

Jonathan Knolls Community Association Bylaws
April 12, 2005 Revision

BY-LAWS
JONATHAN KNOLLS COMMUNITY ASSOCIATION
an Illinois not-for-profit corporation

ARTICLE I
NAME OF CORPORATION

1.01 NAME: The name of this corporation is JONATHAN KNOLLS COMMUNITY ASSOCIATION, INC. ("the Association") .

ARTICLE II
PURPOSE AND POWERS

2.01 PURPOSES: The purpose of the Association is to act on behalf of the owners ("Owners" collectively or "Owner" individually) of lots ("Lots" collectively or "Lot" individually) in the Jonathan Knolls subdivision ("the Subdivision") collectively, as their governing body with respect to the preservation, care, maintenance, replacement, improvement, enhancement, operation and administration of both real and personal property, and for the promotion of the health, safety and welfare of the members of the Association, their families and guests, all on a not-for-profit basis.

2.02 POWERS: The Association shall have and exercise all powers as are now or may hereafter be granted by the Illinois General Not-For-Profit Corporation Act ("Act"), the Covenants of Covenants and Restrictions ("the Covenants"), these By-Laws and any rules and regulations the Association may hereafter promulgate ("Rules and Regulations").

2.03 PERSONAL APPLICATION: All present or future Owners, tenants, future tenants, and their agents and employees, and any other person that might use the facilities of the Subdivision in any manner, shall be subject to the provisions of the Covenants, these By-Laws and the Rules and Regulations. The acquisition or rental of a Lot or the act of occupancy of a Lot will signify that each and every Owner will accept, ratifies and will comply with the Covenants, these By-Laws and the Rules and Regulations.

2.04 INCORPORATION OF PROVISIONS OF THE ACT: These By-Laws incorporate and include any provisions that the Act specifically requires from time to time.

ARTICLE III
OFFICES

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

3.02 PRINCIPAL OFFICE: The Association's principal office shall be maintained within the Subdivision as defined in the Covenants or through a registered Post Office Box (P.O. Box 335, Wadsworth, IL 60083) or at the office of the managing agent (Current Elected President) engaged by the Association.

ARTICLE IV
MEETINGS OF MEMBERS

4.01 VOTING RIGHTS

A. Generally. The Association shall have one class of membership. There shall be one individual with respect to each Lot (as defined in the Covenants) who shall be entitled to vote at any meeting of the Owners as defined in the Covenants (the "Voting Member"). If the Owner of a Lot is one individual, then such individual shall be the Voting Member. If the record ownership of a Lot shall be in more than one individual or if the Owner is a trustee, corporation, partnership or other legal entity, then the Voting Member shall be designated by the Owner or Owners in writing to the Board, and if, in the case of multiple individual Owners no designation is given, then the Board may, at its election, recognize an individual Owner of the 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 in the Voting Members; provided, however, that a Voting Member may vote either in person or by proxy executed in writing by the Voting Member or his duly authorized attorney-in-fact and filed with the Board Secretary before the meeting. No proxy shall be valid after eleven (11) months from the date of its execution. Each Voting Member shall have one vote for each Lot that he represents.

B. Voting At Annual Meeting. In addition to voting in person or by proxy at any annual meeting, the Board of Directors, at a meeting at least 60 days in advance of any annual meeting, may designate that Members shall be allowed to vote for Board of Director candidates by absentee ballot. In the event that the Board of Directors adopts such resolution for allowing absentee ballots at an annual meeting, such resolution shall provide for the following:

1. That absentee ballots must be distributed to members not less than 10 days and not more than 30 days before the election meeting;
2. That the Board shall give members no less than 21 days prior written notice of the deadline for inclusion of a candidate's name on the ballot;
3. That the deadline shall not be more than 7 days before the ballots are mailed or otherwise distributed to members;
4. That every absentee ballot must include the names of all candidates given to the Board, timely written notification of their candidacy and must also give the person casting the ballot the opportunity to cast votes for candidates whose names do not appear on the ballot (write-in candidates);
5. That a ballot received by the Association after the close of voting shall not be counted; and that a member who submits a ballot by mail or other means of delivery as specified in the By-Laws may request and cast a ballot in person at the election meeting and, therefore, void any ballot previously submitted by that member.

