

BYLAWS FOR
SUNSET LAKES LAKEOWNERS' ASSOCIATION NO. 2

an Illinois Not-for-Profit Corporation

ARTICLE I
NAME OF CORPORATION

1.01 NAME: The name of this corporation is **SUNSET LAKES LAKEOWNERS' ASSOCIATION NO. 2**, an Illinois not-for-profit corporation.

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 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. Unless otherwise expressly provided, all terms used herein shall have the meanings ascribed to them as set forth in the Declaration.

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 (Act), the Declaration, and these Bylaws.

2.03 PERSONAL APPLICATION: All present or future Lakeowners, tenants, future tenants, and their agents and employees, and any other person that might use Sunset Lake No. 2 or any other facilities of the Subdivision in any manner, shall be subject to the provisions of the Declaration and these Bylaws. The acquisition of any interest in and to a Lot located upon Sunset Lake No. 2 shall signify that the Declaration and these Bylaws are accepted and ratified and will be complied with by such Lakeowner, and all persons acting by or through a Lakeowner.

2.04 INCORPORATION OF PROVISIONS OF THE ACT: These Bylaws shall be deemed to incorporate and include any provisions that are specifically required by the Act from time to time to be included in the Bylaws.

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 Parcel or at the office of the managing agent engaged by the Association.

ARTICLE IV MEETINGS OF MEMBERS

4.01 VOTING RIGHTS: The Association shall have one class of membership. There shall be one individual with respect to each Lot who shall be entitled to vote at any meeting of the Lakeowners (Voting Member). If the Lakeowner of a Lot is one individual, then such individual shall be the Voting Member. If the record ownership of a Lot shall be in more than one individual or if the Lakeowner is a trustee, corporation, partnership, or other legal entity, then the Voting Member shall be designated by the Lakeowner or Lakeowners in writing to the Board, and if in the case of multiple individual Lakeowners no designation is given, then the Board may, at its election, recognize an individual Lakeowner of the Lot as the Voting Member for such Lot. Any or all Lakeowners may be present at any meeting of the Lakeowners, 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 or her duly authorized attorney-in-fact and filed with the Secretary before the meeting. No proxy shall be valid after 11 months from the date of its execution. Each Voting Member shall have one vote for each Lot that he or she represents. No Voting Member may present more than proxies at any time.

4.02 PLACE OF MEETING: QUORUM: Meetings of the Lakeowners shall be held at the Subdivision or at such other place in the County in which the Subdivision is located and convenient to the Lakeowners as may be designated in any notice of a meeting. All meetings shall be conducted in accordance with the rules and provisions set forth in Robert's Rules of Order, as from time to time published. Voting Members holding 20 percent 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 on by the Voting Members, unless a greater proportion is required by the Act, the Declaration, or these Bylaws. The affirmative vote of 75 percent of the votes entitled to be cast 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. The affirmative vote of 75 percent of the votes entitled to be cast shall be required for the purchase or sale of land or of Lots on behalf of all Lakeowners.

4.03 ANNUAL MEETINGS: There shall be an annual meeting of the Lakeowners on the **1st Tuesday in December of each year at 7:00 p.m.**, or at such other time and/or date as shall be designated by the Board.

4.04 SPECIAL MEETINGS: Special meetings of the Lakeowners may be called at any time for the purpose of considering matters that, by the terms of the Declaration, 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 20 percent of the votes.

4.05 NOTICE OF MEMBERSHIP MEETINGS: Written notice of any membership meeting shall be mailed or personally delivered, giving Lakeowners not less than 10 nor more than 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 Property comprising Sunset Lake No. 2 shall be vested in the Board, which shall consist of **three (3)** persons (the Directors). The Board shall have all of the powers granted to it under the Declaration, these Bylaws, and the General Not For Profit Corporation Act of the State of Illinois.

5.02 ELECTION: At each election for members of the Board, each Voting Member for each Lot that he or she represents shall be entitled to the number of votes equal to the number of Directors to be elected and cumulative voting shall be permitted; provided that a Resident who is a contract purchaser of a Lot from a contract seller other than the Declarant shall have the right to vote for Directors unless such contract seller expressly retains such right in writing. At the first annual meeting of the Lakeowners after these Amended and Restated Bylaws become effective, a full Board of Directors shall be elected and the two candidates receiving the highest number of votes shall each be elected to a two-year term, and the one candidate receiving the next highest number of votes shall be elected to a one-year term. At each subsequent annual meeting Directors shall be elected to replace those directors whose terms expire, and each such Director shall serve a two-year term. Each Director shall serve until his or her term expires or is terminated or until his or her successor shall have been elected and qualified. A Director may succeed himself or herself in office.

