

EXHIBIT "D"

BY-LAWS

The By-Laws of
The Carriage Homes of Fox Ridge Condominium Association
An Illinois not-for-profit corporation

Article I

Names of Corporation:

The name of this Corporation is The Carriage Homes of Fox Ridge Condominium Association.

Article II

Purpose and powers

1. Purposes. The purposes of this Association are to act on behalf of its members collectively, as its governing body for civic functions and other purposes, with respect to the preservation, care, maintenance, replacement, improvement, enhancement, operation and administration of both real and personal property and for the promotion of the health, safety and welfare of the members of the Association, all on a not-for-profit basis. These By-Laws are attached as exhibit "D" to the Declaration of Condominium Ownership for the Carriage Homes of Fox Ridge Condominium Association ("Declaration"). All terms used herein shall have the meanings set forth in the declaration.

2. Powers. The association shall have and exercise all powers as are now or may hereafter be granted by the general not-for-profit corporation act of the State of Illinois, the act, the Declaration and these By-Laws.

3. Personal Application. All present or future owners, tenants, and their agents and employees, and any other person that might use the facilities of the condominium property in any manner, shall be subject to the provisions of the Declaration and these By-Laws. The mere acquisition or rental of a dwelling unit or the mere act of occupancy of a dwelling unit will signify that the Declaration and these by-laws are accepted, ratified and will be complied with. In the event of a conflict between these by-laws and the Declaration, the Declaration shall control.

4761995

Article III

Offices

1. 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 designate.
2. Principal office. The association's principal office shall be maintained on the property and shall be a separate office from the Registered Office as designated by the Board.

Article IV

Meetings of Members

1. Board of Managers; Association. The direction and administration of the property shall be vested in a Board of Managers (hereinafter and hereinafter sometimes referred to as "Board"), consisting of five (5) persons who shall be elected in the manner hereinafter provided. The board shall consist of three (3) persons until the initial meeting of the voting members and shall automatically increase to five (5) voting members at that time. The unit owners, as described in the Declaration and these By-Laws, hereinafter mentioned, acting collectively through the Board, shall be known as The Carriage Homes of Fox Ridge Condominium Association, a not-for-profit corporation organized under the laws of the State of Illinois (herein called the "Association"). The provisions of these articles shall constitute the initial and basic By-Laws of the Board and/or association, as referred to in the act. Each member of the Board shall be one (1) of the unit owners; provided, however, that in the event a unit owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, then any director, officer or employee of such corporation, partner of such partnership, individual trustee or beneficiary of such trust, or manager of such other legal entity, shall be eligible to serve as a member of the Board. Every unit owner, upon becoming an owner of a unit or units, shall be a member of the association and shall remain a member of said association until such time as his ownership ceases, at which time the new owner thereof shall become a member of the association. There shall be only one (1) class of membership in the association. The association may issue certificates to evidence membership therein.

2. Time For Election of Initial Board of Managers. The initial meeting of the voting members shall be held upon not less than twenty-one (21) days written notice given by the developer, but in any event, the initial meeting of the voting members shall be held not later than sixty (60) days after a conveyance by the developer of seventy-five percent (75%) of the units or three (3) years after the recording of this Declaration, whichever is earlier; provided, however, the words "seventy-five percent (75%) of the units" as used in the preceding clause of this sentence shall mean seventy-five percent (75%) of the

4761995

sum of the units listed on exhibit "c" attached hereto, including any amendments to exhibit "C" by reason of the provisions of article IX.

3. Administration of Property Prior to Election of Initial Board of Managers. Until the election of the initial Board, the same rights, titles, powers, privileges, trusts, duties and obligations vested in or imposed upon the Board of Managers by the act, and in the Declaration and By-Laws, shall be held and performed by the developer. If the initial Board is not elected by the unit owners at the time so established, the developer shall continue in office for a period of thirty (30) days, whereupon written notice of his resignation shall be sent to all of the unit owners entitled to vote at such election.

Within sixty (60) days following the election of a majority of the board, other than the developer or its employees or agents, the developer shall deliver to the Board:

- a. All original documents as recorded or filed pertaining to the property, its administration and the Association, such as the Declaration, By-Laws, Articles of Incorporation, other condominium instruments, annual reports, minutes and code of regulations, reports, contracts, leases or other agreements entered into by the Association. If any original documents are unavailable, a copy may be provided if certified by Affidavit of the Developer, or an officer or agent of the Developer, as being a complete copy of the actual document recorded as filed.
- b. A detailed accounting by the developer setting forth the source and nature of receipts and expenditures in connection with the management, maintenance and operation of the property and copies of all insurance policies and a list of any loans or advances to the association which are outstanding.
- b. Association funds which shall have been at all times segregated from any other monies of the developer.
- c. A schedule of all real or personal property, equipment and fixtures, if any, belonging to the association, including documents transferring the property, warranties, if any, for all real and personal property and equipment, deeds, title insurance policies and all tax bills.
- e. A list of all litigation, administrative action and arbitrations involving the association, any notices of governmental bodies involving actions taken or which may be taken by the association, engineering and architectural drawings and specifications as approved by any governmental authority, all other documents filed with any other governmental authority, all governmental certificates, correspondence involving enforcement of any association requirements, copies of any documents relating to disputes

4761995

involving unit owners and originals of all documents relating to everything listed in this subparagraph.

- f. Any contract, lease or other agreement made prior to
- g. the election of a majority of the Board of Managers, other than the developer, by or on behalf of unit owners, individually or collectively, the unit owners' association or the Board of Managers which extends for a period of more than two (2) years from the recording of the declaration shall be subject to cancellation by more than one-half (1/2) of the votes of the unit owners, other than the developer, cast at a special meeting of members called for that purpose during a period of ninety (90) days following expiration of the two (2) year period. At least sixty (60) days prior to the expiration of the two (2) year period, the board of managers or, if the board is still under developer control, then the board of managers or the developer shall send notice to every unit owner notifying them of this provision, what contracts, leases and other agreements are affected and the procedure for calling a meeting of the unit owners for the purpose of voting on termination of such contracts, leases or other agreements. During the ninety (90) day period, the other party to the contract, lease or other agreement shall also have the right of cancellation.

