

**BY-LAWS OF THE
BLUESTONE BAY COMMUNITY ASSOCIATION**

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**BY-LAWS OF THE
BLUESTONE BAY COMMUNITY ASSOCIATION
An Illinois Not-For-Profit Corporation**

**ARTICLE I
PURPOSE**

The purpose of this Bluestone Bay Community Association (**Association**) is to act on behalf of its members collectively, as their governing body to maintain high standards of maintenance of the entrance signs, parkways, cul-de-sac's planting and detention areas serving the subdivision.

**ARTICLE II
HOME/LOT OWNERS (MEMBERS)**

IN GENERAL - Every person or entity who is the record owner of a fee or an undivided fee interest in a Lot of the Subdivision (**Lot**), upon the vesting of such interest and without any further act, shall be a Member of the Association subject to the obligations provided herein, in the Articles of Incorporation, the Declaration and the duly enacted By-Laws and rules and regulations of the Association. Ownership of such Lot shall be the sole qualification for membership, and membership shall cease upon termination of such ownership.

A QUORUM OF MEMBERS - The presence at membership meetings of any one or several Members of the Lots of the Subdivision shall be sufficient for the purposes of determining the presence of a quorum and the voting on any matter in which the Members were properly notified before the meeting, except as otherwise provided for herein.

B. RIGHTS OF THE MEMBERS

1. **Examine Records** - Any Member of the Association shall have the right to inspect, examine and make copies of the following Association records: The Association's Declaration, By-laws, and plats of survey of the common areas, and all amendments of these; the rules and regulations of the Association, if any; the Articles of Incorporation of the Association and all amendments to the Articles of Incorporation; minutes of all meetings of the Association and its Board of Directors for the immediately preceding 7 years; and all current policies of insurance of the Association, in person or by agent, at any reasonable time or times, at the Association's principal office. In order to exercise this right, a member must submit a written request to the Association's Board of Managers or its authorized agent, stating with particularity the records sought to be examined. Failure of an association's board of managers to make available all records so requested within 30 days of receipt of the member's written request shall be deemed a denial.

2. **Voting Members** - The Association shall have one class of membership and there shall be one individual with respect to each Lot who shall be entitled to vote at any meeting of the Members (the Voting Member). If the owner of a Lot is one individual then such individual shall be the Voting Member. In the event a Lot owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, then any officer, director or other designated agent of such corporation, partner of such partnership, trustee or other designated agent of such trust or manager of such 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, the Board may, at its election, recognize any individual owner of the Lot as the Voting Member for such Lot. Any or all owners may be present at any meeting of the owners, but the voting rights shall be vested exclusively to the Voting Member, 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 agent and filed with the Secretary or its agent before the meeting. Each Voting Member shall have one vote for each Lot which they represent.

C. **PROXIES** - At all meetings of Members whereby the Voting Member is entitle to cast a vote, it may be done in person or by proxy. All proxies shall be in writing and filed with the Secretary or its agent. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member or his/her Lot. Proxies are valid for eleven (11) months from the date of signing.

D. **INFORMATION** - Each Member is required to supply the Board or its agent with information regarding Members names, phone numbers, mortgage holder information and closing date. This information will be held in strict confidence and shall be used for the sole purpose of amendment declarations, mortgage holders requests for certificates of insurance or any other matter directly related to the Association's business.

ARTICLE III **BOARD OF DIRECTORS (BOARD)**

IN GENERAL - The direction and administration of the property shall be vested in the Board of Directors who shall have all of the powers granted to it under the Illinois Not-For-Profit Corporation Act, the Declaration and these By-Laws.

A. **NUMBER OF DIRECTORS** - The Board shall consist of Five (5) persons who shall be appointed or elected in the manner herein provided. The Voting Members having at least two-thirds (2/3) of the total votes of those Members present at a meeting called for that purpose, may from time to time increase or decrease such number of persons on the Board, provided that such number shall not be less than three (3), and that the terms of at least one-third (1/3) of the persons on the Board shall expire annually. The property shall be managed by the Board and the Board shall act by majority vote of the total number of persons constituting the Board when a quorum exists.

