

Bylaws of The Lakes Association

BYLAWS OF THE LAKES ASSOCIATION

JUNE 23, 2007

PREFACE

This document contains the Bylaws of The Lakes Association. The purpose of this document is to provide a set of guidelines for the operation of the Lakes Association. These Bylaws are for the benefit and protection of the rights of all of the Members of The Lakes Association.

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THE LAKES ASSOCIATION

BYLAWS

ARTICLE I

Definitions

The following terms as used in the Bylaws are defined as follows:

1. “Association” means the Lakes Association, an Illinois not for Profit Corporation.
2. “Association Member” means a member of any Homeowners Association within Shadow Lakes
3. “Board” means the Board of Directors of the Lakes Association.
4. “Bylaws” mean the Bylaws of the Lakes Association, as amended from time to time.
5. “Commercial Property” means property owned by Shadow Lakes II Association located within Shadow Lakes along State Route 129 zoned “commercial”.
6. “Common Property” means all of the real property, which is managed by the Association, for the use of its Members and their guests or for Association use.
7. “Common Recreational Properties” means the boat dock and amenity center in Tullymonster Village and other future amenity centers designated as Common Recreational Properties.
8. “Developer” means Shadow Lakes Properties, Shadow Lakes Residential Communities and Lighthouse Cove, their heirs and assigns.
9. “Homeowners Association” means an organization of Property Owners created for their common benefit and protection.
10. “Individual Member” means a property owner within Shadow Lakes not belonging to any Homeowners Association who has signed an “Individual Member Agreement” with the Lakes Association.
11. “Lot” means any numbered tract for occupancy and use in Shadow Lakes.
12. “Member” means a member of the Lakes Association whether an Association Member or an Individual Member.
13. “Member in Good Standing” means any Member who has paid all dues and assessments when due and has no outstanding debts with the Lakes Association, except fines less than \$250 in the aggregate.
14. “Owner” or “Property Owner” means:

- A. Any person or legal entity that may hold fee simple title to any property within Shadow Lakes.
 - B. Any person or legal entity who purchases any property on contract pursuant to a written agreement entitling such person to occupancy in which case the occupant will be recognized as the Owner in possession while said agreements are in effect.
15. "Rules and Regulations" means the published standards of conduct required by the Association while on property managed by the Association.
16. "Shadow Lakes" means the common interest community in Braidwood, Illinois consisting of six (6) villages, namely Explorer Village, Tully Monster Village, Fossil Cove, Fisherman's Village, Lighthouse Cove and Boardwalk Bay; the lake system and the nature preserve described in Article II; the Commercial Property, and approximately 140 acres of undeveloped land known as the North Tract (81+ acres) and the South Tract (61+ acres).

ARTICLE II

Purpose

The purpose of the Lakes Association is to provide for the management and operation of the following Common Properties:

- Little Shadow Lake
- Big Shadow Lake
- Third Shadow Lake
- Dinosaur Lake
- Connecting channels
- Hawk Lake
- The Nature Preserve and interior unnamed lakes

ARTICLE III

Property

Section A. Ownership

All property listed in Article II shall be owned by Shadow Lakes II Association.

Section B Use

The use of the property described in Article II shall be limited to the Members of the Lakes Association and their guests. Members are responsible for the actions of their guest while on property managed by the Lakes Association or in other areas of Shadow Lakes managed by other Homeowners Associations.

Section C. Reciprocal Agreement

There shall be a reciprocal agreement between the Lakes Association and each Homeowners Association within Shadow Lakes allowing for the mutual use of the lakes and Common Properties by all members of the Lakes Association

ARTICLE IV

Association Membership

Section A. General. The Association is an Illinois not-for-profit corporation as established under the “General Not for Profit Corporation Act of 1986”. It is organized to further and promote the common interests of the Members of the Association. The Association shall have such powers in the furtherance of its purposes as set forth in the Bylaws.

Section B. Membership. Every person who is a member in good standing of any Homeowners Association within Shadow Lakes, and any person who qualifies for, and has executed an Individual Membership Agreement, shall be a member in good standing of the Lakes Association.

Section C. Classes of Membership. There shall be two (2) classes of membership:

1. Association Member: Association Members are members of a Homeowners Association within Shadow Lakes. These Members receive all of their benefits and privileges through the Homeowners Association of which they are a member.
2. Individual Member: Individual Members are those Members who have executed an Individual Membership Agreement.

