

(k) To accumulate and invest all excess funds, surpluses and reserves to pay for all future repairs and capital improvements.

ARTICLE VI **Officers**

6.01 OFFICERS: The officers of the Association shall be a President, one or more Vice Presidents, a Secretary and a Treasurer and such assistants to such officers as the Board may deem appropriate. All officers must be directors. All officers shall be elected at a meeting of the Board following the annual election of directors and shall hold office at the discretion of the Board. Officers may succeed themselves in office. Other than the President, a person may hold more than one office.

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

6.03 POWERS OF OFFICERS: The respective officers of the Association shall have such powers and duties as are from time to time prescribed by the Board and as are usually vested in such officers of an Illinois Not-For-Profit Corporation including, without limitation, the following:

(a) The President shall be the Chief Executive Officer of the Association and shall preside at all meetings of the Owners and at all meetings of the Board and shall execute all contracts, documents and amendments to the Covenants and these By-Laws, as provided for in the Covenants and these By-Laws.

(b) The Vice President shall act as the liaison to all committees and in the absence or the disability of the President, perform the duties and exercise the powers of such office and other duties assigned by the Board. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board as an interim "chairman" to act in the capacity of the President on an interim basis.

(c) The Secretary shall supervise the keeping of minutes of all meetings of the Owners and of the Board and shall have custody of the corporate seal of the Association (if any) and have charge of such other books, papers and documents as the Board may prescribe, and shall be responsible for giving and receiving all notices to be given to or by the Association under the Act, the Covenants or these By-Laws. The Board has the right to appoint or hire someone to transcribe minutes under the direction and supervision of the Secretary.

(d) The Treasurer shall be responsible for supervising the maintenance of all Association funds and securities and for keeping full and accurate accounts of all receipts and disbursements in the Association books of accounts kept for such purpose. The Treasurer shall oversee the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board. The Treasurer shall also serve in the capacity of chairman of the Budget Committee.

6.04 NO OFFICERS' COMPENSATION: The officers shall receive no compensation for their services as Officers.

ARTICLE VII **Committees Designated By Board**

7.01 BOARD COMMITTEES: The Board, by resolution adopted by a majority of the Directors in office, may designate one or more committees, each of which shall consist of two or more Directors, which committees, to the extent consistent with law and as provided in said resolution, shall have and exercise the authority of the Board in the management of the Association; but the designation of such committees and delegation thereto of authority shall not operate to relieve the Board, or any individual Director, of any responsibility imposed upon it or him by law. The President shall appoint the chairman of each committee with the advice and consent of the Board.

7.02 **SPECIAL COMMITTEES:** Other committees not having and exercising the authority of the Board in the management of the Association may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, members of each such committee shall be Owners and the President of the Association shall appoint the members thereof. Any member thereof may be removed by the President whenever in their judgment the best interests of the Association shall be served by such removal.

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

7.04 **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.

7.05 **QUORUM:** Unless otherwise provided in the resolution of the Board designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee. The Board of Directors or the chairman has the right to limit the number of members on a committee.

7.06 **RULES:** Each committee may adopt rules for its own government not inconsistent with the Covenants, these By-Laws or with rules adopted by the Board.

ARTICLE VIII

Instruments, Checks, Deposits and Funds

8.01 **EXECUTION OF INSTRUMENTS:** The Board may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by these By-Laws, to enter into any contract or execute and deliver any instrument (including amendments to the Covenants or these By-Laws which must be executed by the Association) in the name of and on behalf of the Association and such authority may be general or confined to specific instances. In the absence of any such authorization by the Board, any such contract or instrument shall be executed by the President or a Vice President and attested to by the Secretary or an Assistant Secretary of the Association. Any contract entered into by a Director, officer or agent of the Association without the express authorization or consent of the Board shall be voidable at the instance of the Board.

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

8.03 **BANK ACCOUNTS:** All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board shall elect.

8.04 **SPECIAL RECEIPTS:** The Board may accept on behalf of the Association any contribution, gratuity, gift, bequest, or devise for the general purposes or for any special purpose of the Association. However, such gratuities, contributions, gifts, bequests or devises directed to any director, officer, agent or employee is expressly prohibited.

ARTICLE IX

Fiscal Management

9.01 **FISCAL YEAR:** The fiscal year of the Association shall be determined by the Board and may be changed from time to time as the Board deems advisable.

9.02 ANNUAL STATEMENT: Within a reasonable time after the close of each fiscal year, the Board shall furnish each Owner with an itemized accounting of the Common Expenses for such fiscal year actually incurred or paid, together with an indication of which portion of the Common Expenses were incurred or paid for capital expenditures or repairs or the payment of the real estate taxes, and with a tabulation of the amounts collected pursuant to the Annual Assessment budget, and showing the net excess or deficit of income over expenditures plus reserves.

9.03 ASSESSMENT PROCEDURE: Annual assessments and special assessments shall be made and collected as provided for in the Covenants.

ARTICLE X
Books and Records

10.01 BOOKS AND RECORDS: The Association shall keep correct and complete books and financial records of accounts, a record of the names and address of all members, the minutes of the proceedings of its members, the Board, and committees having any of the authority of the Board, and all records required by the Act, and shall keep same at the address of the Secretary or Assistant Secretary, or some other officer designated by the Board, or at the registered or principal office of the Association. All books and records of the Association may be inspected by any Owner, or his agent, mortgagee or attorney, for any proper purpose at any reasonable time, upon reasonable advance notice.

ARTICLE XI
Seal

11.01 SEAL: The Board may provide for a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the Association and the words "Corporate Seal", Illinois.

ARTICLE XII
Amendments

12.01 AMENDING THE BY-LAWS: These By-Laws may be amended or modified at any time upon the approval of at least two-thirds (2/3rds) of the members by executing an instrument in writing, provided that no provision of these By-Laws may be amended or modified so as to conflict with the provisions of the Covenants or the Act.

Article XIII
Indemnification

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 is or was a member of the Board or officer of the Association, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding 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, with respect to any criminal action or proceeding; had no reasonable cause to believe 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 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 may indemnify any person who was or is a party, or is threatened to be made a part to any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a member of the Board or an officer of the Association against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit 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 except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

To the extent that a member of the Board or officer of the Association has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in the foregoing two paragraphs, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys fees) actually and reasonably incurred by him in connection therewith.

Any indemnification under the first two paragraphs of this Article shall be made by the Association only as authorized in the specific case, upon a determination that indemnification of the member of the Board or officer of the Association is proper in the circumstances because he or he has met the applicable standard of conduct set forth in the first two paragraphs of this Article. Such determination shall be made (1) by the Board by a majority vote of a quorum consisting of members of the Board who were not parties to such action, suit or proceeding, or (2) if such a 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.

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 members of the Board or the officer of the Association 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.

The sums necessary to discharge the obligations of the Association under this Article shall be common expenses.

The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, agreement, vote of members of the Association or disinterested members of the Board, or otherwise, both as to action in his official capacity and as to action in other capacity while holding such office, and shall continue as to a person who has ceased to be a member of the Board or an officer of the Association.

Approved by the Boulder Ridge Homeowners' Association Board of Directors
Pursuant to Unanimous Consent dated November 12, 2008.