B. QUALIFICATIONS OF DIRECTORS - Each member of the Board shall be one of the Lot owners; provided, however, that in the event a Lot owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, then any officer, director or other designated agent of such corporation, partner of such partnership, trustee or beneficial owner or other designated agent of such trust or manager of such other legal entity, shall be eligible to serve as a Member of the Board; further, they need to be in good standing, including being current with their payment of any assessments, including fines, late fees and interest, not in violation of the Declaration/By-Laws and reside within the Association. No two owners of the same Lot may serve simultaneously on the Board.

C. APPLICATION - Application for election to the Board of Directors shall be made by Members in good standing. Applications may be made in writing, to the Board or its managing agent, seven (7) days prior to the scheduled election of the annual meeting. The Board may request and distribute biographical and background information about candidates for election. Nominations may also be made from the floor at the annual meeting, if necessary, provided the Members nominated are in good standing.

D. FIRST AND SUBSEQUENT ELECTIONS - At the first annual meeting, held November 2000, the Voting Members shall elect five (5) Board Members. The candidates receiving the highest number of votes with respect to the number of offices to be filled shall be deemed to be elected. The three (3) persons receiving the highest number of votes at the first annual meeting shall be elected to the Board for a term of two (2) years and the two (2) persons receiving the next highest number of votes shall be elected to the Board for a term of one (1) year.

E. TERMS - Upon the expiration of the terms of office of the Board members so elected at the first annual meeting and thereafter, successors shall be elected for terms of two (2) years each. The Voting Members having at least two-thirds (2/3) of the total votes of those Members present at a meeting called for that purpose, may increase or decrease the term of office of Board Members at any meeting called for that purpose, and that no Board Member or officer shall be elected to a term in excess of two (2) years. A Board Member or officer may be re-elected at the expiration of their term. Those newly elected Board Members shall begin their term at the beginning of the following calendar year, namely January 1st.

F. OFFICERS OF THE BOARD - The Board shall elect from among its Members:

1. A **President**, who shall preside over both its meetings and those of the Voting Members, and who shall be the chief executive officer of the Board and the Association.
2. A **Vice-President** who shall act in the place and instead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.
3. A **Secretary** who shall keep the minutes of all meetings of the Board and of the Voting Members, who shall mail and receive all notices, and who shall perform all the duties incident to the office of Secretary. The actual records may be kept at the office of the professional manager employed by the Board.

4. A **Treasurer** to keep the financial record and books of account, who shall be authorized to receive and deposit in appropriate bank accounts all monies of the Association. To prepare an annual budget estimating the expenses of the Association, including reasonable reserves for expenditures and deferred maintenance for repair or replacement of common elements, to be delivered to all Voting Members at least 30 days prior to the annual meeting. To prepare an annual statement of income and expenditures to be delivered to each of the Members no later than April 1st of the following fiscal year.
5. And such other officers as the Board may from time to time by resolution create who shall at all times be Members of the Board of Directors.

After each annual election, the Board of Directors shall determine which Board Members shall hold the respective offices. Officers of the Board shall be elected for a term of one (1) year each, however, any Board Member may succeed themselves in office.

- G. **COMPENSATION** - Members and officers of the Board shall receive no compensation for their services, unless expressly authorized by the Board with the approval of Voting Members having two-thirds (2/3) of the total votes. However, any director may be reimbursed for their actual expenses incurred in the performance of his duties.
- H. **REMOVAL**- Any Board Member may be removed from the Board, with or without cause, by a majority of the Voting Members of the Association in attendance at a meeting called for such purpose and any vacancy in any office may be filled by the Board Members at any meeting thereof. However, any Board Member whose removal has been proposed by the Members shall be given an opportunity to be heard at that meeting.
- I. **VACANCIES OF THE BOARD** - In the event of death, resignation, a director's non-payment of assessments or removal of a Board Member, the Board Member's successor shall be appointed by the remaining Members of the Board and shall serve for the unexpired term of the Board Members predecessor. Any Board Member may resign at any time by giving written notice to another Board Member or the managing agent. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. If a Board Members ceases to be an owner or a Voting Member, they shall be deemed to have resigned as of the date of such cessation.
- J. **QUORUM OF THE BOARD** - A majority of the total number of the Members of the Board shall constitute a quorum. Except as otherwise expressly provided herein or in the Declaration, any action may be taken upon the affirmative vote of a majority of the Board Members present at a meeting at which a quorum is present and shall be regarded as an act of the Board.
- K. **INDEMNITY OF DIRECTORS** - The Board Members of the Association shall not be liable to the Members for any mistake of judgment or any acts or omissions made in good faith as such Board Members. The Members shall indemnify and hold harmless each of such Board Members against all contractual liability arising out of contracts made by such Board