4. Voting rights of Unit Owners. There shall be only one (1) person with respect to each unit ownership who shall be entitled to vote at any meeting of the unit owners. Such person shall be known (and hereinafter referred to) as a "voting member". Such voting member may be the owner or, if the unit is owned by more than one (1) owner, then one (1) of the group composed of all of the owners of that individual unit, or may be some person designated by such unit owner or owners, as the case may be, to act as proxy (said proxy bearing the date of its execution) on his or their behalf and who need not be an owner. Such designation shall be made in writing to the board and shall be revocable at any time by written notice to the board by the owner or owners. If, in the case of multiple individual owners of a unit, no designation is given to the board, then the board, at its election, may recognize any individual owner of the unit as the voting member of such unit. The total number of votes of all voting members, in the aggregate, from time to time, shall be one hundred (100) and each owner or group of owners of one (1) unit (if owned by more than one (1) owner) shall have a vote equal to the total percentage of ownership in the common elements of that unit as set forth in exhibit "C", which exhibit "C" may be amended from time to time by Declarant as provided in the Declaration. The Declarant may exercise the voting rights with respect to any unit owned by the Declarant.

4761995

5. Meetings.

a. Quorum; Procedure. As to members, the presence, in person or by proxy, at any meeting of the voting members (without regard to their number) having at least twenty percent (20%) of the total votes, shall constitute a quorum. If a quorum is not present at any meeting, a majority of the members present may adjourn the meeting from time to time. Unless otherwise expressly provided herein, any action may be taken at any meeting of the voting members at which a quorum is present upon the affirmative vote of the voting members having a majority of the total votes present at such meeting. For purposes of election of the Board of Managers, in the event of a resale of a condominium unit, the purchaser of a unit from a seller other than the developer pursuant to installment contract for purchase, shall, during such times as he or she resides in the unit, be counted toward a quorum for purposes of election of members of the Board of managers at any meeting of the unit owners called for said purpose and shall have the right to vote for the election of members of the Board of managers and to be elected to and serve on the Board of Managers unless the seller expressly retains in writing any or all of such rights. In no event may the seller and purchaser both be counted toward a quorum, be permitted to vote for a particular office or be elected and serve on the Board. Satisfactory evidence of the installment contract shall be made available to the association or its agents. For purposes of this subparagraph, "installment contract" shall have the same meaning as set forth in section 1. (e) of "an act relating to installment contracts to sell dwelling structures", approved August 11, 1967, as amended.

When thirty percent (30%) or fewer of the units, by number, possess over fifty percent (50%) in the aggregate of the votes in the association, any percentage vote of members specified in the Declaration shall require the specified percentage by number of units rather than by percentage of interest in the common elements allocated to units which would otherwise be applicable.

b. Annual Meetings of Unit Owners. The first annual meeting of the voting members shall be held upon not less than twenty-one (21) days nor more than thirty (30) days prior written notice given by the Declarant. Thereafter, there shall be an annual meeting of the voting members on the first Tuesday of March of each succeeding year, at 7:30 o'clock p.m., on the property, or at such other place, time or date as may be designated by written notice of the Board delivered to the voting members not less than twenty-one (21) days nor more than thirty (30) days prior to the date fixed for said meeting. At each annual meeting of unit owners, the voting members shall, by a majority of the total votes present at such meeting, elect members of the Board of Managers (or after incorporation of said Condominium Association, a Board of Directors).

c. Special Meetings of Unit Owners. 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

4761995

reasonable purpose. Said meetings may be called by written notice by the president, Board of Managers, or by twenty percent (20%) of the unit owners. Said notice shall be given to the voting members not less than ten (10) days nor more than thirty (30) days prior to the date fixed for said meeting. The notices shall specify the date, time and place of the meeting and the matters to be considered.

d. Notices of Meetings. Notices of meetings required to be given herein shall be given pursuant to the provisions of paragraph 9 of article XII of the Declaration. Said notices shall be given at the times set forth in this Article IV, Paragraph 5, Article V, Paragraph 1 and Article IX, Paragraph 1 of these By-Laws.

e. Order of Business at Meetings of Unit Owners. The order of business at all meetings of the owners of units shall be as follows:

- (i) Roll call;
- (ii) Proof of notice of meeting or waiver of notice;
- (iii) Reading of minutes of preceding meeting;
- (iv) Reports of officers;
- (v) Reports of committees;
- (vi) Election of inspectors of election;
- (vii) Election of Board of Managers
- (viii) Unfinished business; and
- (xi) New business.

4761995

Article V

Board of Directors

1. Board of Directors (Board of Managers): Officers - Meetings. Voting. Notices.

a. Board Members. As to said Board, there shall be five (5) members; and three (3) members of said Board shall constitute a quorum. Until the initial meeting of voting members, the Board shall consist of three (3) members, two (2) of whom shall constitute a quorum. All Board members shall be elected annually, and the five (5) candidates receiving the highest number of votes shall be elected. A candidate for election to the Board, or such candidate's representative, has the right to be present at the counting of the ballots for such election. All members of the Board shall serve for their terms as hereinabove stated or until their successors are duly elected or appointed and qualified, but members of the Board may succeed themselves, except as provided in subparagraph c as hereinbelow set forth. Vacancies on the Board and for officers may be filled by majority vote of the remaining Board members until the next meeting of unit owners or for a period terminating no later than thirty (30) days following the filing of a petition signed by unit owners holding twenty percent (20%) of the votes of the Association requesting a meeting of the unit owners to fill the vacancy for the balance of the term, and that a meeting of the unit owners shall be called for purposes of filling a vacancy on the Board no later than thirty (30) days following the filing of a petition signed by said unit owners requesting such a meeting. The property shall be managed by the Board, and the Board shall act by majority vote of those present at its meeting when a quorum exists. Meetings of the Board may be called, held and conducted in accordance with such regulations as the Board may adopt and the provisions of the act, however, the Board shall meet at least four (4) times annually. All Board meetings shall be open, except as hereinafter indicated, to all unit owners or their proxies or persons holding proxies on behalf of unit owners, all of whom shall sign the register immediately prior to the time of the meeting indicating the name(s) of the unit owner, the unit represented, the name of the voting member therefor and any other pertinent information the Board of Managers deems necessary. Meetings of the Board of managers shall be open to any unit owner, except for the portion of any meeting held:

(i) to discuss litigation when an action against or on behalf of the association has been filed and is pending in a court or administrative tribunal, or when the Board of Managers finds that such an action is probable or imminent;

(ii) to consider information regarding appointment, employment or dismissal of an employee; or

(iii) to discuss violations of rules and regulations of the Association or a unit owner's unpaid share of common expenses.