5.03 ANNUAL MEETINGS: The Board shall hold an annual meeting within ten days after the annual meeting of the Lakeowners at such place as shall be fixed by the Directors at the annual meeting of the Lakeowners, for the purpose of electing officers and such other purposes as the Board deems appropriate.

5.04 REGULAR MEETINGS: Regular meetings of the Board shall be held at such time and place as shall be determined at the annual meeting or from time to time by a majority of the Directors; provided that not less than one such meeting shall be held during each fiscal year.

5.05 SPECIAL MEETINGS: Special meetings of the Board may be called by the President or by any of the Directors then serving.

5.06 NOTICE OF BOARD MEETINGS: Notice of each meeting of the Board shall be mailed or personally delivered to each Director at least 48 hours prior to the meeting, and 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 Bylaws, unless a written waiver of such notice is signed by the person or persons entitled to such notice before the meeting is convened.

5.07 OPEN MEETINGS: Each meeting of the Board, to the extent required by law, shall be open to any Lakeowner and, if required under the Act, notice of such meeting shall be mailed or personally delivered at least 48 hours prior thereto, unless a written waiver of such notice is signed by the person or persons entitled to such notice before the meeting is convened. The Board may adopt reasonable rules governing the conduct of Lakeowners who attend meetings, and Lakeowners who do not comply with such rules may be removed from the meeting.

5.08 QUORUM: A majority of the Directors serving from time to time shall constitute a quorum for the election of officers and for the transaction of business at any meeting of the Board. Except as otherwise expressly provided herein or in the Declaration, 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.

5.09 COMPENSATION/REIMBURSEMENT FOR EXPENSES: No Director shall be compensated by the Association for services rendered to the Association, except as expressly provided in a resolution duly adopted by the Voting Members. 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 or her duties as a Director.

5.10 REMOVAL OR RESIGNATION OF DIRECTOR: 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. Any Director whose removal has been proposed by the Lakeowners shall be given an opportunity to be heard at the meeting. Any Director may resign at any time by submitting his or her written resignation to the Board. If a Director ceases to be a Lakeowner or a Voting Member, he or she shall be deemed to have resigned as of the date of such cessation. A successor to fill the unexpired term of a Director who resigns or is removed may be appointed by both of the remaining Directors at any regular meeting or at any special meeting called for such purpose, and any successor so appointed shall serve the balance of his or her predecessor's term.

5.11 POWERS AND DUTIES OF THE BOARD: The Board shall have all of the powers and duties granted to it or imposed on it by the Act, the Declaration, and these Bylaws, including, without limitation, the following powers and duties:

- (a) To engage the services of a manager or managing agent to assist the Association in performing and providing such services as the Association is required to provide to its members under the Declaration;
- (b) To provide for the designation, hiring, and removal of 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;
- (c) To provide for any maintenance, repair, alteration, addition, improvement, or replacement of the Common Elements for which the Association is responsible under the Declaration and these Bylaws;
- (d) To estimate and provide each Lakeowner with an annual budget as provided for in the Declaration;
- (e) To set, give notice of, and collect assessments from the Lakeowners as provided in the Declaration;
- (f) To pay the Common Expenses;
- (g) To adopt rules and regulations as provided in the Declaration;

(h) To delegate the exercise of its power to committees appointed pursuant to Section 7.01 of these Bylaws;

(i) To own, convey, encumber, lease, or otherwise deal with Lots or other real property conveyed to or purchased by the Association; and

(j) To keep detailed, accurate records of the receipts and expenditures affecting the use and operation of the Subdivision.

ARTICLE VI OFFICERS

6.01 OFFICERS: The officers of the Association shall be a President, a Secretary, a Treasurer, and such assistants to such officers as the Board may deem appropriate. All officers shall be elected at each annual meeting of the Board and shall hold office at the discretion of the Board. Officers may succeed themselves in office. The President, Secretary, and Treasurer shall be Directors. The Board may appoint a Recording Secretary for purposes of taking minutes of the Board and Lakeowners' meetings, who need not be either a Director or a Lakeowner.