Member on behalf of the Members or the Association, unless any such contract shall have been made in bad faith or contrary to the provisions of this Declaration. Each Board Member of the Association and any director or officer of any other corporation serving as such at the request of the Association because of the Association's interest as a shareholder or creditor of such other corporation, shall, to the extent not protected by insurance procured by the Association, be indemnified by the Association against all expenses, as hereinafter defined, which shall necessarily or reasonably be incurred by him in connection with any action, suit or proceeding to which he is or shall be a party, or with which he may be threatened, by reason of his being or having been a Board Member of the Association or of such other corporation, whether or not he continues to be a Board Member at the time of incurring such expenses. Expenses, as used herein, shall include, but not be limited to: amounts of judgements against, or amount paid in settlement other than amounts payable or paid to the Association, but shall not include any (a) expenses incurred in connection with any matters as to which such Board Member shall be adjudged in such action, suit or proceeding, without such judgement being reversed to be liable by reason of their negligence or willful misconduct in the performance of their duties as such Board Member, or (b) expenses incurred in connection with any matters which shall have been the subject of such action, suit or proceeding disposed of otherwise than by adjudication on the merits, unless in relation to such matters such Board Member shall not have been liable for negligence or willful misconduct in the performance of their duties as a director or officer. In determining whether a Board Member was liable for negligence or willful misconduct in the performance of their duties as such Board Member, and is for that reason not entitled to reimbursement pursuant to the foregoing provisions, the Board of Directors may conclusively rely upon an opinion of legal counsel selected by the Board of Directors. The right of indemnification herein above provided shall not be deemed exclusive of any other right to which such Board Member may now or hereafter be otherwise entitled and specifically, without limiting the generality of the foregoing, shall not be deemed exclusive of any rights, pursuant to statute or otherwise, of any Board Member in any such action, suit or proceeding to have assessed, or allowed in their favor, against the Association or other corporation or otherwise, their costs and expenses incurred therein or in connection therewith or any part thereof.

- L. **BALLOTS** - A candidate for election to the Board or such candidate's representative shall have the right to be present at the counting of ballots at such election. Elections shall be by secret written ballot. At such election, the Members or their proxies may cast one vote, in respect to each vacancy. Cumulative voting is not permitted. (Cannot use more than one of your votes for each candidate)
- M. Nothing herein above contained shall be construed to give the Board, Association or Members authority to conduct an active business for profit on behalf of the Association or its Members.

ARTICLE IV
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

- A. **GENERAL POWERS OF THE BOARD** - The powers of the Board shall include, but shall not be limited to the following matters:

1. Adopt, amend and publish rules and regulations governing the use of the common areas and Lots including easements of the Association and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof. A notice of the meeting to discuss the proposed rules and regulations shall be sent to all Members and shall contain the full text of the rule;
2. Suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;
3. Upon written request signed by a former member and filed with the Secretary or the managing agent, the board of directors may by the affirmative vote of two-thirds of the members of the board reinstate such former member to membership upon such terms as the board of directors may deem appropriate.
4. Exercise for the Association all powers, duties and authority vesting in or delegated to this Association by virtue of the Declaration or the Articles of Incorporation of the Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;
5. Declare the office of a director of the Board of Directors to be vacant in the event such Board Member shall be delinquent in payment of assessment or absent from three (3) consecutive regular meetings of the Board of Directors;
6. The Board may engage the services of an agent, an independent contractor, or such other employees as they deem necessary to manage the Property and to prescribe their duties, including the signing of checks and written instruments and the receipt of monies due the Association, and the issuance of paid assessment letters at the time a lot is sold, and to perform and have such other duties, rights and obligations required to be performed by, or held by, the Board, to the extent deemed advisable by the Board, provided however, that any such employment arrangement shall be terminable by the Association without cause and without penalty with not more than 30 days notice;
7. Procure and maintain liability, errors and omissions insurance and fidelity insurance coverage for the Board of Directors, the officers and such other agents of the Association as the Board, in its discretion, deems appropriate;
8. To maintain records of each Members name, phone numbers, mortgage holder information and closing date. This information will be held in strict confidence and shall be used for the sole purpose of amendment declarations, mortgage holders requests for certificates of insurance or any other matter directly related to the Association's business.