4761995

Any vote on these matters, however, shall be taken at a meeting, or portion thereof, open to any unit owner and any unit owner may record the proceedings at meetings required to be open by the act by tape, film or other means. The Board may prescribe reasonable rules and regulations to govern the right to make such recordings. This notice provision shall prevail unless otherwise specifically provided. In the Declaration or in the Act. The Board is hereby empowered and authorized to engage the services of a manager or managing agent in this regard.

b. Officer's Appointment. The Board shall appoint, by majority vote from among its members, a president, who shall preside over both its meetings and those of the voting members (Association), a secretary, who shall keep the minutes of all meetings of the Board and of the voting members of the association and who shall, in general, perform all the duties incident to the office of secretary, including the mailing and receipt of all notices and execution of amendments to any condominium instrument as provided for herein and by the act, except as otherwise provided in Article IX, Paragraph 3 of the Declaration or elsewhere as herein stated, and a treasurer to keep the financial records and books of account. The Board may also appoint, by majority vote, such other officers as it deems appropriate. An officer may be removed by a majority vote of the Board of Directors and upon such removal, the Board, by majority vote, shall appoint his successor for the remainder of said officer's term or until a unit owner's meeting in accordance with the provisions of subparagraph a as hereinabove set forth.

c. Removal of Board Members. Any Board Member or Successor Board members may be removed from office, either with or without cause, by affirmative vote of the voting members having at least a majority of the total votes cast at any special meeting at which a quorum is present and called for the purpose a successor, to fill the unexpired term of a Board member removed, may be elected by majority vote of the voting members at the same meeting with the next meeting, in accordance with the provisions of subparagraph a as hereinabove set forth.

d. Annual and Special Meetings; Notices. An annual meeting of the Board shall be held immediately following the annual meeting of the unit owners and at the same place. Special meetings of the Board shall be held upon call by the president by a majority of the Board on not less than forty-eight (48) hours notice in writing to each unit owner and the board delivered in accordance with the provisions of paragraph 9 of article XII of the Declaration. Any unit owner or member of the Board may in writing waive notice of a meeting or consent to the holding of a meeting without notice or consent to any action of the Board without a meeting.

Each unit owner shall receive notice in the same manner as is provided by the act, as amended, in effect at the time of the recording of the Declaration, and by the Declaration for meetings of the unit owners, of any meeting of the Board of Managers concerning the adoption of the

4761995

50

proposed annual budget or any increase or establishment of an assessment.

e. Compensation of Board members and Officers. Neither board members nor officers shall receive any compensation for their services.

2. General Powers and Duties of the Board. Without limiting the general powers which may be provided by law, the Declaration and the Act, the Board shall have the following general powers and duties:

a. To administer the affairs of the Association and the property;

b. To elect the Officers of the Association as hereinabove provided;

c. To engage the services of a manager or managing agent who shall manage and operate the property and the common elements thereof, upon such terms and for such compensation and with such authority as the Board may approve; provided, that no management agreement may run for a period of beyond two (2) years, except for any contract originally negotiated by developer or Declarant which shall not exceed one (1) year and which shall not bind the Association unless it includes a right of termination without cause that the Association can exercise any time after the transfer of control and which right of termination shall not require payment of any penalty or advance notice of more than sixty (60) days. Any contract, lease or other agreement made prior to the election of a majority of the Board of Managers other than the developer by or on behalf of unit owners, individually or collectively, the Association or the Board of Managers, which extends for a period of more than two (2) years from the recording of the Declaration, shall be subject to cancellation by more than one-half (1/2) of the votes of the unit owners other than the developer cast at a special meeting of the voting members called for that purpose during a period of sixty (60) days following expiration of the two (2) year period. At least sixty (60) days prior to the expiration of the two (2) year Period, the Board of managers, or, if the Board is still under developer control, then the Board of Managers or the developer shall send notice to every unit owner notifying them of this provision, what contracts, leases and other agreements are affected and the procedure for calling a meeting of the unit owners for the purpose of voting on terminating such contracts, lease or other agreements. During the sixty (60) day period, the other party to the contract, lease or other agreement shall also have the right of cancellation.

d. To formulate policies for the administration, Management and operation of the property and common elements thereof;

e. To adopt administrative rules and regulations governing the administration, management, operation and use of the

4761995

property and the common elements (as more fully described in subparagraph k as hereinafter set forth);

f. To provide for the operation, care, upkeep, maintenance, replacement and improvement of the common elements and payments therefor, including the establishment of user fees for portions thereof, and to approve payment vouchers or to delegate such approval to the officers or the manager or managing agent;

g. To provide for the designation, hiring and removal of employees and other personnel, including accountants, and to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management and operation of the property and the common elements, and to delegate any such powers to the manager or managing agent (and any such employees or other personnel who may be the employees of the managing agent);

h. Preparation, adoption and distribution of the annual budget for the property, including estimating the amount of the annual budget and providing the manner of assessing and collecting from the unit owners their respective shares of such estimated expenses, as hereinafter provided;

i. To comply with the instructions of a majority of the voting members (unless a greater plurality is required with respect to any issue or matter as elsewhere herein specified) as expressed in a resolution duly adopted at any annual or special meeting of the voting members;

j. Owning, conveying, encumbering, leasing and otherwise dealing with units conveyed to or purchased by it;

k. Adoption and amendment of rules and regulations covering the details of the operation and use of property, after a meeting of the unit owners called for the specific purpose of discussing the proposed rules and, regulations, notice of which contains the full text of the proposed rules and regulations and which conforms to the requirements of section 18.b of the Act, however, no rules or regulations may impair any rights guaranteed by the first Amendment to the Constitution of the United States or Section 4 of Article I of the Illinois Constitution;

l. To have access to each unit from time to time as may be necessary for the maintenance, repair or replacement of any common elements therein or accessible therefrom, or for making emergency repairs therein. Necessary to prevent damage to the common elements or to another unit or units;

m. 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 real property of the condominium and to seek relief on behalf of all unit owners when authorized pursuant to section 9.1 and 9.2 of the act from

4761995

or in connection with the assessment or levying of real property taxes, special assessments and any other special taxes or charges of the state of Illinois or of any political subdivision thereof or of any lawful taxing or assessing body;

n. Impose charges for late payments of a unit owner'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;

o. Unless the Declaration or these By-Laws expressly provide to the contrary, assign its right to future income, including the right to receive common expenses;

p. To record the dedication of a portion of the common elements to a public body for use as, or in connection with, a street or utility where authorized by a vote of two-thirds (2/3) of the unit owners at a meeting duly held for said purpose.

q. To reasonably accommodate the needs of a handicapped unit owner as required by section 18.4 of the act as to the use of common elements or approval of modifications to an individual unit.

r. Exercise all other powers and duties of the Board of Managers or unit owners as a group referred to in the act and all powers and duties of the Board of Managers referred to in the Declaration or By-Laws.

