

HAWTHORNE II HOMEOWNERS' ASSOCIATION
BY-LAWS

ARTICLE I—OFFICES

The Hawthorne II Homeowners' Association is a non-profit, homeowners' association corporation, chartered in the State of Illinois, hereinafter referred to as the "Corporation". This Corporation shall have and continuously maintain, in the State of Illinois, a registered office and a registered agent whose office is identical with such registered office.

ARTICLE II—MEMBERS

Section 1—Classes and Qualifications of Members

The Corporation shall have two classes of membership. A person who owns a lot, including an improved lot, in either Hawthorne II or Hawthorne Acres Subdivisions, shall be a primary member of the Corporation. A person who owns a lot, including an improved lot, in Hawthorne Commons, shall be a secondary member of the Corporation.

Hawthorne II is principally located in the Southeast Quarter of Section 30, Township 24 North, Range 3 East of the Third Principal Meridian, McLean County, Illinois and as identified in Exhibit 1, Legal Description of the Protective Covenants of Hawthorne II Subdivision and All Additions thereto and plats thereof in McLean County, Illinois.

Hawthorne Acres

Hawthorne Commons (also known as Hawthorne Condominium)

Section 2—Voting Rights

1. Primary Membership (Hawthorne II and Hawthorne Acres)

Upon payment of dues, as outlined in the By-Laws, each member shall be entitled to one vote on each matter submitted to vote of the members; provided that where title of record is in more than one person or entity, such co-owners acting jointly shall be entitled to only one vote.

There will be only one vote per lot. The owners of a home situated on more than one lot will have only one vote. Owners of multiple lots can have multiple votes, one per dues-paying entity, if all dues and assessments are paid on all properties.

Members that are delinquent in the payment of dues and/or assessment payments, as described below in Article IX, Section 2 on dues, are not eligible to vote until the delinquent dues and/or assessments are paid in full at the time voting takes place. Members that are current in their dues and/or assessments shall be termed “Eligible Voting Members”.

2. Secondary Membership (Hawthorne Commons a/k/a Condominiums)

No voting rights will be extended to this membership class relating to the operation of the Hawthorne II Homeowners’ Association.

Section 3—Termination of Membership

The membership of any person is terminated as of the time when they relinquish their interest in a residence or property owned by them in said subdivision or condominium.

Section 4—Articles of Incorporation, By-Laws, Rules, and Regulations

All members, regardless of class, of the Corporation, the Hawthorne II Homeowners’ Association, shall be governed and controlled by the Articles of Incorporation, the applicable Protective Covenants of Hawthorne II Subdivision and additions thereto, the By-Laws thereof, and any Rules and Regulations approved by the Board of Directors.

ARTICLE III—MEETINGS OF MEMBERS

Section 1—Annual Meetings

The Annual Meeting of the Primary Members shall be held in the fall of each year, at such time and place as the Board of Directors may determine. This meeting will minimally be for the purpose of reviewing the current year income and expenses and election of Directors and for the transaction of other such business as may come before the meeting.

If the election of the Directors is not held at the Annual Meeting or any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members, which will be held as soon thereafter as is convenient

with proper notice as stated in Section 4—Notice of Meetings. This must be within sixty (60) days of the Annual Meeting.

Section 2—Special Meetings

Special meetings of the members may be called either by the Board of Directors or by the written petition of 20% of the Primary Eligible Voting Members.

Section 3—Place of Meeting

The Board of Directors may designate any place within McLean County, in the State of Illinois, as the place of meeting.

Section 4—Notice of Meeting

Written notice stating the place, day, and hour of any meeting of members shall be delivered either personally or by mail, postal, or electronic to eligible voting members not less than ten days, nor more than forty days before such meeting. In case of special meetings or one required by statute or by these By-Laws, notice of meeting is deemed delivered when deposited in the U.S. Mail, addressed to the member's physical or electronic address that appears on the records of the Corporation as provided by said members, with postage thereon prepaid.

Section 5—Proxies

At any meeting of members, a Primary Eligible Member eligible to vote shall vote in person or by another qualified person in actual attendance holding a written proxy authorization, signed and dated, on behalf of the voting member. The Board of Directors may solicit proxy votes authorizing the Secretary of the Board or the member's designated agent to vote on the member's behalf. No proxy shall be valid after thirty days from the date of its execution unless otherwise provided in the proxy. No proxy holder may become an Officer or Director of the Corporation unless they are themselves an Eligible Voting Member.