B. GENERAL DUTIES OF THE BOARD - The duties of the Board shall include, but shall not be limited to the following matters:

1. Maintain, repair and reconstruct the entrance signage;
2. Maintain the landscape islands and common areas not otherwise deeded to or maintained by the Village of New Lenox, Illinois, and not otherwise being common areas or open spaces specifically attributable to the town homes, condominiums or commercial areas;
3. Maintain all areas designated as Detention or Retention Areas, lakes, spillways, lateral and feeders not otherwise maintained by the Village of New Lenox, owned or otherwise controlled by the Association;
4. To enforce and grant relief from these Covenants through fines, liens, litigation and any lawful means;
5. To employ and dismiss the personnel necessary or advisable for the maintenance, operation, repair and replacement of the common elements;
6. To supervise all officers, agents and employees of the Association and to see that their duties are properly performed;
7. To levy assessments, as provided for in the Declaration;
8. To collect Assessments from Members;
9. To obtain adequate and appropriate kinds of insurance;
10. To pay for all necessary operating expenses, and services for the common elements;
11. To pay any amount necessary to discharge any mechanic's lien or other encumbrance against the entire property or any part thereof which may in the opinion of the Board constitute a lien against the common areas, rather than merely against the interests therein of particular Members. Where one or more Members are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it and any costs incurred by the Board by reason of said lien or liens shall be specially assessed to said Members;
12. To pay real property taxes, special assessments and any other special taxes or charges of the State of Illinois or of any political subdivision thereof, or other lawful taxing or assessing body, which are authorized by law to be assessed and levied upon the Property;
13. To impose charges for late payments of a Member's proportionate share of the common expenses, or any other expenses lawfully agreed upon, and after notice and an opportunity to be heard, levy reasonable fines for violation of the Declaration, By-Laws and rules and regulations of the Association. In the event the Board of Directors

elects to hire an attorney on behalf of the Association, allegal expenses and costs incurred will be assessed to the homeowner's account, if the owner is found guilty in accordance with the Declaration, By-Laws and/or rules and regulations.

14. To own, convey, encumber, lease, or otherwise deal with real property conveyed to or purchased by the Association.

ARTICLE V MEETINGS

- A. **PLACE OF MEETINGS** - Meetings of the Members shall be held at such place convenient to the Members as may be established by the Board and designated in any notice of a meeting. All meetings shall be conducted in accordance with the rules and provisions set forth in Roberts Rules of Order, as from time to time published.
- B. **NOTICE OF MEETINGS** - Written notice of any Annual, Board, Special or Open Member meeting shall be mailed, postage pre-paid, addressed to the Member's address last appearing on the records of the Association, or personally delivered, giving Members not less than seven (7) nor more than forty (40) days notice of the time and place of the meeting. Posting of a sign or signs at entrance ways to the Bluestone Bay Subdivision for no less than seven (7) consecutive days prior to said meeting shall also constitute valid notice.
- C. **ANNUAL MEETING** - The first Annual Meeting of the Members was held in November 2000. Each subsequent regular annual meeting of the Members shall be held in November of each year, at a date, time and place designated by the Board. All Annual Meetings shall be conducted as Open Meetings as described herein. Two purposes of the Annual Meeting shall be:
 1. To approve the budget for the next fiscal year, a copy of which shall be distributed to each Member no less than thirty (30) days prior to the Annual Meeting, which estimates all expenses and obligations of the Association and establishes the fixed amount assessed against the individual Lots for the forthcoming year.
 2. To elect Directors to the Board.
- D. **BOARD MEETING** - 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. Each meeting of the Board, to the extent required by law, shall be open to any Member. The Board shall conduct its meeting according to Roberts Rules of Order and shall conduct a formal vote of each Board Member regarding any decision made by the Board. The President of the Board shall not cast a vote except to break a tie. The Board may adopt reasonable rules governing the conduct of Members who attend meetings and Members who do not comply with such rules may be removed from the meeting.

