

THE WALDEN PONDS ESTATES HOMEOWNERS ASSOCIATION BYLAWS

The administration of the Walden Pond Estates Homeowners Association (the “Association”), an Illinois Not-for-profit Corporation, shall be governed by the following bylaws:

ARTICLE I: ASSOCIATION MEMBERSHIP

Section 1: Qualifications for Membership. Every person or entity who is either a record owner of a lot, or a beneficiary of a land trust holding title to a lot, in Walden Pond Estates Subdivision shall be a member of the ASSOCIATION. Ownership of a lot shall be the sole qualification for membership. If more than one person or entity holds title to a particular lot, all such persons or entities shall be members.

Additional property owners may become members of the ASSOCIATION as may be provided in the Protective Covenants – First Addition for Walden Pond Estates Subdivision dated August 8, 1998 and recorded on October 6, 1998 as Document No. 290544 in Book 438 and Page 621 in Piatt County, Illinois (hereafter Declaration of Covenants).

Section 2: Obligations of Membership. Each member of the ASSOCIATION shall be bound by and shall observe the terms and provisions of Declaration of the Covenants, the Bylaws of the ASSOCIATION, and the rules and regulations promulgated from time to time by the ASSOCIATION.

No member shall have the right or power to disclaim, terminate, or withdraw from membership in the ASSOCIATION and its inherent obligations by abandonment of his/her residence or for any other reason.

Section 3: Limitations of Membership. Membership is appurtenant to and shall not be separated from ownership of a lot. Thus, membership shall automatically terminate upon the sale, transfer, or other disposition by a member of his/her ownership of a lot in Walden Pond Estates Subdivision, at which time the new owner shall automatically become a member of the ASSOCIATION. A member shall have no right, interest, or privilege which may be transferable or inheritable, or which shall continue after his/her membership ceases, or while s/he is not in good standing.

No member shall have a vested right, interest, or privilege of, in, or to the assets, functions, affairs, or franchises of the ASSOCIATION.

Section 4: Voting Rights. Each lot in the Walden Pond Estates Subdivision shall be entitled to one vote, which may be cast, either in person or by proxy, by the owner of such lot. In no event shall more than one vote be cast with respect to any one lot. If more than one member is the record owner or beneficiary of the title-holding land trust of a lot in the Walden Pond Estates Subdivision, then the one vote for the lot shall be exercised as those members among themselves determine. If a property owner owns more than lot within the subdivision, said property owner will have only one vote regardless of the number of lots owned. A lot owner may vote by written proxy, such proxy being invalid after eleven months from the date of its execution, unless otherwise provided in the proxy. Every proxy must bear the date of execution thereof.

Section 5: Suspension of Voting Rights. The ASSOCIATION shall have the right to suspend the voting rights of any member for any period during which an assessment levied by the ASSOCIATION against the member's lot is delinquent, upon the member's violation of the Declaration of Covenants of the subdivision, or upon the member's violation of any Bylaws of the ASSOCIATION. Any voting rights so suspended shall remain suspended until the unpaid assessments are paid in full or until the violation of the Declaration of Covenants and/or the bylaws are redressed.

ARTICLE II: MEETINGS OF MEMBERS

Section 1: Annual Meetings. There shall be an annual meeting of the members of the ASSOCIATION at such a place as may be designated in Piatt County, on the 2nd Tuesday of February in each year. The purpose of the annual meeting shall be the election of the Board of Directors for the following year and the transaction of such business as may come before the meeting.

Written notice of the Annual Meeting stating its date, place, and hour shall be distributed to the membership by the Board of Directors, or its designated representative, not less than thirty days nor more than forty-five days prior to the meeting.

Section 2: Special Meetings. Special meetings of the members shall be held whenever called by the Board of Directors or by the voting members having, in the aggregate, not less than twenty-five percent of the total votes of the ASSOCIATION. Notice of each special meeting (stating the date, time, place, and the general purpose(s) thereof) shall be sent by mail to the last known address of all members at least ten calendar days prior to the meeting.

Section 3: Quorum. The presence in person, or by written proxy, at any meeting of the voting members of fifty percent of the total votes of the ASSOCIATION shall constitute a quorum for the transaction of business. Business may be transacted until adjournment of a meeting notwithstanding the withdrawal of enough members to leave less than the quorum. If, however, a quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting without notice other than announcement at the meeting until a quorum as aforesaid shall be present or represented. Unless otherwise expressly provided herein or required by the General Not-for-Profit Corporation Act, any action may be taken at any meeting of the voting members, at which a quorum was present, upon the affirmative vote of the majority of the total votes present at such meeting. The sole exception being changes in these Bylaws, which shall require approval by two thirds of the voters.