Section D. Privileges of Membership. Association Members and Individual Members shall have the following privileges:

1. Association Members and Individual Members shall have the right to use all Common Property, subject to the Rules and Regulations, and any rules and regulations established by the Homeowners Association wherein the Common Property is located.
2. All Association Members and Individual Members shall have voting privileges, as stipulated in the Bylaws, provided they are Members in Good Standing.

Section E. Obligations of Membership.

1. Members are obliged to pay all Association Fees and Assessments, as established by the Board, when due.
2. All Members are bound by and shall comply with the terms and provisions of the Bylaws and the Rules and Regulations. They shall also comply with any Rules and Regulations governing any other Homeowners Association when in that area.

Section F. Suspension of Membership. The Board may suspend the voting privileges of any Individual Member, the right of any Member to use the Common Properties and access to the gate system for any period during which any Association Fee or Assessment due from such Member or Homeowners Association remains delinquent.

Section G. Evidence of Membership and Transfer

1. The Association shall maintain adequate records reflecting the names and addresses of the Members and their date of membership. Homeowners Associations shall maintain similar records of their members.
2. When a Member ceases to be an Owner, such person's membership, shall lapse. Any person purchasing a Lot or other real estate from a Property Owner shall be liable for all Association charges due in connection with such property at the time of purchase.

ARTICLE V

Assessments to Individual Members

Section A. Payment of Assessments. Any and all assessments levied by the Association as provided in the Bylaws shall be paid to the Association on or before the date fixed by resolution of the Board. Written notice of the charge and the date of payment shall be sent to each Individual Member at the address last

given by such Member to the Association. It is the Member's responsibility to keep this address current.

Section B. Collection and Lien. The amount of all assessments levied by the Association shall be paid to it on or before the date fixed by resolution of the Board. If not so paid, the amount of such assessment, plus any other charges thereon, including a basic late charge, interest at an amount not to exceed the maximum limit provided by law per annum from the date of delinquency and cost of collection, including court costs and attorney's fees, if any, shall constitute and become a lien on the Lots so assessed. The Board may cause to be recorded in the Office of the Recorder of Will County, a Notice of Lien, which shall state the total amount of such assessment and a description of the Lot (s), which has been assessed. The Board or its assign on behalf of the Association shall sign such Notice of Lien. Upon payment of said assessment and charges or other satisfaction thereof, the Board shall within a reasonable time, cause to be recorded a further notice releasing said lien.

Section C. Priority of Lien. Conveyance of any Lot shall not affect any lien for assessments provided herein. Such lien shall be prior to and shall have priority over all other liens recorded subsequent to said notice of assessment

Section D. Enforcement. The lien provided herein may be foreclosed by suit by the Association in like manner as a mortgage. The Association may also pursue any other remedy against any Member owing money to it, which is available to it by law or equity for the collection of debt. Shadow Lakes shall be deemed a "Common Interest Community", as that term is defined in the Forcible Entry and Detainer Act, section 102-p, of 735 I LCS 5/9-102, and the Association shall have all powers of such a Common Interest Community Association, as defined in said Act, including the power to file an action for Forcible Entry and Detainer.

Section E. Proof of Payment. Upon request, the Association shall furnish a statement certifying that all assessments then due have been paid or indicating the amount then due.

Section F. Suspension. The Association shall not be required to transfer the membership on its books or to allow the exercise of any rights or privileges of membership on account thereof to any Member or to any person claiming them, unless or until all assessments and charges to which they are subject have been paid.

Section G. Billing. Members shall be invoiced annually.

ARTICLE VI

Assessments to Homeowners Associations

Section A. Assessments All assessments levied by the Lakes Association as provided in these Bylaws shall be paid to the Association by the Homeowners Association on or before the due date. Written notice of the charge shall be sent to the Homeowners Association. The charge will be based on their membership and each Member's share shall be equal to the assessment of the Individual Member of the Lakes Association. In the event a Homeowners Association does not pay its assessment, all Members of that Homeowners Association will be banned from the use of all amenities under control of the Lakes Association.

Section B. Billing. The billing for the Association Members shall be as follows:
Shadow Lakes II Association – Annually
Light House Cove Home Owners Association – Monthly
Other associations - As determined by the Board.