E. SPECIAL MEETING - Special meetings of the Board may be called by the President or by at least one-third (1/3) of the Board Members then serving. Special meetings of the Voting Members may be called at any time for the purpose of considering matters which, 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 of the Board, a majority of the Board, or by the Voting Members having 25% of the Total Votes, identified by name, address and lot number and delivered not less than ten (10) days nor more than forty (40) days prior to the date fixed for said meeting. The notice shall specify the date, time and place of the meeting and the matters to be considered. Matters to be submitted at Special Meetings of the Voting Members shall first be submitted to the Board at least ten (10) days prior to the notice of the Special Meeting, who shall then submit the matters to the Voting Members. The Board shall conduct the Special Meeting according to Roberts Rules of Order. Members must be recognized by the Board to question or comment on any such matters that require voting by the Voting Members. The Board may adopt reasonable rules governing the conduct of Members who attend Special Meetings and Members who do not comply with such rules may be removed from the meeting.

F. OPEN MEETING - Any meeting in which each Member is entitled to cast a vote regarding matters of the Association shall constitute an Open Meeting. The Board shall conduct the Open Meeting according to Roberts Rules of Order. Members must be recognized by the Board to question or comment on any such matters that require voting by the Voting Members. The Board may adopt reasonable rules governing the conduct of Members who attend Open Meetings and Members who do not comply with such rules may be removed from the meeting.

G. CLOSED MEETINGS-The Board may conduct meetings not open to Members for the purpose of:

1. Discussing litigation in which the Association is a party and is pending in a court or administrative tribunal or when the Board of Directors finds that such action is probable or imminent.
2. Considering information regarding the appointment, employment or dismissal of an employee.
3. Discussing violations of the rules and regulations of the Association
4. Discussing a member's unpaid share of assessments.

The minutes of any such closed meetings shall be read at the next Open, Board, or Special Meeting, disclosing any decisions voted upon by the Board.

H. INFORMAL ACTION BY DIRECTORS - Unless specifically prohibited by the Article of Incorporation or the Declaration or its By-Laws, any action may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Board Members and all of any non-director committee members entitled to vote with respect to the subject matter thereof, or by all members of such committee as the case may be.

ARTICLE VI
ASSESSMENTS

IN GENERAL - All assessments levied by the Board shall be for the purpose of insuring a high standard of maintenance, repair and replacement of the entrance signage, common areas and detention areas owned or controlled by the Association as delineated on the Plat of Subdivision for the Subdivision. Such purposes and uses of assessments shall include (but are not limited to) the costs of the Association for all insurance, repairs, replacement and maintenance and other charges by the Declaration of Covenants, Conditions and Restrictions, these By-Laws or other expenses that the Board of Directors of the Association shall determine to be necessary or desirable to meet the primary purpose of the Association.

A. **MAINTENANCE ASSESSMENTS** - The Member, with respect to the Lots of the Subdivision, by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or conveyance, is deemed to covenant and agree to pay to the Association regular maintenance assessments or charges. All such assessments are to be established at the Annual Meeting each year, provided that the regular assessments shall be determined by the affirmative vote of two-thirds (2/3) of the Board of Directors of the Association, but the annual rate of assessments may not be increased without the affirmative vote of two-thirds of the entire membership except for the following:

1. 5% per year when approved by the affirmative vote of a majority of the Voting Members of the Association present at the Annual Meeting; or
2. 10% per year when approved by the affirmative vote of two-thirds of the Voting Members of the Association present at the Annual Meeting.

B. **DUE DATE** - The due date for the entire regular annual maintenance assessment amount shall be due and payable by January 1st of that year in which the assessment shall be imposed and shall be delinquent after January 31st.

C. **FISCAL YEAR** - The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

D. **SPECIAL ASSESSMENTS** - The Members, with respect to the Lots of the Subdivision, by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or conveyance, is deemed to covenant and agrees to pay to the Association special assessments for capital improvements and unforeseen expenses.

1. Special assessments may be levied by the Association to defray the expense, in whole or in part, of any capital improvement or unforeseen expenses. Such capital improvements shall include the construction or unexpected repair or replacement of the entrance signage and landscaping. Unforeseen expenses shall be deemed to be those expenses not provided for in paragraph 2 of Section 5 of ARTICLE V of the Declaration.