3. Specific Powers and Duties of the Board. The Board, for the benefit of the Board, the Association and all unit owners (including the Declarant, but solely in its capacity as a unit owner), shall acquire and shall pay for out of the maintenance fund hereinafter provided, the following:

a. Casualty Insurance. A policy or policies of insurance insuring the common elements and the units against loss or damage by the perils of fire, lightning and those contained in standard extended coverage (broad form), with vandalism and malicious mischief endorsements for the full insurable replacement cost of the common elements and the units, written in the name of and with the proceeds thereof payable to the Board of managers (or directors), as trustee for each of the owners in the percentages established in exhibit "C" as may be amended from time to time hereafter. Prior to obtaining any such policy or policies of insurance, or any renewal thereof, except for the initial policy or policies obtained by the developer, the Board, at its election, may from time to time obtain an appraisal from a qualified appraiser for the purpose of determining the full replacement value of the common elements and the units for the amount of insurance to be effected pursuant hereto. The cost of any and all such appraisals shall be common expenses. Each owner shall notify the Board in writing of any additions or alterations to his unit resulting

4761995

in increased value thereof and he shall be responsible for any deficiency in any insurance loss recovery resulting from his failure to so notify the Board. All such policies of insurance shall:

(i) Contain standard mortgage clause endorsements in favor of each mortgagee of each unit, if any, as their respective interests may appear with such modifications as may be required by the act, or a "special condominium endorsement" or its equivalent if required by any governmental or quasi governmental agency;

(ii) Provide that the insurance, as to the interest of the board, shall not be invalidated by any act or neglect of any owner;

(iii) Provide that notwithstanding any provision thereof which gives the insurer an election to restore damage in lieu of making a cash settlement therefor, such option shall not be exercisable in the event of the owners' election to sell the property or remove the property from the provisions of the Act;

(iv) contain an endorsement to the effect that such policy shall not be terminated for nonpayment of premiums without at least ten (10) days prior written notice to the mortgagee of each unit;

(v) contain a clause or endorsement whereby the insurer waives any right to be subrogated to any claim against the association, its officers, members of the Board, the Declarant, the developer, the managing agent, if any, their respective employees and agents, and owners and occupants;

(vi) contain a "replacement cost endorsement"; and

(vii) include the Declarant or developer as an additional party insured in its capacity only as unit owner and Board Member.

The Board may engage the services of a bank or trust company authorized to do trust business in Illinois and having a capital of not less than fifteen million and no/100 (\$15,000,000.00) dollars to act as insurance trustee and to receive and disburse the insurance proceeds resulting from any loss upon such terms as the Board shall determine consistent with the provisions of the Declaration in the event the lowest of three (3) bids from reputable contractors for making all repairs required by any such loss shall exceed fifty thousand and no/100 (\$50,000.00) dollars, the Board, upon written demand of the mortgagee of any unit, shall engage the services of an insurance trustee as aforesaid. The fees of such insurance trustee shall be common expenses. The proceeds of such insurance shall be applied by the Board or by the corporate trustee on behalf of the Board for the reconstruction of the building or buildings, or shall be otherwise disposed of in accordance with the provisions of the declaration and the act; and the rights of the mortgagee of any unit under any standard mortgage clause endorsement to such policies shall, notwithstanding anything to the contrary therein or in any mortgage contained, at all times be subject to the provisions in the act with respect to the application of insurance proceeds to reconstruction of

the building or buildings. The Board shall notify insured persons concerning the cancellation of insurance obtained pursuant to the terms as herein stated.

Each unit owner shall inform the Board in writing of additions, alterations or improvements made by said unit owner to his unit and the value thereof, which value shall be included in the full replacement insurable cost for insurance purposes. If a unit owner fails to inform the Board as provided above and a penalty is assessed in the adjustment law settlement, the unit owner shall be responsible for such penalty.

b. Liability Insurance. Comprehensive public liability insurance, including liability for injuries to and death of persons and property damage in such limits as it shall deem desirable (but not less than One Million and no/100. (\$1,000,000.00) dollars for any one (1) person injured and for any one (1) occurrence, and One Hundred Thousand and no/100. (\$100,000.00) Dollars (solely for property damage), and other liability insurance, as it may deem desirable, insuring each: Unit owner, the Association, its officers, members of the Board, the Developer, the manager and managing agent of the building or buildings, if any, and their respective employees and agents from liability in connection with the ownership and/or use of the property and insuring the officers of the Association and members of the Board against liability for good faith actions beyond the scope of their respective authorities.

The above referred to insurance shall cover claims of one (1) or more of the insured parties against the other insured parties. The insurance shall contain a waiver of any rights to subrogation by the insuring company against any of the above named insured persons. The insurance shall provide that it shall not be cancelled or substantially modified, by any party, without at least ten (10) days prior written notice to the Association, and to each first mortgagee who is listed in said policy. Premiums for such insurance shall be common expenses.

c. Workmen's Compensation; Other Insurance. Workmen's compensation insurance to the extent necessary to comply with any applicable laws and such other forms of insurance as the Board, in its judgment, elects from time to time to procure.

As provided in section nine (9) of the Illinois Condominium Act, the Board may assess the common expense for insurance premiums on a basis which reflects increased charges for coverage on certain units.

d. Fidelity Bond. The Board shall have the authority to and shall obtain a fidelity bond, or insurance similar to same, indemnifying the Association, the Board and the unit owners for loss of funds resulting from fraudulent or dishonest acts of any employee of the Association or the managing agent, or of any other person handling the funds of the Association, the Board or the unit owners in such amounts as the Board shall deem desirable. The premium for such fidelity bond shall be a common expense.