ARTICLE VII

Violation Fines For All Members

Section A. Procedure for Issuing Fines. The following is the procedure for issuing violation fines:

1. A letter of notice of violation shall be sent to the Member who is responsible for the violation. This letter shall identify the violation and set forth a time for the correction of said violation.
2. If compliance is not attained within the time set forth, a fine shall be assessed, according to the published amounts shown in the Rules and Regulations, as amended from time to time, or a Corporate Resolution duly adopted by the Board, against the Lot or other real property by the Association.
3. If the fine is not paid within 14 days after the assessment, the gate cards issued to the subject Lot shall be voided from the access system.
4. New gate cards will be issued to the Member only upon payment of the assessment, and the current fee for replacement of gate cards.
5. If compliance is not attained and fines are not paid, a \$5.00 per day fine will be assessed until the violation is satisfied.

6. When the total fine reaches \$350.00, a lien will be recorded on the property and a Lien Fee of \$200.00 will be invoiced to the Property Owner of the Lot.
7. At the direction of the Board of Directors, the Association Attorney will begin Foreclosure Proceedings against the property. All attorney fees and associated costs incurred by the Association shall be invoiced to the Lot owner.

Section B. Procedure for Requesting an Appeal. The following is the procedure for appealing a fine violation:

1. A Member may request, in writing, an appeal from a fine before the Appeals Committee, prior to the date set for payment of the fine. If an appeal is requested, invoicing of the fine will be held in abeyance, until after the Appeals Committee ruling. The Appeals Committee shall be established by the Board. The Board may designate an existing Appeal Committee from an existing Shadow Lakes Homeowners Association to act as the Lakes Association Appeals Committee.
2. If the Appeals Committee upholds the violation fine, the Member may appeal the determination of the Appeals Committee to the Board. Such appeal must be in writing and must be received by the Board within ten (10) days after the ruling of the Appeals Committee. In the absence of a timely appeal, the determination of the Appeals Committee shall be final.

ARTICLE VIII

Meetings of Members

Section A. Place of Meetings. All meetings of the Members of the Association shall be held at such time and place as may be determined by the Board.

There shall be at least four (4) meetings of the Members held each year, one of which shall be designated the Annual Meeting. Meetings of the Board shall fulfill these requirements.

Section B. Annual Meeting. The Annual Meeting of the Association shall be held on the second Saturday of August, each year, unless otherwise provided by the Board.

Section C. Special Meetings of the Association. The Board may call Special Meetings of the Lakes Association at any time, in the manner provided herein. A Special Meeting may also be called upon the written petition of any Homeowners Association or 20% of the total Members of the Association. Such petition shall set forth the purpose of the Special Meeting.

Section D. Notice of Meetings of the Association. There shall be a written notice of the place, date and hour of the meeting. A published schedule of meetings is adequate notice. In the case of a Special Meeting, the purpose or purposes for which the meeting is called shall be included. Such notice of Special Meeting shall be delivered not less than 20 days or more than 40 days before the date of the meeting, either personally or by mail. Such notice shall be deemed to have been delivered when deposited in the United States mail, addressed to the Member at his address as it appears on the records of the Association, with postage prepaid. Such notice may be published in any newspaper or publication printed under the auspices of the Association and distributed generally among Members of the Association or posted on the bulletin boards within Shadow Lakes. Delivery of the notice to the Homeowners Association shall be deemed to be a delivery to all Members of such Homeowners Association. At a Special Meeting, no business shall be conducted except that stated in the notice of said meeting.

Section E. Quorum. A quorum at either a Special Meeting or the Annual Meeting shall be 10% of the Members entitled to vote at such meeting in person or by proxy. The vote of a majority of the votes entitled to be cast at any meeting at which a quorum is present shall be necessary for the adoption of any matter voted upon by the Members, unless a greater proportion is required by law, or these Bylaws.

ARTICLE IX

The Board of Directors

Section A. Powers of the Board. The Board shall have the following powers:

1. Manage and control the affairs of the Association.
2. Adopt a corporate seal as the seal of the Association.
3. Designate a banking institution or institutions as depository for the Association's funds; and the officer or officers authorized to make

withdrawals there-from and to execute obligations on behalf of the Association.

