

BY-LAWS  
OF  
FAIROAKS HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

Offices

The corporation shall continuously maintain in the State of Illinois a registered office and a registered agent whose business office is identical with such registered office and may have other offices within or without the state.

ARTICLE II

Members

SECTION 1. MEMBERS. All owners of property located in the area commonly known as the Fair Oaks Subdivision, located in Troy, Illinois, shall be members of the Fair Oaks Homeowners Association.

If any parcel is held by co-owners, they shall delegate among themselves the party who shall exercise the vote of said parcel before the Fair Oaks Homeowners Association, Inc. and they shall further certify the name of said party to the Fair Oaks Homeowners Association, Inc..

SECTION 2. SUSPENSION OF VOTING RIGHTS. The board of directors, by affirmative vote of two-thirds of all of the members of the Board, may suspend voting rights of members who shall be in default in the payment of dues or assessments, if any. Such suspension shall not relieve said suspended member of his dues and assessment obligations incurred prior to, during, and after said suspension.

SECTION 3. NO MEMBERSHIP CERTIFICATES. No membership certificates of the corporation shall be required.

ARTICLE III

Meeting of Members

SECTION 1. ANNUAL MEETING. An annual meeting of the members shall be held on the 2<sup>nd</sup> Sunday in July of each year for the purpose of nominating directors, reviewing/ answering questions related to the By-Laws and the Covenants & Restrictions, and any amendments proposed thereto, and for the transaction of such other business as may come before the meeting.

SECTION 1A. NOMINATING DIRECTORS AND SUBMITTING AMENDMENTS TO THE BY-LAWS AND COVENANTS & RESTRICTIONS FOR VOTING BY WRITTEN CONSENT. The deadline for nominating directors for the Board of Directors and submitting amendments to the By-Laws and Covenants & Restrictions for voting by written consent shall be three weeks after the Annual Meeting. Any member may propose an amendment provided they have petitioned nine other members to offer such amendment.

SECTION 1B. DELIVERY OF WRITTEN CONSENT FORMS. Written consent forms for the purpose of electing directors and voting on amendments shall be delivered to each member entitled to vote not less than two nor more than seven days after the deadline for nominating directors and submitting amendments. If mailed, the written consent form shall be deemed delivered when deposited in the United States Post Office mail addressed to the member at his or her address as it appears on the records of the corporation, with postage thereon prepaid.

SECTION 1C. THE COLLECTION OF WRITTEN CONSENT FORMS. All written consent forms for the purpose of electing directors and voting on amendments shall contain an address of the location where written consent forms may be returned in person or mailed via the United States Post Office. The collection of written consent forms for the purpose of electing directors and voting on amendments shall be completed five (5) weeks after the annual meeting.

SECTION 1D. TABULATION OF WRITTEN CONSENT FORMS. The president of the board of directors will assign two voting members of the Fair Oaks Home Owners Association to count all written consent forms submitted for the purpose of electing directors and voting on amendments. The results of the tabulation will be provided to the board of directors. All members of Fair Oaks Home Owners Association, Inc. will be informed within seven (7) days of the deadline for the collection of written consent forms of the tabulation results. If mailed, the notice of tabulation results shall be deemed delivered when deposited in the United States mail addressed to the member at his or her address as it appears on the records of the corporation, with postage thereon prepaid. Changes to the By-Laws or Covenants & Restrictions will take effect no less than 5 days after the members have been given notice of the results of the tabulation.

SECTION 2. SPECIAL MEETING. Special meetings of the members may be called either by the president or the board of directors, or by not less than two-thirds of the Homeowners Association members having voting rights, for the purpose or purposes stated in the call of the meeting.

SECTION 3. PLACE OF MEETING. The board of directors may designate any place within ten miles of Fair Oaks Subdivision as the place of meeting for any annual meeting or for any special meeting called by the board of directors.

SECTION 4. NOTICE OF MEETINGS. Written notice from the secretary stating the place, date, and hour of any meeting of members shall be delivered to each member entitled to vote at such meeting not less than ten nor more than thirty days before the date of such meeting, or, in the case of a removal of one or more directors, a merger, consolidation, dissolution or sale, lease or exchange of assets, not less than twenty nor more than sixty days when required by statute or by these By-Laws. The purpose for which the meeting is called shall be stated in the notice. If mailed, the notice shall be deemed delivered when deposited in the United States mail addressed to the member at his or her address as it appears on the records of the corporation, with postage thereon prepaid. When a meeting is adjourned to another time or place, notice need not be given of the next meeting if the time and place thereof are announced at the meeting at which the adjournment is taken.