ARTICLE III: THE BOARD OF DIRECTORS

Section 1: Number of Directors. The business of the ASSOCIATION shall be carried out by a Board of Directors which shall consist of five (5) members. The Board of Directors shall include all of the current elected officers and one elected at-large member.

Section 2: Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the ASSOCIATION and may do all such acts and activities as are not, by law or these bylaws, directed to be exercised or done by the members. In addition to duties imposed by these bylaws or by resolution of the ASSOCIATION, the Board of Directors shall be responsible for the following:

- A. Oversight of the care and upkeep of the subdivision (including the lakes, common areas, and facilities) to the extent the same is not performed by any county or state agencies;
- B. Procurement and maintenance of adequate liability and hazard insurance and payment of taxes on property owned by the ASSOCIATION;
- C. Levying and collection of the annual assessments and any special assessments hereinafter provided for from the members. Foreclosure of liens against properties for which assessments are not paid;
- D. Expenditure of funds in accordance with the annual budget and amendments thereto;
- E. Designation, prescription of duties, employment, supervision, and dismissal of personnel necessary for the accomplishment of the purposes of the ASSOCIATION;
- F. Provision of architectural control of any improvements constructed or to be constructed upon the lots and common properties in the subdivision. Insurance of the maintenance of the exterior of dwellings in the subdivision;
- G. Enforcement of any and all covenants, restrictions, and agreements applicable to lots within the subdivision and to adopt, amend, and enforce rules and regulations governing the use of the commons area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- H. Suspension of the voting rights and right to use the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the ASSOCIATION. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations; and
- I. Keeping of accurate and complete records and the preparation, approval, and distribution of the Annual Report no later than the 1st Tuesday of January of each year.

The Report shall include

- a summary of the activities of the ASSOCIATION for the preceding year
- an accounting of the ASSOCIATION's financial transactions of the preceding year.
- a proposed budget for the ensuing year.

Section 3: Limitations of Duties. The duties listed above are not intended to make the Board of Directors, or any member thereof, an insurer or guarantor of the safety of the person or property of any member or guest located in or upon the grounds or facilities of the Walden Pond Estates Subdivision. The Board of Directors (collectively or individually), acting in their representative capacity shall have no duty to any member of the ASSOCIATION, their family members, their guests, or any other person of the following, which includes but is not limited to:

- A. providing supervision, life-safety protection, or lifeguard service over the lakes or sewers of the subdivision;
- B. providing surveillance of the subdivision or of any activity or condition conducted or located therein;
- C. providing care, upkeep, maintenance, or improvement on any real property which is not located upon the common areas of the subdivision; and
- D. insuring against the destruction, loss of, or damage to personal property.

The ASSOCIATION shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officers, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if he/she acted in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interests of the ASSOCIATION and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the ASSOCIATION unless and only to the extent that the court in which such action or suit was brought shall determine upon application that despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Section 4: Meetings of the Board

A. Regular Meetings. The Board shall meet at least quarterly or more often as is necessary for the transaction of business at such times and places as may be designated by the President.

B. Special Meetings. A Special Meeting of the Board may be called by the President, or by two other members of the Board, provided notice is given to each member of the board at least forty-eight hours before the proposed meeting.

C. The Chair. At all meetings of the Board of Directors, the President, or in his/her absence, the Vice President shall preside.

D. Quorum. The Directors shall act only as a Board, and the individual Directors shall have no power as such. The presence of three of the four officers shall constitute a quorum for the transaction of business, but a majority of those present at the time and place of a regular or special meeting, although less than the quorum, may adjourn the same without notice until a quorum be at hand. The act of a majority of Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as my be otherwise provided by law.

E. Consent. Unless specifically prohibited by the bylaws, any action required to be taken at a meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting, if consent in writing, setting forth the action so taken,

shall be signed by all the Directors, or all the committee members. Any such consent shall have the same effect as a unanimous vote, and may be stated as such in any document filed with the Secretary of State or with anyone else.

ARTICLE IV: ELECTED OFFICERS & COMMITTEES

Section 1: Eligibility for Office. To be eligible for election to office, or for committee membership, candidates must be members in good standing of the ASSOCIATION. After three consecutive years of service in the same office, or on the same committee, a member shall be ineligible for re-election to that office, or committee, for the period of one term. No person shall simultaneously hold more than one ASSOCIATION office. Only one member of a household may serve as an officer for any given term.