4761995

The Board shall also have the authority to and shall obtain such insurance, as it deems desirable, from such sources and in such forms as it deems desirable, insuring the property and each member of the Board and officer of the Association, and member of any committee appointed pursuant to these By-Laws of the Association, from liability arising from the fact that said person is or was a director or officer of the Association or a member of such a committee. The premiums for such insurance shall be a common expense. The amount of coverage for any such fidelity bond or bonds shall be no less than an amount equal to three (3) months aggregate assessments on all units, plus the amount held in reserve by the association pursuant to article IX, paragraph 2 as hereinafter set forth. All fidelity bonds shall provide that they may not be cancelled or substantially modified without at least ten (10) days prior written notice to the association and any FNMA mortgage servicer.

e. Additional Fiduciary Insurance Coverage. The Board shall also require that all officers, employees or other persons who either handle or are responsible for funds administered by the association shall obtain fiduciary insurance coverage covering the maximum amount of funds that will be in the custody of the association, plus the Association's reserve fund, the premium to be a common expense. In addition, all management companies who either handle or are responsible for funds held or administered by the association shall furnish a fidelity bond to the Association which covers the maximum amount of Association funds that will be in the custody of the management company, plus the Association's reserves, the premium to be a common expense. The management company shall at all times maintain a separate account for each reserve fund, for the total operating funds of the Association managed by the management company, and for all other monies of the management company consistent with the provisions of the Act.

f. Additional expenses. Any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance or assessments which the Board is required to secure, to pay for pursuant to the terms of these restrictions or By-Laws or which, in its opinion, shall be necessary or proper for the maintenance and operation of the property or for the enforcement of the Declaration;

g. Certain Maintenance of Units. Maintenance and repair of any unit as provided in the Declaration and maintenance and repair of any unit if such maintenance or repair is necessary, in the discretion of the Board, to protect the common elements or any other portion of a building or buildings, when the owner or owners of said unit have failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair delivered by the Board to said owner or owners; provided, that the Board shall levy a special assessment against such unit owner for the costs of said maintenance or repair. The Board, or its agents, may enter any unit when necessary to determine whether any construction or maintenance is necessary and further to perform such maintenance and repairs. It may likewise enter any attic for

4761995

inspection, maintenance, repair or construction. Such entry shall be made with as little inconvenience to the owners as practicable, and any damage caused thereby shall be repaired by the Board at the expense of the maintenance fund.

h. Capital Additions and Improvements. The Board's powers hereinabove enumerated shall be limited in that the Board shall have no authority to acquire and pay for out of the maintenance fund any capital additions and improvements (other than for purposes of replacing or restoring portions of the common elements subject to all the provisions of the Declaration) having a total cost in excess of three thousand and no/100 (\$3,000.00) dollars, nor shall the Board authorize any structural alterations, capital additions to, or capital improvements of the common elements requiring an expenditure in excess of three thousand and no/100 (\$3,000.00) dollars without, in each case, the prior approval of the voting members holding two-thirds (2/3) of the total votes cast at a duly convened meeting of unit owners.

i. Certain Utility Services to Units. The Board may pay from the maintenance fund for water charges and taxes, waste removal and/or any utilities which are not separately metered or otherwise directly charged to individual owners. However, the Board may discontinue such payments at any time, in which case each owner shall be responsible for direct payment of his share of such expenses as determined by the Board. The Board reserves the right to levy additional assessments against any owner, to reimburse it for excessive use by such owner of any utility service, the expense of which is charged to the maintenance fund.

4. Vouchers. All vouchers for payment of expenditures by the Board shall be signed by such officer or officers, agent or agents of the Board and in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board, such vouchers shall be signed by the treasurer and countersigned by the president of the Board.

5. Rules and Regulations: Management.

a. Rules. The Board may adopt such reasonable rules and regulations as it may deem advisable for the maintenance, conservation and beautification of the property and for the health, comfort, safety and general welfare of the owners and occupants of said property, subject, however, to the provisions of Article V, Paragraph 2.k as hereinabove set forth. Written notice of such rules and regulations shall be given to all owners and occupants, and the entire property shall at all times be maintained subject to such rules and regulations.

b. Records of the Association - Availability for Examination. The Board of Managers shall maintain the following records of the Association available for examination and copying at convenient hours of weekdays by the unit owners or their mortgagees and their duly authorized agents or attorneys:

4761995

(i) copies of the recorded Declaration, By-Laws and any amendments, articles of incorporation of the association, annual reports and any rules and regulations adopted by the association or its Board of Managers shall be available. Prior to the organization of the Association, the developer shall maintain and make available the records set forth in this subparagraph (i) for examination and copying.

(ii) detailed accurate records in chronological order of the receipts and expenditures affecting the common elements specifying and itemizing the maintenance and repair expenses of the common elements and any other expenses incurred, and copies of all contracts, leases or other agreements entered into by the Association shall be maintained.

(iii) the minutes of all meetings of the Association and the Board of Managers shall be maintained. The Association shall maintain these minutes for a period of not less than seven (7) years.

(iv) ballots for all elections to the Board and for any other matter voted on by the unit owners to be maintained for a period of not less than one (1) year.

(v) such other records of the Association 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 of the State of Illinois, as amended, shall be maintained.

(vi) a reasonable fee may be charged by the Association or its Board of Managers for the actual cost of copying.

(vii) where a request for records under this section is made in writing to the Board of managers or its agent, failure to provide the requested record or to respond within thirty (30) days shall be deemed a denial by the Board of managers.

(viii) if the Board of managers fails to respond to a request for records pursuant to subparagraph (a) within the time period provided in subparagraph (b), the unit owner may seek the appropriate relief including an award of attorney's fees and costs.

c. Notice. Upon ten (10) days notice to the Board or managing agent (if any) and payment of a reasonable fee, an owner shall be furnished a statement of said owner's account setting forth the amount of any unpaid assessments or other charges due and owing from such owner.

d. Units Owned By a Land Trust . With respect to units owned by a land trust, a trustee may designate, in writing, a person to cast votes on behalf of the unit owner, which designation shall remain in effect until a subsequent document is filed with the - Association.

4761995

e. Association - Not-For-Profit Activities. Nothing hereinabove contained shall be construed to give the Board authority to conduct an active business for profit on behalf of all of the owners or any of them.

6. Liability of Board of Managers

A. Liability to Owners. Neither the Declarant (or its beneficiaries), the developer, the members of the Board nor the officers of the association shall be liable to the owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such de facto or de jure Board members and officers, except for any acts or omissions found by a court of law to constitute willful misconduct in the performance of duty.