SECTION 5. FIXING OF RECORD DATE. For the purpose of determining the members entitled to notice of or to vote at any meeting of members, or in order to make a determination of members for any other proper purpose, the board of directors of the corporation may fix in advance a date as the record date for any such determination of members, such date in any case to be no more than thirty days and, for a meeting of members, no less than ten days, or in the case of a merger, consolidation, dissolution or sale, lease or exchange of assets not less than twenty days before the date of such meeting. If no record date is fixed for the determination of members entitled to notice of or to vote at a meeting of members, the date on which notice of the meeting is delivered shall be the record date for such determination of members. When determination of members entitled to vote at any meeting of members has been made, such determination shall apply to any adjournment of the meeting.

SECTION 6. QUORUM. The holders of more than half of the votes which may be cast at a meeting of the corporation, represented in person or by proxy, shall constitute a quorum for consideration of such matter at any meeting of members; provided that, if less than a quorum exists at said meeting, a majority of the votes so represented may adjourn the meeting at any time without further notice. If a quorum is present, the affirmative vote of a majority of the votes represented at the meeting shall be the act of the members, unless the vote of a greater number or voting by classes is required by the General Not-For-Profit Corporation Act, the articles of incorporation, or these By-Laws. At any adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the original meeting. Withdrawal of members from any meeting shall not cause failure of a duly constituted quorum at that meeting.

SECTION 7. PROXIES. Each member entitled to vote at a meeting of members or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him or her by proxy. Said proxy shall contain the dates of its validity.

SECTION 8. VOTING. Each member shall be entitled to one vote in each matter submitted for a vote subject to the rules in Article II. For votes at a meeting, each member may vote either in person or by proxy as provided in SECTION 7 hereof. Voting may also be by written consent as authorized by 805 ILCS 105/107.10. Proxies may not be used for voting by written consent.

SECTION 9. VOTING BY BALLOT. Voting on any question or in any election may be by voice unless the chairman of the meeting shall order or any member demand that voting be by ballot.

## ARTICLE IV

### Board of Directors

SECTION 1. GENERAL POWERS. The affairs of the corporation shall be managed by or under the direction of its board of directors, who are to serve for their elected terms without compensation.

SECTION 2. NUMBER, TENURE AND QUALIFICATIONS. The number of directors shall be six. Directors shall hold office for a period of two years in staggered board terms whereas there will be three directors continuing their office term at the conclusion of each fiscal year. The three directors who receive the largest number of votes in 2009 will hold office for a two year term and the terms of the other directors elected in 2009 will be for one year. If there is a tie for any or all of the three highest, the names of the nominated directors who are tied shall be placed in a hat and the tie broken by a disinterested third party member drawing a name or names, as required to break the tie. Starting with the election in 2010, the directors will each hold office for a term of two years, so that three directors will be elected each year for two year terms. Each director shall hold office until his or her successors shall have been elected and qualified. The directors will elect a president, vice-president, secretary and treasurer, and each must be a member of the corporation. The number of directors may be decreased to not fewer than three or increased to any number from time to time by amendment of this section, unless the articles of incorporation provide otherwise. No decrease shall have the effect of shortening the term of an incumbent director.

SECTION 3. REGULAR MEETINGS. The President of the Association shall set a time and location of the first meeting of the Board of Directors following a regular annual election, which meeting shall be held no sooner than 10 days, and no later than 30 days after the notice of tabulation of results provided as set forth in Article III, Section 1D, is given. The time and location established by the President shall be contained in the notice of tabulation of results provided as set forth in Article III, Section 1D; provided, however, if no such notice is given, the President may provide notice directly to the directors. The Board of Directors may provide, by resolution, the time and place for the the holding of additional meetings of the Board without other notice than such resolution.

SECTION 4. SPECIAL MEETINGS. Special meetings of the board of directors may be called by or at the request of the president or any two directors. The person or persons authorized to call special meetings of the board may fix any place within ten miles of Fair Oaks Subdivision as the place for holding any special meeting of the board called by them.

SECTION 5. 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 adjourn the meeting to another time without further notice.

SECTION 6. MANNER OF ACTING. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute, these By-Laws, or the articles of incorporation. No director may act by proxy on any matter.

SECTION 7. VACANCIES. Any vacancy occurring in the board of directors or any directorship to be filled by reason of an increase in the number of directors shall be filled by the board of directors unless the articles of incorporation, a statute, or these By-Laws provide that a vacancy or a directorship so created shall be filled in some other manner, in which case such provision shall control. A director elected or appointed, as the case may be, to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office.

SECTION 8. RESIGNATION AND REMOVAL OF DIRECTORS. A director may resign at any time upon written notice to the board of directors. A director may be removed with or without cause, as specified by statute.

SECTION 9. INFORMAL ACTION BY DIRECTORS. The authority of the board of directors may be exercised without a meeting if a consent in writing, setting forth the action taken, is signed by all of the directors entitled to vote.

SECTION 10. COMPENSATION. Members of the board of directors are to serve without compensation.