4.02 PLACE OF MEETING; QUORUM: Meetings of the Owners shall be held within the Subdivision or at such other place in Lake County, Illinois convenient to the Owners as may be designated in any notice of a meeting. All meetings shall be conducted in accordance with the rules

and provisions set forth in Roberts Rules of Order, as from time to time published. Voting Members holding thirty percent (30%) of the votes, represented in person or by proxy, shall constitute a quorum (19 owners). The vote of a majority of the Voting Members present or represented by proxy at a meeting at which a quorum is present shall be necessary for the adoption of any matter voted upon by the Voting Members, unless a greater proportion is required by the Act, the Covenants or these By-Laws. The affirmative vote of 75% of the votes entitled to be cast shall be required for the following action: (a) merger or consolidation of the Association; and (b) sale, lease, exchange, mortgage, pledge or other disposition of all, or substantially all of the property and assets of the Association; and (c) for the purchase or sale of land or of Lots on behalf of all Owners.

4.03 ANNUAL MEETINGS: There shall be an Annual Meeting of the Owners on the first Wednesday of September of each year at 6:30 p.m. or at such other time and/or date designated by the Board.

4.04 SPECIAL MEETINGS: Special meetings of the Owners may be called at any time for the purpose of considering matters which, by the terms of the Covenants, 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, or a majority of the Board, or by Voting Members representing at least twenty percent (20%) of the votes.

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

ARTICLE V BOARD OF DIRECTORS

5.01 IN GENERAL: The affairs of the Association and the direction and administration of the Subdivision shall be vested in the Board, which shall consist of five (5) persons ("Directors"). Each Director shall hold office until the expiration of his/her term, resignation, or removal. Upon approval of a majority of the remaining Board Members, a Board Member may remain in office until his successor shall have been elected and qualified. Only Owners may be Directors. The Board shall have all of the powers granted to it under the Act, the Covenants, and these By-Laws.

5.02 ELECTION: Elections for Directors shall be staggered/such that no more than three members shall be up for election in anyone year. At each election for members of the Board, each Voting Member for each Lot that the Voting Member represents shall be entitled to the number of votes equal to the number of Directors to be elected and cumulative voting shall not be permitted, provided that an Owner who is a contract purchaser of a Lot from a contract seller shall have the right to vote for Directors unless such contract seller expressly retains such right in writing. At each subsequent annual meeting, Directors shall be elected to replace those Directors whose terms expire and each such Director shall serve a two (2) year term. Each Director shall serve until his term expires or is terminated or until, pursuant to the provisions of section 5.01 above, his successor shall have been elected and qualified. A Director may succeed himself/herself in office.

5.03 ANNUAL MEETINGS: The Board shall hold an open Board meeting within ten (10) days after the Annual Meeting of the Owners at such place as shall be fixed by the Directors at the Annual Meeting of the Owners, for the purpose of electing officers and such other purposes as the Board deems appropriate.

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

5.05 SPECIAL MEETINGS: Special meetings of the Board may be called by the President or by at least one-third (1/3) of the Directors then serving.

5.06 NOTICE OF BOARD MEETINGS: Notice of each meeting of the Board shall be mailed or personally delivered to each Director at least forty-eight (48) hours prior to the meeting and notice shall be given to each Owner by posting said notice in a designated location or delivering a notice at least forty-eight hours (48) hours prior to the meeting. Notice of any meeting of the Board concerning the adoption of the proposed annual budget or any increase or establishment of an assessment shall be given to each Owner in the same manner as provided in Section 4.05 of these By-Laws, unless a written waiver of such notice is signed by the person or persons entitled to such notice before the meeting is convened. Response from attending board members shall be noted. Attendance of a Director at any Board of Director Meeting shall constitute a waiver of notice of such meeting except where a Director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

5.07 OPEN MEETINGS: Each meeting of the Board, to the extent required by law, shall be open to any Owner. The Board may adopt reasonable rules governing the conduct of Owners who attend meetings and Owners who do not comply with such rules may be removed from the meeting.

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

5.09 COMPENSATION/REIMBURSEMENT FOR EXPENSES: No Director shall be compensated by the Association for services rendered to the Association. Upon the presentation of receipts or other appropriate documentation, a Director shall be reimbursed by the Association for reasonable out-of-pocket expenses incurred in the course of the performance of his/her duties as a Director.