Section 6—Quorum

Five percent (5%) of the total Primary Eligible Voting Members shall constitute a quorum at any meeting. Proxies will count toward this quorum. If a quorum is not present at any meeting of the membership, a majority of the members present may adjourn the meeting from time to time without further notice.

Section 7—Eligible Business

The Board of Directors shall include a brief agenda with the notice of meeting. However, the actions eligible to be taken are not limited to those listed on this agenda. Any legal, corporate action can be taken, except for amending the Corporation By-Laws which, if to be addressed at the annual meeting, must be listed as an agenda item. The exact changes to the By-Laws do not need to be specified on the agenda.

Article IV—Board of Directors

Section 1—General Powers

The affairs of the Corporation shall be managed by its Board of Directors.

The Board of Directors shall be authorized to act in the best interest of the Corporation but the Board's actions shall be subject to the Protective Covenants of the Subdivision and any additions thereto, state statutes or regulations, and these By-Laws.

Section 2—Number, Tenure and Qualifications

The number of Directors from the Primary Membership shall be a minimum of three and a maximum of nine. Each Director shall hold office for two years or until their successor has been elected and qualified. Directors must be Eligible Primary Voting Members of the Corporation. There shall be a limit of one member of the same household that can serve on the Board of Directors at the same time.

A minimum of one-third (1/3) of the Board of Directors will be eligible to be elected at the Annual Meeting each year.

Section 3—Regular Meeting

An Annual Meeting of the Board of Directors shall be held without other notice than this By-Law, immediately following, and at the same place as the Annual Meeting of Members. The Board of Directors may provide by resolution the time and place, either within or outside the State of Illinois as defined in Section 5, "Place of Meeting" in Article IV, for the holding of additional regular meetings of the Board of Directors without other notice than such resolution. The Board is required to hold at least four (4) meetings during the year, preferably quarterly.

Section 4—Special Meetings

Special meetings of the Board of Directors may be called by or at the request of any three directors or by the President. The person or persons authorized to call

Special Meetings of the Board may pick any place for the holding of any special meeting of the Board called by them, providing it is in McLean County, Illinois. The Board can conduct emergency meetings due to extraordinary circumstances that require immediate Board action. Any actions taken at an Emergency Board Meeting must later be ratified at a regular Board Meeting.

Section 5—Location

All Board of Directors meetings must be held within the State of Illinois except for emergency meetings which are necessitated by the need for immediate Board action. These emergency meetings can be conducted via teleconferencing, if necessary.

Section 6—Notice

Any notice of any special meeting of the Board of Directors shall be given as agreed to by the majority of the Board of Directors.

Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or fully convened.

Neither the business to be transacted at, nor the purpose of, any regular, special meeting of the Board, as defined in Section 4 of Article IV, need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or these By-Laws.

Section 7—Quorum

Fifty percent (50%) or greater of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board, provided that if less than a majority of the directors are present at such meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 8—Manner of Acting

The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except where otherwise provided by law or by these By-Laws.

Section 9—Vacancies

Any vacancy occurring in the Board of Directors shall be filled by the Board of Directors when endorsed by the majority of the remaining Directors. A director appointed to fill a vacancy shall be appointed for the unexpired term of their predecessor in office.

Section 10—Compensation

Directors shall receive no compensation for their services or attendance at meetings of the Board of Directors or members of the Corporation; provided that nothing herein shall preclude the reimbursement of any director for expense incurred by them as members of the Board of Directors of this Corporation.

Section 11—Removal and Forfeiture

Any Directors delinquent in the payment of dues and/or assessments shall forfeit their position on the Board for their remaining term. A Director serving on the Board may be removed by the Board of Directors whenever, in the Board's judgment, the best interests of the Corporation would be served thereby; provided that this vote is by a majority of all members of the Board, excepting the Board member in question.

Directors are entrusted to act in good faith on behalf of the Homeowners Association. Decisions, actions, and management of the Association's assets must be performed for the purpose of benefiting the Association while illustrating the highest level of integrity and ethics.

Article V—Officers and Committees of the Board

Section 1—Officers

The officers of the Corporation shall be the same as the officers of the Board of Directors. These officers shall be a President, Vice-President, Secretary, and Treasurer. The same person may not hold more than one office.