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 Lakeowners and at all meetings of the Board and shall execute amendments to the Declaration and these Bylaws, as provided for in the Act, the Declaration, and these Bylaws;

(b) The Secretary shall keep minutes of all meetings of the Lakeowners and of the Board, shall have custody of the corporate seal of the Association, shall 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 Declaration, or these Bylaws; and

(c) The Treasurer shall be responsible for Association funds and securities and for keeping full and accurate accounts of all receipts and disbursements in the Association's books of account kept for such purpose and shall be responsible for the deposit of all moneys 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.

6.04 OFFICERS' COMPENSATION: The officers shall receive no compensation for their services except as expressly provided by a resolution duly adopted by the Voting Members.

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 on it or him or her by law.

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, the members of each such committee shall be Lakeowners and the President of the Association shall appoint the members thereof. Any member thereof may be removed by the person or persons authorized to appoint such member whenever in their judgment the best interests of the Association shall be served by such removal.

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

7.04 CHAIRMAN: One member of each committee shall be appointed chairperson.

7.05 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.

7.06 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.

7.07 RULES: Each committee may adopt rules for its own government not inconsistent with the Declaration, these Bylaws, or rules adopted by the Board.

7.08 ARCHITECTURAL REVIEW COMMITTEE: Notwithstanding anything contained herein to the contrary, the Architectural Review Committee, its purposes, rights, obligations, and authorities, and the members who comprise it, shall be governed by and in accordance with the provisions set forth in Section 4.2 of the Declaration.

ARTICLE VIII INSTRUMENTS, CHECKS, DEPOSITS, AND FUNDS

8.01 EXECUTION OF INSTRUMENTS: The Board may authorize any officer(s) or agent(s) of the Association, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument (including amendments to the Declaration or these Bylaws that 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 and attested to by the Secretary of the Association.

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(s) or agent(s) 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 and countersigned by the 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, gift, bequest, or devise for the general purposes or for any special purpose of the Association.

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 Lakeowner 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 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 in Article VII of the Declaration, and the provisions of Article VII are incorporated herein by reference.

ARTICLE X BOOKS AND RECORDS

The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, the Board, and committees having any of the authority of the Board, and shall keep at the registered or principal office of the Association a record giving the names and addresses of the members. All books and records of the Association may be inspected by any Lakeowner, or his or her agent, mortgagee, or attorney, for any proper purpose at any reasonable time.

ARTICLE XI INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS

11.01 INDEMNIFICATION IN ACTIONS OTHER THAN BY OR IN THE RIGHT OF THE ASSOCIATION: 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 such person is or was a director, officer, employee or agent of the Association, or who is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person 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 or her conduct was unlawful. The termination of any action, suit or proceeding by judgment or settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

11.02 INDEMNIFICATION IN ACTIONS BY OR IN THE RIGHT OF THE ASSOCIATION:

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 or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Association, except that no indemnification shall be made in respect 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 which the court shall deem proper.

11.03 RIGHT TO PAYMENT OF EXPENSES: To the extent that a director, officer, employee, or agent of the Association has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in Sections 11.01 and 11.02, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses actually and reasonably incurred by such person in connection therewith.

11.04 DETERMINATION OF CONDUCT: Any indemnification under Sections 11.01 and 11.02 shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he or she has met with the applicable standard of conduct set forth in Sections 11.01 and 11.02. Such determination shall be made (a) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (b) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (c) by the Members.

11.05 PAYMENT OF EXPENSES IN ADVANCE: 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 of directors in the specific case, upon receipt of an undertaking by or on behalf of the director, officer, employee or agent 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.

11.06 INDEMNIFICATION NOT EXCLUSIVE: 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 by-law, agreement, vote of Members or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

11.07 INSURANCE: The Association shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify such person against such liability under the provisions of these sections.

11.08 NOTICE TO MEMBERS: If the Association has paid indemnity or has advanced expenses to a director, officer, employee or agent, the Association shall report the indemnification or advance in writing to the Members with or before the notice of the next Members' meeting.

11.09 REFERENCES TO ASSOCIATION: References to "the Association" shall include, in addition to the surviving association or corporation, any merging corporation, including any corporation having merged with a merging corporation, absorbed in a merger which otherwise would have lawfully been entitled to indemnify its directors, officers, and employees or agents.

ARTICLE XII AMENDMENTS

These Bylaws may be amended or modified at any time, or from time to time in the same manner as provided in Section 8.3 of the Declaration; provided that no provision of these Bylaws may be amended or modified so as to conflict with the provisions of the Declaration or the Act.

Duly Adopted
Board of Directors
Sunset Lakes Lakeowners' Association No. 2