Section 2: Election to Board of Directors and Committee Selection. Board positions shall be elected by a simple majority vote. Positions will be elected in the following order: President, Vice-President, Secretary, Treasurer, and Trustee Member-At-Large. An election will take place for each position, in order, such that persons failing to be elected for a position may be considered eligible to run for the subsequent positions.

All committee members shall be volunteers, and placement onto their committee of interest will be based on the number of individuals expressing interest to serve on the committee. In the event that the number of individuals expressing interest to serve on a committee exceeds the number of positions available on the committee, then an election of the membership will occur to choose those committee members. Through a one-time run-off election, a simple majority vote will determine the top four individuals to serve on the committee.

Section 3: Terms of Office. Elections for officers shall be held at the Annual Meeting of Members. Officers shall assume the duties of office immediately after election. Beginning in the year 2010, all officers shall serve a term of two years, with elections occurring at the Annual Meeting in even years. If an officer should resign, be removed, or be otherwise disqualified to serve, a replacement shall be elected by a majority of the Board of Directors. The officer appointed to such a vacancy shall serve for the remainder of the term of the officer s/he replaces.

Beginning in 2010, the first group of committee members shall serve for a term of three years; all subsequent committee members shall serve a term of two years, with elections occurring at the Annual Meeting in odd years. If a committee member should resign, be removed, or be otherwise disqualified to serve, a replacement shall be elected by a majority of the Board of Directors. The committee member appointed to such a vacancy shall serve for the remainder of the term of the committee member that s/he replaces.

Section 4: Resignation or Removal from Office. Any officer may resign at any time by giving written notice to the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective.

Any officer may be removed from office, with or without cause, by majority vote of the ASSOCIATION membership. If any officer fails to attend three consecutive Board Meetings,

the Board may, at its sole discretion, declare that office vacant and elect a replacement pursuant to a majority vote by the Board of Directors.

Section 5: Compensation. Officers and committee members shall receive no compensation for their services. However, any officer or committee member may be reimbursed for actual expenses incurred in the performance of ASSOCIATION duties.

Section 6: Committees. The Board of Directors, by majority adoption of a resolution, may designate one or more committees as deemed appropriate in carrying out its purpose, which committees shall have such authority and perform such duties as from time to time may be prescribed by the board. The lasting committees will consist of *The Architectural Committee*, *The Landscape Committee*, and *The Waterways Committee*. The Board of Directors may establish ad hoc committees to address the needs of the ASSOCIATION when deemed necessary. Any committees so created will consist of at least three ASSOCIATION members, and a maximum of four members.

Section 7: Duties of Each Office.

A. The President. The President shall (a) be the Chief Executive Officer of the ASSOCIATION, (b) preside as chairperson of ASSOCIATION and Board of Directors meetings, (c) determine the order of business at such meetings, (d) see that the orders and resolutions of the ASSOCIATION Board are carried out, (e) sign all leases, deeds, service agreements and other written instruments, (f) co-sign all ASSOCIATION checks and promissory notes, (g) appoint, with the Board approval, the chairs of any ASSOCIATION committees, (h) be an ex officio member of all ASSOCIATION committees, (i) compile the Annual Report of ASSOCIATION Activities, (j) serve as official spokesperson of the ASSOCIATION and (k) perform such other tasks generally performed by the President of a Home Owner's Association or reasonably assigned by the Board of Directors.

B. The Vice President. The Vice President shall (a) perform the duties of the President in the event of his/her absence, inability, or refusal to act, (b) prepare and distribute notices of regular and special meetings, (c) distribute the Annual Report to members, (d) assist the other officers as requested by the Board of Directors, (e) be an ex officio member of all ASSOCIATION committees and (f) perform such other tasks generally performed by the Vice President of a Home Owner's Association or reasonably assigned by the Board of Directors.

C. The Secretary. The Secretary shall (a) keep the minutes of all meetings of the Board of Directors and the Committees, (b) keep the minutes of the annual and special Membership Meetings, (c) record the votes, (d) keep a list of current members of the association and their addresses, (e) keep such other books and papers as the Board of Directors may direct, and (f) perform such other tasks generally performed by the Secretary of a Home Owner's Association or reasonably assigned by the Board of Directors.