2. Whenever the Board of Directors shall determine there exists a need for levying a special assessment as herein provided, the Board of Directors shall adopt a resolution setting forth the need, amount, period of payment and due date or dates for the proposed special assessment. All special assessments must be approved by a two-thirds (2/3) vote of the Voting Members present at a meeting of the Association called by the Board of Directors for the purpose of approving such special assessment, provided that notice has been given to each Member according to the special meeting notice as outlined in Article V, Section D of these By-Laws.

E. ALLOCATION OF ASSESSMENTS - Both annual and special assessments shall be fixed at a uniform rate for all Lots. Lots designated as detention areas shall not be subject to assessment. Any assessment and any installment thereof provided for herein, shall commence on the Lot on the due date for such assessment in the month following the conveyance, transfer or lease of such Lot by the Declarant.

F. NON-PAYMENT OF ASSESSMENTS - Any assessments, regular or special, which are not paid on the due date shall be delinquent. Such delinquency shall be a constituting lien and an equitable charge running with the land touching and concerning said Lot so assessed, held by the then Member or Members, their heirs, devisees, personal representatives, assigns, successors and grantees. Should title to any Lot be held by more than one person, all persons shall be jointly and severally liable. The lien shall attach to all rents due from parties in possession on any Lot on which a delinquent assessment exists, provided that it shall be subordinate to an assignment of rents held by a mortgagee when delivered in connection with a first mortgage loan to purchase any Lot.

1. Should any assessment remain unpaid thirty (30) days after it has become delinquent, for example, March 1st for the annual assessment, such assessment shall bear interest from the date of delinquency at the judgment rate of interest as provided by Illinois law, and an administrative late charge which amount shall be determined by the Board. Any homeowner that becomes delinquent, shall lose their voting rights and shall not be considered a member in good standing.
2. The Association may recover any delinquent assessments, costs and fees by bringing an action at law or in equity against the then Member personally obligated to pay the same or foreclose the lien against the Lot. Such recovery shall include interest, costs and reasonable attorneys' fees incurred in connection with any such action. All past due accounts will be turned over to the attorney if not paid within 120 days of the original due date, for example May 1st.
3. The enforcement of liens or charges shall be limited to a period of five (5) years.
4. The venue for all actions at law provided for in this ARTICLE V shall be in Will County, Illinois. The persons in possession of any Lot shall be authorized to accept summons on behalf of the Owner or Owners of such Lot.
5. No Owner may waive or otherwise escape liability for the assessments provided for herein by the non-use of the Lot.

- G. SUBORDINATION OF LIEN:** The lien of the assessments provided for herein shall be subordinate to the lien of the first mortgage or first trust deed placed upon the Lot for the purpose of purchasing same or the construction of a single-family home thereon. Such automatic subordination shall apply only to the assessments which arise subsequent to the lien of the first mortgage or first trust deed. The sale or transfer of any Lot pursuant to a decree of foreclosure under such first mortgage or first trust deed, or any proceeding or conveyance in lieu thereof, shall not extinguish the lien of such assessments which have become due and payable prior to such sale or transfer. Such sale or transfer shall not relieve the Lot from liability for any assessments or installments thereafter becoming due.
- H. EXPENDITURES LIMITED TO ASSESSMENT FOR CURRENT YEAR:** The Association shall not expend more money within any one year than the total amount of the estimate and subsequent assessment levied for that particular year, plus any surplus which it may have on hand from previous assessments; nor shall said Association enter into any contract binding the assessment of any future year, except for contracts for utilities, and no such contract shall be valid or enforceable against the Association.
- I. FAILURE TO PREPARE ESTIMATES -** The Board's failure or delay in preparing or serving the proposed annual budget on the Members shall not constitute a waiver or release in any manner of such Member's obligation to pay the maintenance costs and necessary reserves, as herein provided, whenever the same shall be determined, and in the absence of any annual estimate or adjusted estimate, the Member shall pay the annual maintenance charge at the previous annual rate established for the previous year such new annual or adjusted estimate is mailed or delivered.
- J. FORBEAR PAYMENT -** The Board has no authority to forbear payment of any assessment by any Member.