B. Liability to Third Parties. The owners (and, to the extent permitted by law, the Association) shall indemnify and hold harmless the Declarant (and its beneficiaries), the developer, each of the members of the Board and each of the officers against all contractual and other liabilities to others arising out of contract made by or other acts of the Declarant (and its beneficiaries), the developer, the Board and officers on behalf of the owners or the association, or arising out of their de facto or de jure status as Board members or officers unless any such contract or act shall have been made fraudulently or with gross negligence or contrary to the provisions of this Declaration. It is intended that the foregoing indemnification shall apply against all costs and expenses (including, but not limited to, attorney's fees, amounts of judgments paid and amounts paid in settlement) reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or other in which the declarant (and its beneficiaries), the developer, any member of the Board or officers may be involved by virtue of such person being or having been or having served as such member or officer; provided, however, that such indemnity by the Association shall not be operative with respect to (i) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for willful misconduct in the performance of his duties as such member or officer, or (ii) any matter settled or compromised, unless, in the opinion of independent counsel selected by the Board (who may be counsel regularly retained by the association) there are no reasonable grounds for such person or officer being adjudged liable for willful misconduct in the performance of his duties as such member or officer. The Board shall have authority to purchase and maintain insurance on behalf of the officers and members of the Board against any expenses (including attorney's fees), liability or settlement based on asserted liability, incurred by them by reason of being or having served in such capacity, whether or not the Association would have the power to indemnify them against such liability or settlement under the provisions of this paragraph. The costs of any such insurance shall be a common expense. It is also intended that the liability of any owner arising out of any contract made by the board, the officers declarant (or the beneficiaries of Declarant), the developer, or out

4761995

of the aforesaid owner's indemnity, shall be limited to such proportion of the total liability thereunder as such owner's percentage of ownership in the common elements bears to the total percentage of ownership in the common elements of all owners. Every contract made by the Board, the officers, the Declarant (or the beneficiaries of Declarant), the developer or the managing agent on behalf of the owners shall provide that they are acting only as agents for the owners and shall have no personal liability thereunder (except as owners) and that each owner's liability thereunder shall be limited to such proportion of the total liability thereunder as such owner's percentage of ownership in the common elements bears to the total percentage of ownership in the common elements of all owners. If the Board or Association elects to or is required to indemnify or hold harmless a Board member or officer pursuant to this paragraph, the Board reserves the right to provide defense for such member and to settle or compromise any claim against such individuals.

Article VI

Officers

1. Officers. The officers of the Association shall be a president, one (1) or more vice presidents, a secretary, a treasurer and such assistants to such officers as the Board may deem appropriate. All officers shall be elected at each annual meeting of the Board and shall hold office at the discretion of the Board. Officers may succeed themselves. The president, secretary and treasurer shall be directors and all other officers may, but need not be, directors.

2. Vacancy of Office. Any officer may be removed at any meeting of the Board by the affirmative vote of the majority of the directors in office, either with or without cause, and any vacancy in any office may be filled by the Board at any meeting thereof until the next meeting of unit owners or for a period terminating no later than thirty (30) days following the filing of a petition signed by unit owners holding twenty percent (20%) of the votes of the association, requesting a meeting of the unit owners to fill the vacancy for the balance of the term and that a meeting of the unit owners shall be called for purposes of filling a vacancy on the Board no later than thirty (30) days following the filing of a petition signed by said unit owners requesting such a meeting.

3. 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 Declaration and these By-laws as provided for in the Act;

b. The vice president shall, in the absence or the disability of the president, perform the duties and exercise the powers of such office and other duties assigned by the Board. If neither the president nor the vice president is able to act, the Board shall appoint some other member of the Board to act in the capacity of president on an interim basis.

c. The secretary shall keep minutes of all meetings of the owners and of the Board and shall have custody of the Association seal, (if any) 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 Declaration or these By-Laws.

d. The treasurer shall be responsible for Association funds and securities and for keeping full and accurate accounts of all receipts and disbursements in the Association books of accounts kept for such purpose. The treasurer shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositaries as may from time to time be designated by the Board.

4. Officers' Compensation. The officers shall receive no compensation for their services, except as expressly provided by a resolution duly adopted by the voting members.

Article VII

Instruments. Checks, Deposits and Funds

1. 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 Declaration or these By-Laws which 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 or a vice president and attested to by the secretary or an assistant secretary of the Association.

2. 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 or an assistant treasurer and countersigned by the president or a vice president of the Association.

3. Bank Accounts. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the

4761995

Association in such banks, trust companies or other depositaries as the Board shall elect.

4. Special Receipts. The Board may accept on behalf of the Association any contribution, gift, bequest or devise for the general purposes or for any special purpose of the Association.

Article VIII

Fiscal Management

1. 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.

2. Annual statement. Within reasonable time after the close of each fiscal year, but in no event later than May 1st of the following year, the Board shall furnish each owner with an itemized accounting of the common expenses for such fiscal year actually incurred and paid, together 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.

Article IX

Assessments - Maintenance Fund

1. Annual Budget.

(a) Preparation and Passage. Each year on or before December 1, the board shall estimate in the form of a detailed budget the total amount necessary to pay the cost of wages, materials, insurance, services, supplies and fees which will be required during the ensuing calendar/fiscal year for the acquisition of all such goods and services, together with a reasonable amount determined by the Board for a reserve for contingencies and replacements (the "estimated cash requirement"). The proposed budget shall set forth each owner's common expense assessment. The estimated cash requirement shall be assessed to owners according to each owner's percentage of ownership in the common elements as set forth in exhibit "C" attached hereto. Each owner shall receive, at least thirty (30) days prior to the adoption thereof by the Board, a copy of the proposed annual budget together with an indication of which portions are intended for capital expenditures or repairs or payment of any real estate taxes. Each owner shall receive notice, in the same manner as is provided in the Condominium Property Act for membership meetings, of any meeting of the Board concerning the adoption of the proposed annual budget of any subsequent increase or decrease therein, or establishment of an assessment. In the event any budget that is adopted differs from the proposed budget, then immediately after adoption, the Board shall distribute to each owner a detailed annual budget as adopted by the Board, setting forth with particularity all anticipated common expenses by category as well as all anticipated assessments and other income.