Any two officers of the Corporation may sign any deeds, mortgages, bonds, contracts, easements, or other instruments which the Board of Directors has authorized to be executed except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws or by statute to some other officer or agent of the Corporation.

Section 2—Election and Term of Office

The officers of the Corporation shall be elected annually by the Board of Directors at the Annual Meeting of the Board of Directors, or as soon thereafter as conveniently can be done. Vacancies may be filled or new offices created and filled at any meeting of the Board of Directors. Each officer shall hold office until their successor shall have been duly elected and shall have qualified.

Section 3—Removal

Any officer of the Corporation may be removed from their position by an absolute majority of the Board, exclusive of the officer in question.

Any agent appointed by the Board of Directors may be removed by the Board of Directors whenever, in its judgment, the best interests of the Corporation would be served thereby.

Section 4—President

The President of the Corporation shall be the principal officer of the Corporation and shall, in general, supervise and control all of the business and affairs of the Corporation. The President shall preside at all meetings of the members and of the Board of Directors.

The President may sign, with the Secretary, any deeds, mortgages, bonds, contracts, easements, or other instruments which the Board of Directors has authorized to be executed except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws or by statute to some other officer or agent of the Corporation.

The President in general shall assume all duties incident to the Office of the President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 5—Vice-President

The Vice-President of the Corporation, in the absence, of the President, shall be President at all meetings of the members and of the Board of Directors. The Vice-President will become the acting President of the Board of Directors in the event of the removal, resignation or incapacity of the President. This change will need to be ratified by the Board of Directors at its next regular or special meeting.

Section 6—Secretary

The Secretary shall keep the minutes of the meetings of the members and of the Board of Directors; be responsible for all notices being duly given in accordance with these By-Laws or as required by law; be custodian of the Corporate records; act as the Board agent for proxy votes of members per Section 3 of Article II; and perform all duties incident to the office of the Secretary and such other duties as may be proscribed by the Board of Directors from time to time.

The Secretary shall keep a register of each member's postal mail address, which shall be furnished to the Secretary by each member. This duty can be delegated to others, provided the Board is notified and approves.

Section 7—Treasurer

The Treasurer shall have charge and custody and be responsible for all funds and securities of the Corporation; receive and give receipts for monies due and payable to the Corporation; deposit all such monies in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected in accordance with these By-Laws; and, in general, perform all duties incident to the office of Treasurer and such other duties as, from time to time, may be assigned by the Board of Directors.

Section 8—Committees of the Board

The Board of Directors may create committee(s) by resolution, from time to time, as may be necessary to carry out the activities of the Corporation. Corporation members who are Eligible Voting Members can be appointed by the Board to a committee(s). All activities of these committees must be authorized by a majority of the Board.

All committees shall be appointed by the Board. Each committee will keep regular records and fully account for any monies expended and/or received. A designated Board member will be assigned to each committee and will serve as the Board's liaison.

Any committee member may be removed by the Board of Directors whenever, in its judgment, the best interests of the Corporation would be served thereby.

Article VI—Contracts, Checks, Deposits, Funds, and Properties

Section 1—Contracts

The Board of Directors may approve and authorize any officer or officers, agent or agents of the Corporation, in addition to the officers so authorized by these By-Laws, to enter into a contract or execute and deliver any instrument in the name of or on behalf of the Corporation, with such authority being general or confined to specific situations.

Section 2—Checks, Drafts, Etc.

All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be approved by the Board of Directors in such manner as shall, from time to time, be determined by resolution of the Board of Directors. Such instruments shall be signed by the Treasurer or any other Board officer.

All checks, drafts or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation, purchases, contracts for purchase of goods and/or services that are \$3,000.00 or total more than \$3,000.00 for the same general purpose, must be authorized by the Board of Directors before they are executed. Any checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation that is under \$3,000.00 shall be documented and ratified by the Board of Directors at the next regular Board Meeting.

All transactions must be documented sufficiently to comply with generally accepted accounting principles.

Section 3—Deposits

All funds of the Corporation shall be deposited within thirty days to the credit of the Corporation at such banks, trust companies, or the depositories as the Board of Directors may approve.

Section 4—Gifts

The Board of Directors may accept, on behalf of the Corporation, any contribution, gift or bequest for the specific or general use of the Corporation.