4. Perform other acts the authority for which has been granted hereby or by law, including the borrowing of money for Association purposes. The Board may also pledge future revenues of the Association therefore.
5. Adopt such rules and regulations relating to the use of the facilities identified in Article II including without limitation, the Rules and Regulations, as may be amended from time to time, and such sanctions for noncompliance as the Board may deem reasonably necessary for the best interests of the Association and its Members.
6. Establish and levy reasonable fees for the issuance of permits for the use of Association Property.
7. Cause the Association to employ sufficient personnel to adequately perform the responsibilities of the Association, including consultants and professionals. The Board may enter into agreements with other Homeowners Associations to perform some or all of the responsibilities of the Association.
8. Adopt reasonable rules of order for the conduct of the meetings of the Association, and with reference thereto, on procedural questions upon which no rules have been adopted, the ruling of the Chairman of the meeting shall be final.
9. Each year the Board shall appoint from the directors a Chairman of the Board and President, Secretary, Treasurer, Vice President and any other officer which the Board, in its discretion, may determine to be in the best interest of the Association. The Chairman may establish committees of the Association and appoint the members thereof. The Chairman may assign to such committees such responsibilities and duties consistent with the provisions of these Bylaws or with law as the Chairman may deem appropriate.
10. In order to facilitate the business of the Association and to further the interests of the Members of the Association, the Board may enter into agreements with any Developer relating to the orderly transfer of Common Property from the Developer to the Association. Such agreements may contain such provisions as the directors may in their judgment feel are appropriate and in the best interests of the Association

and its Members. However, the existence of such agreements and the provisions and terms thereof shall be made known to the general membership in such manner as may be deemed appropriate by the Board, but not later than the Annual Meeting following the creation of such contract or agreement.

11. The Board shall, prior to the Annual Meeting of the Association in each year, adopt an operating budget to be presented to the Members at such annual meeting. A majority vote of the directors elected to the Board is required for the approval and adoption of the annual operating budget. Prior to presentation, the Board shall, taking into consideration other sources of income that the Association may have, establish an Annual Assessment for each Lot for the following year. Upon the adoption and approval of the budget, the Board shall be bound by the same and shall not vary there-from by more than fifteen percent (15%) of the total amount without calling a Special Meeting of the Association to explain such variations. The budget shall be adopted only after the Members shall have had a reasonable opportunity to review the same and to comment thereon, either at open hearings held or through such other means as the Board may direct. The Board may, by resolution, fix the time for payment of the Annual Assessments. The Board shall attempt to establish the annual budget in such a manner that the assessment may be included in the annual budget of the Homeowner Associations
12. Assume such duties as the Board might deem to be essential for the operation of the Association and the well being of the Association Members and Individual Members.
13. Acquire property, either through purchase or other means, for dedication as Common Property.

Section B. Number of Directors. The initial number of Directors shall be determined as follows: Three (3) from Shadow Lakes II Association and one (1) from Light House Cove Homeowners Association. At such time at which there are 100 property owners in areas not including those in Shadow Lakes II Association and in Light House Cove Home Owners Association, there shall be one Director added. A second director shall be added at such time as when there are 200 property owners in areas not including those in Shadow Lakes II Association and in Light House Cove Home Owners Association. **The Developer or his assigned shall be a Director until such time as the second Director is elected from the property owners who are not part of a homeowners association.**

Section C. Term. The term of office of the Board shall be three (3) years. Initially the Shadow Lakes II Association shall select one Director for a one year term, a second Director for a two year term and a third Director for a three year term. After the initial selection, all terms shall be for three years.

Section D. Qualifications of Directors. The Directors shall be Members of the Homeowners Associations belonging to the Lakes Association or Individual Members in Good Standing.

Section E. Selection of Directors. Three (3) Directors shall be selected (elected) by the Board of Shadow Lakes II Association and one by the Board of Light House Cove Home Owners Association. The additional Directors shall be elected by the remaining Individual Members and Association Members. Each Individual Member shall have one vote per Member and the Homeowners Association shall have as many votes as there are members in that Association.

Section F. Meetings of the Board of Directors. The Board shall meet at least quarterly. Special Meetings of the Board may be called by the President or by a majority vote of the Board. The meeting shall be held at such place as the call or Notice of the Meeting shall designate. Notice of a special meeting shall be given in writing or orally at least 24 hours prior to the date of said special meeting; however, the notice thereof may be waived by the Directors in writing. After adoption of a resolution setting forth the times of regular meetings, no notice of such meetings shall be required, or waived, but notice of special meetings of the Board shall be given. Regularly scheduled meetings may be canceled for cause i.e. weather.