5.10 REMOVAL OR RESIGNATION OF DIRECTOR: At any regular or special meeting of the Members, any one or more of the Directors may be removed with or without cause by the affirmative vote of no less than 2/3 of the vote of Members present, whether voting in person or by proxy. Notice for the regular or special meeting of the Members, at which such members will be requested to vote on whether to remove a Director, shall state that a purpose of the meeting is to vote upon the removal of one or more Directors named in the notice. Only the Director or Directors named in the notice may be removed at any such meeting. Any Director may resign at any time by submitting his/her written resignation to the Board of Directors. A successor to fill the unexpired

term of a Director who is removed or who resigns may be appointed by a majority of the remaining Directors at any regular or special meeting called for that purpose and any successor so appointed shall serve the balance of his/her predecessor's term.

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

- (a) Subject to the Covenants, to engage the services of a manager or managing agent to assist the Association in performing and providing such services as the Association is required to provide to its members under the Covenants;
- (b) To provide for the designation, hiring and removal of such employees and such other personnel, including attorneys and accountants, as the Board may, at its discretion, deem necessary or proper for the effective administration of the Association;
- (c) To provide for any maintenance, repair, alteration, addition, improvement or replacement of the Common Area, as that term is defined in the Covenants, for which the Association is responsible under the Covenants and these By-Laws;
- (d) To estimate and provide each Owner with an annual budget as provided for in the Covenants;
- (e) To set, give notice of, and collect assessments from the Owners as provided in the Covenants;
- (f) To pay any expense common to the Owners;
- (g) To adopt rules and regulations as provided in the Covenants;
- (h) To delegate the exercise of its power to committees and to appoint commissions pursuant to Article VII of these By-Laws;
- (i) To own, convey, encumber, lease, or otherwise deal with other real property conveyed to or purchased by the Association;
- (j) To keep detailed, accurate records of the receipts and expenditures affecting the use and operation of the Subdivision; and
- (k) To purchase such insurance it deems necessary to (1) protect the property of the Association against casualty, and (2) prevent Association liability for any harm suffered by any person or their property in the Subdivision; and
- (l) To purchase any directors and officers liability insurance for the Board it reasonably deems necessary.

ARTICLE VI OFFICERS

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

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

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

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

(b) The Vice President shall serve in the capacity of President in the event the President is unable or unwilling to serve, or in the absence of the President at any meeting and shall execute all other duties of the President in the President's absence;

(c) The Secretary shall keep minutes of all meetings of the Owners and of the Board and shall have custody of the corporate seal of the Association and have charge of such other books, papers and documents as the Board may prescribe, and shall be responsible for giving and receiving all notices to be given to or by the Association under the Act, the Covenants or these By-Laws;

(d) The Treasurer shall be responsible for Association funds and securities, unless the Association has contracted for professional property management, and for keeping full and accurate accounts of all receipts and disbursements in the Association books of accounts kept for such purpose. The Treasurer shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board; and

(e) The Director-at-Large shall be the president of the Architectural Review Board and serve as the Association's community liaison. The Director-at-Large also appoints members to Association committees and other bodies and liaises between these bodies and the Board.

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

ARTICLE VII
COMMITTEES AND COMMISSIONS DESIGNATED BY BOARD

7.01 BOARD COMMITTEES: The Board, by a resolution adopted by a majority of the Directors in office, may designate committees to assist it with the management and/or advancement of the Association. Each committee must contain at least two Directors, who must constitute a majority of the members of said committee. Each committee shall have and may exercise the authority of the Board in the management of the Association to the extent consistent with the authority granted it in the resolution creating and authorizing said committee. The designation of any committees and the delegation of authority thereto shall not operate to relieve the Board or any Directors of any responsibility imposed upon it or them by law.

7.02 COMMISSIONS: The Board, by a resolution adopted by a majority of the Directors present at a meeting, may create one or more commissions. Commissions serve only in an advisory capacity and do not have or exercise the authority of the Board. Unless otherwise permitted pursuant to the resolution creating a commission, only Owners may serve as members on commissions. The Director-at-Large of the Association shall appoint commission members. A majority of the Directors in office may remove any commission member whenever doing so, in their sole judgment, would serve the interests of the Association.

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

7.04 CHAIRPERSON: The Director-at-Large shall appoint one member of each committee or commission to serve as Chairperson.

7.05 VACANCIES: Vacancies in the membership of any committee or commission may be filled by appointments made in the same manner as provided in the case of the original appointments.

7.06 QUORUM: Unless otherwise provided in the resolution of the Board designating a committee or commission, a majority of the whole committee or commission shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee or commission.

7.07 RULES: Each committee or commission may adopt rules for its own government not inconsistent with the Covenants, these By-Laws, the Rules and Regulation, or with rules the Board has previously established for the committee or commission.