SECTION 11. PRESUMPTION OF ASSENT. A director of the corporation who is present at a meeting of the board of directors at which action on any corporation matter is taken shall be conclusively presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file his or her written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered or certified mail to the secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

SECTION 12. EXPENDITURE LIMITATION. The board of directors shall not spend more than \$1,000.00 for any single purpose during a fiscal year, and under no circumstance shall spend more than the contents of the association's treasury, without the consent of the members.

## ARTICLE V

### Officers

SECTION 1. OFFICERS. The officers of the corporation shall be a president, vice-president, treasurer and secretary; and such other officers as may be elected by the Board of Directors. Any two offices may be held by the same person except that the treasurer position can not be held jointly by the president or vice-president.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers shall be elected by the Board of Directors as provided in Article IV, Section 2. Each officer shall hold office until his or her successor shall have been duly elected or until his or her death or until he or she shall resign or shall have been removed in the manner hereinafter provided. Election of an officer shall not of itself create contract rights.

SECTION 3. RESIGNATION. An officer may resign by providing 30 day written notice of same to the board of directors.

SECTION 4. REMOVAL. Any officer elected by the members or appointed by the board of directors may be removed by the members at the annual meeting or at any duly called special meeting.

SECTION 5. PRESIDENT. The president shall be the principal executive officer of the corporation. Subject to the direction and control of the Board of Directors, he or she shall be in charge of the business and affairs of the corporation; he or she shall see that the resolutions and directives of the Board of Directors are carried into effect except in those instances in which that responsibility is assigned to some other person by the Board of Directors; and, in general, he or she shall discharge all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors. He or she shall preside at all meetings of the members and of the Board of Directors. Except in those instances in which the authority to execute is expressly delegated to another officer or agent of the corporation or a different mode of execution is expressly prescribed by the Board of Directors or these By-Laws, he or she may execute for the corporation any liens, contracts, deeds, mortgages, bonds, or other instruments which the Board of Directors has authorized to be executed, and he or she may accomplish such execution either under or without the seal of the corporation and either individually or with the secretary or any other officer thereunto authorized by the Board of Directors, according to the requirements of the form of the instrument. He or she may vote all securities which the corporation is entitled to vote except as and to the extent such



authority shall be vested in a different officer or agent of the corporation by the Board of Directors.

SECTION 6. VICE-PRESIDENT. The vice-president shall assist the president in the discharge of his or her duties as the president may direct and shall perform such other duties as from time to time may be assigned to him or her by the president or the Board of Directors. In the absence of the president or in the event of his or 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. Except in those instances in which the authority to execute is expressly delegated to another officer or agent of the corporation or a different mode of execution is expressly prescribed by the Board of Directors or these By-Laws, the vice-president may execute for the corporation any contracts, deeds, mortgages, bonds or other instruments which the Board of Directors has authorized to be executed.

SECTION 7. TREASURER. The treasurer shall be the principal accounting and financial officer of the corporation. He or she shall: (a) have charge of and be responsible for adequate maintenance of adequate books of account for the corporation; (b) have charge and custody of all funds and securities of the corporation, and be responsible therefore, and for the receipt and disbursement thereof; and (c) perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him or her by the president or by the Board of Directors. If required by the Board of Directors, the treasurer shall be bonded for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine. Cost of said bonding shall be an expense of the corporation.

SECTION 8. SECRETARY. The secretary shall: (a) record 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 a custodian of the corporate records; (d) keep a register of the post office address of each member which shall be furnished to the secretary by such member; and (e) perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him or her by the president or by the Board of Directors.

SECTION 9. SALARIES. Officers of the corporation shall serve without compensation.

## ARTICLE VI

### Contracts, Checks, Deposits and Funds

SECTION 1. CONTRACTS. The Board of Directors may authorize any officer or officers, agent or agents of the corporation, in addition to the officers so authorized by these By-Laws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation and such authority may be general or confined to specific instances.

SECTION 2. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for the payment of money, notes, or other evidence of indebtedness issued in the name of the corporation shall be signed by such officer or officer's agent or agents of the corporation in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the treasurer and countersigned by the president or a vice-president of the corporation.

SECTION 3. DEPOSITS. All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the Board of Directors may select.

SECTION 4. GIFTS. The Board of Directors may accept on behalf of the corporation any contribution, gift, bequest or devise for the general purpose of or any special purpose of the corporation.

## ARTICLE VII

### Certificates of Membership

No certificates evidencing membership in the corporation will be issued.

## ARTICLE VIII

### Books and Records

The corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members and Board of Directors, and shall keep at the registered office a record giving the names and addresses of the members entitled to vote. All books and records of the corporation may be inspected by any member, or his or her agent or attorney for any proper purpose at any reasonable time. All books and records of the corporation shall be audited annually by a committee consisting of a minimum of two persons appointed from the members with voting rights.