(b) Ratification. If an adopted budget requires assessment against the owners in any fiscal/calendar year exceeding One hundred fifteen percent (115%) of the assessments for the preceding year, the Board, upon written petition by owners holding twenty percent (20%) of the votes in the association filed within fourteen (14) days of the Board's adoption, shall call a meeting of the Association within thirty (30) days of the date of filing of the petition to consider the budget. Unless a majority of votes of the owners are cast at such meeting to reject the budget, it is ratified, whether or not a quorum is present. In determining whether assessments exceed one hundred fifteen percent (115%) of similar assessments in prior years, any authorized provisions for reasonable reserves for repair or replacement of the Property, and anticipated expenses by the association which are not anticipated to be incurred on a regular or annual basis, shall be excluded from the computation.

(c) Payment. On or before January 1st of the ensuing year, and the 1st of each and every month of said year, each owner, jointly and severally, if there be more than one (1) owner for any unit, shall be personally liable for and obligated to pay to the Board or as it may direct, one-twelfth (1/12) of his (or their) total assessment made pursuant to this paragraph 1.

(d) Accounting. On or before May 1st of each calendar/fiscal year following the initial meeting of owners, the board shall supply to all owners an itemized accounting of the common expenses for the preceding calendar/fiscal year actually incurred or paid, together with an indication of which portions were for capital expenditures or repairs or payment of any real estate taxes and with a tabulation of the amounts collected pursuant to the budget or assessment, and showing the net excess or deficit of income over expenditures plus reserves. Such accounting may be prepared by a certified public accountant. Any amount accumulated in excess of the amount required for expenditures and reserves may be credited according to each owner's percentage of ownership in the common elements to the next monthly installments due from the owners under the current year's estimate, until exhausted. Upon written request of any governmental or quasi-governmental agency or corporation, the association, within a reasonable time, shall prepare and furnish an audited financial statement of the common expenses and budget for the immediately preceding fiscal year.

(e) Foreclosure. The purchaser of a condominium unit at a judicial foreclosure sale, or a mortgagee who receives a title to a unit by deed in lieu of foreclosure or judgment by common law strict foreclosure, or otherwise takes possession pursuant to court order under the Illinois Mortgage Foreclosure Law, shall have the duty to pay the unit's proportionate share of the common expenses for the unit assessed from and after the first day of the month after the date of the judicial foreclosure sale, delivery of the deed in lieu of foreclosure, entry of a judgment in common law strict foreclosure, or taking possession pursuant to such court order.

(f) Responsibility of Voluntary Transferees For Unpaid Assessments. In a voluntary transfer of a unit the transferee of the unit shall be jointly and severally liable with the transferor for all unpaid assessments against the latter up to the time of transfer, without prejudice to the transferee's right to recover from the transferor the amounts paid by the transferee therefor. However, any such transferee shall be entitled to a statement from the Board or president or managing agent of the Association, as the case may be, setting forth the amount of the unpaid assessments against the transferor due the Association and such transferee shall not be liable for, nor shall the unit conveyed be subject to a lien for, any unpaid assessments made by the Association against the transferor in excess of the amount therein set forth. The Board may charge a reasonable amount for issuing said statement.

2. Reserves.

(a) Maintenance. The Board shall accumulate and maintain a reasonable reserve for contingencies and replacements. The reserve shall include funds to cover any deductible amounts contained in insurance policies procured by the Board pursuant to the Declaration or By-Laws. Extraordinary or other expenditures not included in the annual budget which may become necessary during the year, shall be charged first against such reserve.

(b) Special Assessments. If the reserves and the budgeted estimated cash requirements proves inadequate for any reason including non-payment of any owner's assessment, the Board may at any time levy a supplemental assessment, which shall be assessed to the owners according to their percentage of ownership in the common elements. Prior to the levying of such supplemental assessment, each owner shall receive notice, in the same manner as provided for membership meetings, of any meeting of the Board concerning the adoption of such supplemental assessment. Subsequent to the board's adoption of the supplemental assessment, the Board shall serve notice of such supplemental assessment on all owners by a written statement setting forth the amount and reasons therefor. Such supplemental assessment shall become effective with the next succeeding monthly common expense assessment payment which is due more than ten (10) days after the delivery or mailing of such notice of supplemental assessment; provided that any such supplemental assessment shall be subject to approval by the affirmative vote of the owners having at least two-thirds (2/3) of the total votes at a meeting of the Association duly called for the purpose of approving such supplemental assessment if it involves proposed expenditures resulting in a total payment assessed to a unit equal to the greater of five (5) times the unit's most recent common expense assessment calculated on a Monthly basis or three hundred dollars (\$300.00). All owners shall be personally liable for and obligated to pay their respective adjusted monthly amounts.

4761995

3. Initial Budget. When the first elected Board hereunder takes office, it shall determine the estimated cash requirement, as hereinabove defined, for the period commencing thirty (30) days after such election and ending December 31 of the current fiscal/calendar year in which such election occurs. Assessments shall be levied against the owners during such period as provided in this article.

4. Failure to Prepare Annual Budget. The failure or delay of the Board to prepare or serve the annual or adjusted estimate budget on an owner shall not constitute a waiver or release in any manner of such owner's obligation to pay his share of the common expenses, as herein provided, whenever the same shall be determined. In the absence of any annual budget, each owner shall continue to pay the monthly common expense assessment at the rate established for the immediately preceding period until the new annual budget is adopted and the new monthly common expense assessment thereunder is effective. Upon the adoption of the budget, each owner will be personally liable for the monthly common expense assessment payments thereunder.

5. Request by Encumbrancer As To Common Expenses. Any encumbrancer may from time to time request in writing a written statement from the manager or Board setting forth the unpaid common expenses with respect to the unit covered by its encumbrance and unless the request shall be complied with within twenty (20) days, all unpaid common expenses which become due prior to the date of the making of such request shall be subordinate to the lien of such encumbrance. Any encumbrancer holding a lien on a unit may pay any unpaid common expenses payable with respect to such unit and upon such payment such encumbrancer shall have a lien on such unit for the amounts paid at the same rank as the lien of its encumbrancee.

6. Status of Funds. All funds collected hereunder shall be held and expended for the purposes designated herein, and (except for such special assessments as may be levied hereunder against less than all the owners and for such adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held for the benefit, use and account of all the owners in the percentages set forth in exhibit "C"; provided, however, that sums deposited by any owner as a capital contribution to the Association, or denominated as such by the Board, and reserves established pursuant to this article, shall be deemed contributions to the capital of the Association and shall be held and administered as such unless and until the Board shall otherwise determine.

7. Non-Payment.

(a) Late Charges, Collection and Foreclosure of Lien.