Section 5—Property

All land and/or property owned and/or leased by the Corporation must be held in the name of the Corporation. All changes in the status of land and/or property owned

and/or leased by the Corporation must be approved by an absolute majority of the Board of Directors.

Section 6—Excess Operating Income

If there is any income which is in excess of the amounts used for operation, maintenance, or management of the Corporation property for any fiscal year, the Board of Directors, with a majority vote, is authorized to invest that excess for future capital expenditures by the Corporation in FDIC insured accounts and to treat that excess as a carry-over to apply toward the next year's expenses.

Article VII—Books and Records

The Corporation shall keep correct and complete books and records of accounts and shall maintain minutes of the proceedings of its members and Board of Directors. All books and records of the Corporation may be inspected by any member, or their agent or attorney, with proper purpose and prior notification in writing to the President of the Association. If at least 2/3 of the Board of Directors deems the inquiry as a nuisance inquiry, the Board, at its discretion, is not obligated to provide further details.

The financial books will be maintained by the Treasurer and will be audited within sixty days of the close of each calendar year. The audit will be conducted by the Treasurer and at least one other Officer. The Board of Directors, at its discretion, can have the financial books of the Corporation audited by an independent accounting firm.

The Treasurer will present a financial report at each Board meeting and at the Annual Meeting of the Membership.

Article VIII—Accounting Year

The accounting year of the Corporation shall be on a calendar year basis.

Article IX—Dues

Section 1—Annual Dues and Special Assessments

The Board of Directors shall determine the amount and any change in the Annual Dues payable by the Members to the Corporation.

1. With 2/3 or greater Board of Director approval, the Board has the authority to adjust annual dues up to 4% per year cumulative each year since the last adjustment but not to exceed 25% in total, either increase or decrease, without bringing a vote or ratification by the Eligible Voting Members.

2. Adjustments to annual dues not in accordance with the above section or special assessment shall require the ratification by a quorum of Eligible Voting Members at the Annual Membership Meeting.
3. Annual dues are fixed per the Protective Covenants for the Secondary Class of membership that applies to Hawthorne Commons.

Special assessments, in addition to the Annual Dues, may be determined by the Board of Directors as necessary, subject to ratification by a majority of the Eligible Voting Members present and proper proxies at the Annual Membership Meeting or at a Special Membership Meeting called by the Board of Directors.

Any projected increase in dues proposed by the Board that require ratification by the majority of the Eligible Voting Members shall be specifically outlined in the Annual Meeting agenda.

Section 2—Dues and Assessment Notices

Annual dues notices will be sent to each Corporation member no earlier than January 1st and no later than April 1st of each year. If any members have not paid their dues after two (2) written notices sent to the postal mail address of the member(s) listed in the Corporation records, the Board of Directors may assess reasonable late payment charges, shall turn the amount owed over to an attorney or collection agency for collection, and may, at the Board's discretion, cause a lien to be recorded on the member's subject property and the member(s) shall be liable for the payment of any collection costs and/or attorney's fees incurred as a result of such default in payment of dues.

Notice of Special Assessments can be sent any time during the year and will be sent to each Corporation member at the postal mail address of the member(s) listed in the Corporation records. If any member(s) have not paid their assessment after two (2) written notices sent to the postal mail address of the member(s) listed in the Corporation records, the Board of Directors shall turn the amount owed over for collection and may, at the Board's discretion, cause a lien to be recorded on the member's subject property and the member(s) shall be liable for the payment of any collection costs and/or attorney's fees incurred as a result of such default of assessment(s).

Section 3—Default and Termination of Voting Rights

Any member(s) in default in the payment of their annual dues and/or special assessments shall have their voting rights and all privileges and benefits of the Corporation suspended. These rights and privileges can be restored by the Board of Directors upon payment in full of all dues, assessments and collection costs and attorney's fees due the Corporation.

Article X—Amendments to the By-Laws of the Corporation

These By-Laws may be altered, amended, or repealed and new By-Laws may be adopted by an absolute majority of the Directors at any regular Board Meeting, provided that at least ten days written notice is given of intention to alter, amend, or repeal or to adopt new By-Laws at such meeting.

Approved this ____ day of _____, 20____.

Director

Yeas_____

Director

Nays_____

Director

Director