The audit committee shall be appointed at the Annual Meeting by the president, and the audit committee will be members who are not on the Board of Directors.

## ARTICLE IX

### Fiscal Year

The fiscal year of the corporation shall be from September 1 to August 31.

## ARTICLE X

### Dues and Assessments

SECTION 1. ANNUAL DUES. The annual dues of members of the association is \$67.50. This amount can be reduced or increased by vote of the members at the annual meeting, or by written consent by the members as provided by Article III, Section 9 [Voting by Ballot]. A change to the annual dues of members of the association requires approval of members holding two thirds of the votes of the association. Voting rules are pursuant to Article III, Section 8 [Voting]. A reduction or increase in the annual dues shall not exceed ten percent of the amount established for the prior year.

SECTION 2. PAYMENT OF ANNUAL DUES. Dues shall be payable in advance on the first day of the fiscal year. Dues of a new member shall be prorated from the first day of the month in which such new member joins the membership, for the remainder of the fiscal year of the corporation. Dues unpaid 30 days after due date may be subject to penalties including the filing of liens against the property for which the dues is not paid.

SECTION 3. ASSESSMENTS. Improvements or cost items beyond normal annual maintenance expenditures may be covered by special assessments. These special assessments must be approved by members at the annual meeting or a special meeting called for that purpose.

SECTION 4. PAYMENT OF ASSESSMENTS. Assessments shall be payable on the date selected by the members when the assessment is approved by the members. Assessments unpaid 30 days after due date may be subject to penalties including the filing of liens against the property for which the assessment is not paid.

## ARTICLE XI

### Seal

The corporation shall not have a corporate seal.

## ARTICLE XII

### Waiver of Notice

Whenever any notice is required to be given under the provisions of the General Not-For-Profit Corporation Act of Illinois or under the provisions of the articles of incorporation or the by-laws of the corporation, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Attendance at any meeting shall constitute waiver of notice thereof unless the person at the meeting objects to the holding of the meeting because proper notice was not given.

## ARTICLE XIII

### Indemnification

SECTION 1. INDEMNIFICATION IN ACTIONS OTHER THAN BY OR IN THE RIGHT OF THE CORPORATION. The corporation may 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 preceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the 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 such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, 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, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation or, with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his or her conduct was unlawful.

SECTION 2. INDEMNIFICATION IN ACTIONS BY OR IN THE RIGHT OF THE CORPORATION. The corporation may indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or complete action or suit, by or in the right of the corporation 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 corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation 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 such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, provided 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 or her duty to the corporation, 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.

SECTION 3. RIGHT TO PAYMENT OF EXPENSES. To the extent that a director, officer, employee or agent of the corporation has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in Sections 1 and 2 of this Article, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

SECTION 4. DETERMINATION OF CONDUCT. Any indemnification under Sections 1 and 2 of this Article (unless ordered by a court) shall be made by the corporation 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 the applicable standard of conduct set forth in Section 1 or 2 of this Article. Such determination shall be made: (a) by the Board of Directors by a majority vote or 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, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; or (c) by the members entitled to vote, if any.

SECTION 5. PAYMENT OF EXPENSES IN ADVANCE. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation 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 corporation as authorized in this Article.

SECTION 6. 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.

SECTION 7. INSURANCE. The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or who is or was serving at the request of the corporation 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 corporation would have the power to indemnify such person against such liability under the provisions of this Article.

SECTION 8. NOTICE TO MEMBERS. If the corporation has paid indemnity or has advanced expenses under this Article to a director, officer, employee or agent, the corporation shall report the indemnification or advance in writing to any members entitled to vote with or before notice of the next meeting of the members entitled to vote.

SECTION 9. REFERENCES TO CORPORATION. For purposes of this Article, references to "the corporation" shall include, in addition to the surviving corporation, any merging corporation (including any corporation having merged with a merging corporation) absorbed in a merger which, if its separate existence had continued, would have had the power and authority to indemnify its directors, officers, employees or agents, so that any person who was a director, officer, employee or agent of such merging corporation, or was serving at the request of such merging corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article with respect to the surviving corporation as such person would have with respect to such merging corporation if its separate existence had continued.

## ARTICLE XIV

### Amendments

The power to alter, amend, or repeal the By-Laws or adopt new By-Laws shall be vested in the members unless otherwise provided in the articles of incorporation or the By-Laws. Such action may be proposed at a regular or special meeting for which written notice of the purpose shall be given. Amendments require approval of members holding two thirds of the votes of the association. Voting rules are pursuant to Article III, Section 8 [Voting]. The By-Laws may contain any provisions for the regulation and management of the affairs of the corporation not inconsistent with law or the articles of incorporation.