If an owner shall fail to pay his monthly common expense assessment or any other charges when due, he shall be charged a late charge as determined by the Board for each thirty (30) days period (or portion thereof) during which said amounts remain unpaid. If an owner is in default in the monthly payment of the aforesaid common expense assessment or any other charges for thirty (30) days, the Board may

bring suit for and on behalf of the Association and as representative of all owners, to enforce collection thereof or to foreclose the lien therefor as hereinafter provided; and there shall be added to the amount due the costs of said suit, and other fees and expenses together with legal interest and reasonable attorneys' fees to be fixed by the court.

(b) Lien. To the extent permitted by a decision, Statute or law now or hereafter effective, the amount of any delinquent and unpaid charges or assessments, and interest, costs and fees as above provided shall be and become a lien or charge against the unit ownership of the owner involved when payable and may be foreclosed by an action brought in the name of the Board as in the case of foreclosure of liens against real estate. Such lien shall take effect and be in force when and as provided in the Condominium Property Act; provided, however, that first encumbrances owned or held by any bank, insurance company, savings and loan association or other lender shall have priority to the lien for unpaid common expense assessments which become due and payable on or subsequent to the date on which the encumbrancer either takes possession of the unit, accepts a conveyance of any interest in the unit ownership or causes a receiver to be appointed in a suit to foreclose its lien; and provided further that any first mortgagee who obtains title to a unit ownership pursuant to the conditions provided in the mortgage or foreclosure of the mortgage, will not be liable for such unit's unpaid assessments and charges which accrue prior to the acquisition of title to such unit ownership. Except as hereinabove provided in paragraph 5 of this article, any second mortgage shall at all times be subordinate in lien rights to the Association's lien for assessments, whether or not the Association has recorded a document evidencing such lien.

(c) Cumulative Rights. In addition to the foregoing, the Board or its agents shall have such other rights and remedies to enforce such collection as shall otherwise be provided or permitted by law from time to time. Without limiting the generality of the foregoing, if any owner shall fail to pay his proportionate share of the common expenses or of any other expenses required to be paid hereunder when due, such rights and remedies shall include (1) the right to enforce the collection of such defaulting owner's share of such expenses together with interest thereon at the maximum rate permitted by law, late charges, and all fees and costs (including reasonable attorneys' fees whether or not awarded by a court) incurred in the collection thereof; and (2) the right to take possession of such defaulting owner's interest in the property, to maintain for the benefit of all the other owners an action for possession in the manner prescribed by article IX of the Illinois Code of Civil Procedure .(S. H.A. Ch. 110, par. 9-101 et seq.) as may from time to time be amended, and to execute leases of such defaulting owner's interest in the property and apply the rents derived therefrom against such expenses and other monetary obligations of the defaulting owner.

(d) Forbearance of Assessments. The association shall have no authority to forbear the payment of assessments by any owner.

8. Non-use or Abandonment. No owner may waive or otherwise escape liability for assessments provided for herein by non-use of the common elements or abandonment of his unit. Any claim by an owner against the association shall be by separate action and shall not be used as a defense or counterclaim to an action by the Association to collect assessments.

9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any bona fide first mortgage placed at any time on a unit by a first mortgagee. Each holder of a bona fide first mortgage on a unit who obtains title or comes into possession of that unit pursuant to the remedies provided in the mortgage, foreclosure, or any purchaser at a foreclosure sale, will take the unit free of any claims for unpaid assessments or charges which become payable prior to the first to occur of acquisition of title decree of foreclosure or possession of the unit.

10. Initial Capital Contribution. Upon the closing of the sale of each dwelling unit by the developer to a purchaser for value, the purchasing owner shall make a capital contribution to the association in an amount at least equal to two (2) months' annual assessment at the rate in effect with respect to the dwelling unit as of the closing, which amount shall be held and used by the Association for its working capital needs.

Article x

Resale

1. Documents. In the event of any resale of a unit by an owner other than the Declarant or developer such owner shall obtain from the Board and shall make available for inspection to the prospective purchaser, upon demand, the following:

a. A copy of the declaration, by-laws, other condominium instruments and any rules and regulations.

b. A statement of any liens, including a statement of the account of the unit setting forth the amounts of unpaid assessments and other charges due and owing.

c. A statement of any capital expenditures anticipated by the Association within the current or succeeding two fiscal years.

d. A statement of the status and amount of any reserve for replacement fund and any portion of such fund earmarked for any specified project by the Board.

e. A copy of the statement of financial condition of the Association for the last fiscal year for which such statement is available.

f. A statement of the status of any pending suits or judgments in which the Association is a party.

g. A statement setting forth what insurance coverage is provided for all owners by the Association.

h. A statement that any improvements or alterations made to the unit, or the limited common elements assigned thereto, by the prior owner are in good faith believed to be in compliance with the condominium instruments.

2. Written Request. The president of the Association or such other officer as is specifically designated shall furnish the above information when requested to do so in writing and within twenty (20) days of the request.

3. Fee. A reasonable fee covering the direct out-of-pocket cost of providing such information and copying may be charged by the Association or the Board to the unit seller for providing such information.

Article XI

Amendment

The provisions of these By-Laws may be changed, modified or rescinded by an instrument in writing setting forth such change, modification or rescission, signed and acknowledged by the president and secretary of the Board, and certifying that the owners having at least a majority of the total votes have approved such amendment at a meeting of the Association duly called for such purpose, and containing an affidavit by an officer of the Board certifying that a copy of the change, modification or rescission has been mailed by certified mail to all first mortgagees, no less than ten (10) days prior to the date of such affidavit.

Notwithstanding the foregoing, an amendment to these By-Laws which falls within the parameters of Article X of the Declaration shall not be effective without the prior written approval of sixty-seven (67%) percent of all first mortgagees. Until such date as Declarant has conveyed title to all the units, no provision of these By-Laws may be changed, modified or rescinded and no provision may be added without the prior written consent of the Declarant and developer. Any change, modification or rescission shall be effective upon recording such instrument in the office of the Recorder of Deeds, Lake County, Illinois.

4761995

EXHIBIT "E"

LEGAL DESCRIPTION OF DEVELOPMENT AREA

LOT 1, LOTS 3 THROUGH 26 OF FOXRIDGE SUBDIVISION BEING A SUBDIVISION BEING A SUBDIVISION OF PART OF THE NORTH HALF OF SECTION 15, TOWNSHIP 45 NORTH, RANGE 9 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE VILLAGE OF FOX LAKE, LAKE COUNTY, ILLINOIS.