ARTICLE VII
INSURANCE

- A. LIABILITY -** The Board shall also have the authority to and shall obtain comprehensive public liability insurance, including liability for injuries to and death of persons and property damage in such limits as it shall deem desirable, and Workmen's Compensation Insurance and other liability insurance as it may deem desirable, insuring each Member, the Association, its Officers, Members of the Board, the Declarant, and their respective employees and agents, from liability in connection with the common areas, detention areas and retention areas, insuring the Officers of the Association and Members of the Board from liability for good faith actions beyond the scope of their respective authorities. Such insurance coverage shall include cross liability claims of one or more insured parties against other insured parties. The premiums for such insurance shall be common expenses.
- B. FIDELITY -** The Association shall obtain and maintain fidelity insurance covering those persons who control or disburse funds of the Association for the maximum amount of coverage available to protect funds in the custody or control of the Association plus the Association reserve fund. All management companies which are responsible for the funds held or administered by the Association shall maintain and furnish to the Association a fidelity bond

for the maximum amount of coverage available to protect funds in the custody of the management company at any time. The Association shall bear the cost of the fidelity insurance and fidelity bond unless otherwise provided by contract between the Association and the Management Company.

ARTICLE VIII
**OBLIGATIONS TO MAINTAIN ENTRANCE WAYS
AND RIGHTS OF THE VILLAGE**

The entrance ways shall be maintained by the Association, in good condition and in substantial conformance with the initial plan approved by the Village. In the event the Association fails to maintain the entrance ways as herein above required, the Village shall have the right, but not the duty, to enter upon lots containing entry signage, as the case may be, and perform such maintenance. The Village's maintenance rights may be exercised thirty (30) days after written notice is mailed to the Association of the failure to perform the maintenance work; provided, however, in the event the failure to perform the maintenance work constitutes an emergency substantially threatening injury to persons or property, the Village shall be required only to give such notice as is practical under the circumstances before the exercise of its rights under this Article. The Village shall be reimbursed by the Association for the Village's cost in performing maintenance work within thirty (30) days of mailing of a bill for such work. In the event the Association fails to pay such bill within the time required, the Village may place and enforce a lien, which lien and right of recovery shall include the Village's attorney's fees, expenses and costs of investigation, settlement and litigation. Failure of the Village to exercise or enforce its rights in any particular circumstances shall not be deemed a waiver of its rights. Notwithstanding any other provision of this Declaration, the rights granted to the Village under this Section shall not be modified in any manner without the written approval of the Village.

ARTICLE IX
AMENDMENTS

- A. **AMENDMENTS**: These By-Laws may be amended by the vote of fifty (50%) of the homeowners, present at a special meeting called for the purpose of amending these By-laws. No amendment shall be effective unless and until a copy of the same is signed by the President and Secretary of the Board. This agreement shall further govern the future disposition and ownership of lots in the Subdivision as to all owners hereof agreeing to be bonded by the terms of this agreement, their successors and assigns.
- B. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.


ARTICLE X
DECLARANT'S RIGHTS

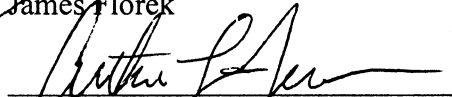
As of the date of these By-Laws, the Declarant has no interest in the property, and the Declarant has retained no rights herein.

**ARTICLE XI
COMMITTEES**


The Board of Directors may create one or more committees and appoint Members or such other persons as the Board designates, to serve on the committee as deemed appropriate in carrying out its purposes, who shall serve at the pleasure of the Board. The purpose of the committee shall be defined by the Board which shall include the specific purpose, scope and requirements, including an expected completion date. Each committee shall have two or more coordinators. A majority of the committee members present at a meeting at which a quorum is present, being a majority of the committee members, is necessary for committee action. A committee may act by unanimous consent in writing without a meeting and subject to the provision of the By-Laws or action of the Board of Directors. The committee by majority vote of its members shall determine the time and place of meetings and the notice required therefore. The committee and its members may not act on behalf of the Association or bind it to any action but shall make written recommendations to the Board of Directors.

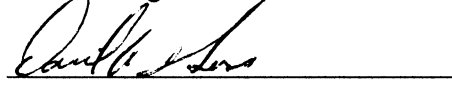
IN WITNESS WHEREOF, we, being all of the Directors of the Bluestone Bay Community Association have set our hands this 8th day of April, 2002.


James Florek


Arthur LeJeune


Victor Kupres


James Wingfield


David Goss

CERTIFICATION

I, James Wingfield, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of the Bluestone Bay Community Association, an Illinois not-for-profit corporation, and

That the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a special meeting of the Homeowners thereof, held on the 8th day of April, 2002.