ARTICLE VIII
INSTRUMENTS, CHECKS, DEPOSITS AND FUNDS

8.01 EXECUTION OF INSTRUMENTS: The Board may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by these By-Laws, to enter into any contract or execute and deliver any instrument (including amendments to the Covenants or these By-Laws that must be executed by the Association) in the name of and on behalf of the Association, and such authority may be general or confined to specific instances. In the absence of any such authorization by the Board, any such contract or instrument shall be executed by the President and attested to by the Secretary of the Association.

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

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

8.04 SPECIAL RECEIPTS: The Board may accept on behalf of the Association any contribution, gift, bequest, or device for the general purposes or for any special purpose of the Association.

ARTICLE IX
FISCAL MANAGEMENT

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

9.02 ANNUAL STATEMENT: On or before the date of the annual meeting the Board shall furnish each Owner with an itemized accounting of the Association's expenses for the previous year actually incurred or paid, together with an indication of which portion of said expenses were incurred or paid for capital expenditures or repairs or the payment of real estate taxes, and with a tabulation of the amounts collected pursuant to the annual assessment budget, and showing the net excess or deficit of income over expenditures plus reserves.

9.03 ASSESSMENT PROCEDURE: Annual assessments and special assessments shall be made and collected as provided in Clause VI, Section 9 of the Covenants, and said provisions are incorporated herein by reference.

ARTICLE X
BOOKS AND RECORDS

10.01 MAINTENANCE OF RECORDS: The Board of Directors of the Association shall maintain the following records of the Association and shall make them available for examination and copying by Owners at the Association's principal office:

- (a) Detailed and accurate records in chronological order of the receipts affecting the Association specifying and itemizing the maintenance and repair expenses of the Common Areas and any and all other expenses of the Common Areas and any and all other expenses incurred, and copies of all contracts, leases or other agreements pursuant to which the Association has any existing obligation;
- (b) Copies of the recorded Declaration(s), any controlling By-Laws and/or Rules and Regulations, Articles of Incorporation, and Annual Reports;
- (c) The minutes of all meetings of the Board for the previous 7 years;
- (d) Ballots and proxies related thereto for the election held for the Board of Directors and for any and all other matters voted on by Members for the previous one year; and
- (e) Such other records as are available for inspection by members of a Not-For-Profit Corporation pursuant to Section 107.75 of the General Not-For-Profit Corporation Act of 1986.

10.02. RIGHT TO INSPECT RECORDS: Except as otherwise provided in section 10.05 below, any Owner shall have the right to inspect, examine and make copies of the records described in section 10.01 above, in person or by agent, at any reasonable time or times, but only for a proper purpose. In order to exercise this right, an Owner must submit a written request to the Board or its authorized agent stating with particularity the records sought to be examined and a proper purpose for the request.

10.03 FAILURE TO PROVIDE REQUESTED DOCUMENTS: Failure of the Board to make available all records requested by an Owner within 30 days shall constitute a denial of the request.

10.04 COSTS RELATED TO INSPECTION OF DOCUMENTS: The actual cost to the Association of retrieving and making records available for inspection and examination shall be charged by the Association to the requesting Owner. If the Owner requests copies of records requested under this Section, the actual cost to the Association of reproducing the records shall also be charged by the Association to the requesting Owner.

10.05. Notwithstanding the provisions of section 10.01 above, unless otherwise directed by court order, the Association shall not make the following records available for examination or copying by its Owners:

- (a) Documents relating to appointment, employment, discipline or dismissal of Association employees;

- (b) Documents relating to actions pending against or on behalf of the Association or its Board in a court or administrative tribunal;
- (c) Documents relating to actions threatened against, or likely to be asserted on behalf of, the Association or its Board in a court or administrative tribunal;
- (d) Documents relating to common expenses or other charges owed by an Owner other than the requesting Owner; and
- (e) Documents provided to the Association in connection with the sale or transfer of a Lot by an Owner other than the requesting Owner.

ARTICLE XI SEAL

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

ARTICLE XII AMENDMENTS

These By-Laws may be amended, altered or repealed and new By-Laws may be adopted upon the affirmative vote of not less than 67% of all Owners at a regular or special meeting called for such purpose, by recording an instrument in writing setting forth such amendment, alteration or repeal, which is signed and acknowledged by the President or Vice President and the Secretary of the Association, and which contains an affidavit by an officer of the Board certifying that the necessary affirmative vote of the members of the Association has been obtained.