D. The Treasurer. The Treasurer shall (a) collect assessments from the members, (b) deposit in appropriate bank accounts all unexpended monies of the ASSOCIATION, (c) disperse ASSOCIATION funds as directed by resolution of the Board of Directors, (d) sign all checks and promissory notes of the association, (e) have custody of all the

receipts, statements, disbursements, funds and securities of the ASSOCIATION, (f) keep proper books of account, (g) prepare an annual statement of income and expenditures to be presented to the membership at its regular annual meeting, (h) prepare a proposed budget for the ensuing year and (i) perform such other tasks generally performed by the Treasurer of a Home Owner's Association or reasonably assigned by the Board of Directors.

ARTICLE V: MAINTENANCE AND SPECIAL ASSESSMENTS. The Board of Directors of the ASSOCIATION shall have the right and power to subject the properties situated in Walden Pond Estates Subdivision, except public streets, ways, and parks, to an annual maintenance assessment and to special assessments. The assessments levied by the ASSOCIATION shall be used exclusively (a) to promote the recreation, health, safety, and welfare its members, (b) for the improvement and maintenance of the common areas or (c) for payment of the operating expenses of the ASSOCIATION. Thus, the maintenance fund may be used for, including but not limited to, lighting, improving the street island and median areas, the common area easements, including any lake and dedicated right-of-way areas maintained for the general use of the owners and occupants of land included in the subdivision; for operating and maintaining any storm-water drains nor or hereafter constructed, that will not be under the direct supervision of the drainage district; and for doing any other things necessary or desirable to keep the common areas in good order.

Section 1: Regular Assessments.

A. Due Date. Between January 5th and January 31st of each year, each owner of a lot in Walden Pond Estates Subdivision shall be assessed via a written notice of an annual maintenance charge, which shall be used by the ASSOCIATION to create and continue fund for the maintenance for the commons areas. The charge shall be payable to Walden Pond Estates Homeowners Association and will be delinquent when not paid within thirty days of the assessment date. Upon payment, a receipt shall be given if so requested.

B. Amount.. The annual assessment may be adjusted from year to year by the Board of Directors of the ASSOCIATION as, in its judgment, the needs of the common areas may require, but in no event shall the assessment in any year for any one lot exceed the sum of fifty dollars (\$50.00), unless changed by a vote of the membership at special meeting called for that purpose. Likewise, in no event shall the amount of the annual assessment be less than the minimum necessary to adequately maintain and support the common areas.

Section 2: Special Assessments and Fines. In addition to the annual assessments authorized above, the ASSOCIATION may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of an improvement upon the common areas, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds of the members eligible to vote at a meeting duly called for this purpose.

The Board shall levy fines for non-compliance with the Declaration of Covenants or the Bylaws of the ASSOCIATION. The procedure shall be as follows: the Board of Directors shall issue two verbal requests, followed by a written request for correction. The written request shall

include a date when the levying of a \$25 per day/per occurrence fine will commence. This fine shall remain in force until the noted violation has been satisfactorily corrected. Failure to pay an accrued fine shall result in a lien being placed upon the property until such time as the violation has been corrected and/or the fine has been collected.

Section 3: Non-Payment of Assessments. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of ten percent annum, and the Association may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the property, and interest, cost, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessment provided for herein by nonuse of the common area or abandonment of his lot.

The lien of the assessments provided herein shall be subordinate to the lien of any first mortgage. The sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereon.

Section 4: Access to records. The books, records and papers of the ASSOCIATION shall at all times, during reasonable business hours, be subject to inspection by any member. Members may also purchase copies of ASSOCIATION records from the Secretary at reasonable cost. Upon reasonable demand, the ASSOCIATION shall furnish to any member a statement showing the amount of any unpaid assessment charges against his/her lot.

ARTICLE VI: AMENDMENTS. These by-laws may be amended by the approval of seventy percent (70%) of the members at any special meeting of the ASSOCIATION called for that purpose, or at the annual meeting of members. Notice of the proposed amendment(s), must be made available to the members at least one week in advance of the meeting. Unless otherwise stated, amendments shall be effective from the date of their approval.

Neither the Board nor the members shall have the power or authority to amend these By-Laws in a manner inconsistent with the Declaration, including, without limitation, provisions in the Covenants relating to the ASSOCIATION's responsibilities for maintaining and improving the common areas. The amendment of any covenants and restrictions set forth in the Declaration of Covenants may only be amended in accordance with the terms of said Declaration of Covenants.

Initial set of bylaws approved December 3, 2009.