Section G. Closed Meetings. The Board may meet in closed session only for the discussion of:

1. Pending or threatened litigation involving the Association.
2. Personnel employed by the Association.
3. Violation of rules and appeals by Members
4. Election of Officers

Section H. Action Without Meeting. Unless prohibited by law, any action, which might be taken at a meeting of the Board, may be taken without a meeting. The action shall be authorized in a writing (by resolution), signed by all of the Directors entitled to vote upon said action at meeting, and filed with the Secretary of the Association. These actions shall be presented at the next scheduled meeting.

Section I. Quorum. A majority of the Directors shall constitute a quorum to transact business of the Board, and the act of the majority of the Directors present

at any meeting shall be deemed to be the act of the Board. Each Director shall have one vote on all matters before the Board. Any vote on non-emergency, non-budgeted expenditures exceeding One Thousand Dollars (\$1000.00) or the borrowing of money for Association purposes, shall require the approval of a majority of the entire Board.

Section J. Removal of a Director. A Director may be removed or recalled only by that Director's Homeowners Association Board in accordance with the bylaws of that Homeowners Association. An elected Director also may be removed by a special election. The number of votes needed to remove the Director shall be equal or greater than the number of votes the Director received at his/her election.

Section K. Insurance. The Association may purchase an insurance policy protecting the Directors from "errors and omissions".

Section L The Budget. The Budget shall, at minimum, include the following items:

Revenues

1. Annual Dues
2. Penalties
3. Interest
4. Boat Stickers
5. Violations Income

Expenses

1. Administration
2. Fishing
3. Lakes Maintenance
4. Nature Preserve Maintenance
5. A portion of the Common Recreational Properties expenses.

ARTICLE X

The Officers

Section A. Officers. The officers of the Association shall be the President, one or more Vice Presidents, the Secretary, the Treasurer and such other officers and assistant officers as the Board may from time to time elect.

Officers shall serve at the will of the Board. One Director, with the exception of the Office of the President, may hold any two or more offices. The President shall

hold no other office unless approved by a majority vote of the remainder of the Board.

Section B. Selection of Officers. The Officers of the Association shall serve for a one-year term. Each year immediately following the Annual Meeting and the installation of the new Board Members, the Board shall meet and select the Officers for the following year. The chairperson for the meeting shall be determined in this order: President, Vice President, Secretary or the most senior Director from the previous year.

Section C. President. The President shall be the general managerial officer of the Association, The President shall be vested with the powers and duties generally incident to the Office of President of a not-for-profit corporation, except as otherwise determined by the Board, or as may be otherwise set forth in these Bylaws. The President shall also be the Chairman of the Board.

Section D. Vice President. In the absence of the President, or in the event of the President's inability or refusal to act, the Vice-President is empowered to act and shall thereupon be vested with the powers and duties of the President. In the event that there is more than one Vice President, the Board shall establish the order in which they serve.

Section E. Secretary. The Secretary of the Association shall keep the minutes of all meetings of business and other matters transacted at the meetings of the Members and of the Board. The Secretary shall mail, or cause to be mailed, all notices required under the Bylaws. The Secretary shall have the custody of the corporate seal, records and maintain a list of the Members and their addresses. The Secretary shall also perform all other duties incidental to the Office of the Secretary.

Section F. Treasurer. The Treasurer shall have custody of the funds of the Association, collect monies due, pay the obligations of the Association out of its funds, and perform such other duties as are incidental to the Office of Treasurer. The Board may require that the Treasurer be bonded for such amount and under such conditions as the Board may require.

Section G. Removal of Officers. Any officer may be removed when, in the judgment of the Board, the best interests of the Association will be served by such removal. Removal shall require a majority vote of the other Board Members.

ARTICLE XI

Committees

The Chairman of the Board may establish as many committees, and define their duties, as he/she deems necessary for the operation of the Association. Members of all committees shall be as appointed by the Chairman. In the event that the Board Members disagree with the Chairman in either the establishment of a committee or the selection of individual members of a committee, a majority vote of the Board Members may veto his/her selection. Committees and individual committee members can be removed in a manner similar to the establishment of committees and appointment of committee members. The committees may select their chair and establish subcommittees. One of the committees shall be the Lakes Advisory Committee.

ARTICLE XII

Amendments

These Bylaws may be amended only by the affirmative vote of eighty (80) percent of the Board.