

BY-LAWS OF THE RIVER OAKS IMPROVEMENT ASSOCIATION

ARTICLE I NAME AND LOCATION

The name of the corporation is the: RIVER OAKS IMPROVEMENT ASSOCIATION, hereinafter referred to as the "Association". The principal office of the corporation shall be located c/o: President of River Oaks Improvement Association, c/o P.O Box 144, Warrenville, Illinois 60555, but meetings of members and directors may be held at such places within the State of Illinois, County of DuPage, as may be designated by the Board of Directors.

ARTICLE II DEFINITIONS

SECTION 2.01 "Property" shall mean and refer to the real property described as Country Ridge Unit 2, being a subdivision of section 27, Township 39 north, range 9 east of the third principal meridian, in DuPage County, Illinois.

SECTION 2.02 "Lot" shall mean and refer to any lot of record designated as such on a plat of subdivision for all or a part of the Property, which is placed of record in the office of the Recorder of Deeds of DuPage County, and the single-family attached residence, if any, constructed thereon.

SECTION 2.03 "Owner" shall mean and refer to the record owner (or the beneficiaries of a Land Trust which may be a record owner), whether one or more persons or entities, of a fee simple title to any Lot as defined herein (or shall otherwise become subject to the terms hereof), including contract Sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 2.04 "Declarant" shall mean and refer to ESR CORPORATION, a California corporation.

SECTION 2.05 "Common Area" shall consist of that portion of the Property which is not deeded to individual plats or the public.

SECTION 2.06 "Developer" shall mean and refer to ESR CORPORATION a California corporation. For purposes of this Declaration, the terms "Developer" and "Declarant" shall be considered interchangeable as to the rights and obligations contained herein.

SECTION 2.07 The terms "Declarant" and "Developer", as defined above, shall also include such of their successors and assigns as may specifically be assigned the respective rights and obligations of Declarant and Developer hereunder, and Declarant and Developer shall have the right to assign any or all of their rights or obligations to any such successor or assign.

SECTION 2.08 "Declaration" shall mean and refer to the Declaration and any amendments made hereto, as recorded in the office of the Recorder of Deeds, DuPage County, Illinois on May 1, 1987 as Document No. 87-060358.

SECTION 2.09 "Association" shall mean the River Oaks Improvement Association, a not-for-profit corporation.

SECTION 2.10 "Member" shall mean and refer to each and every Owner.

SECTION 2.11 "Board" shall mean the Board of Directors selected by the Association pursuant to the terms of these By-Laws, and the Articles of Incorporation and the Declaration of the Association.

SECTION 2.12 "Person" shall mean and refer to an individual, corporation, partnership, trustee or other legal entity capable of holding title to real property.

SECTION 2.13 "Record" or "place of record" shall mean to record a document in the Office of the Recorder of Deeds of DuPage, Illinois.

ARTICLE III MEETING OF MEMBERS

Section 3.01 Annual Meetings. The regular annual meeting of the members shall be held within the first two weeks of the month of February each year, or as soon thereafter as practicable, at the hour of 7:30 p.m. The date of the annual meeting shall not be a legal holiday.

Section 3.02 Special Meetings. Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of the members entitled to vote representing at least 17 lots (25% of the lots).

Section 3.03 Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 15 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 3.04 Quorum. The presence at the meeting of members entitled to cast, or of absentee ballots entitled to cast, thirteen (13) votes (20% of the lots) of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 3.05 Absentee Ballots. At all annual and special meetings of the members, absentee ballots will be recorded. These absentee ballots can be obtained from the secretary concurrent with the written notice of the meeting.

ARTICLE IV BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 4.01 Number. The Board of Directors shall consist of seven members representing seven lots elected by the members of the Association as hereinafter provided, each of whom must be an Association member in good standing.

Section 4.02 Term of Office. At each annual meeting, the members entitled to vote shall elect directors to fill Board vacancies. Board members shall serve for a term of two (2) years.

Section 4.03 Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor. In the event that such a vacancy exists at the time of the Annual Meeting, or a Special Meeting called for this purpose, the members entitled to vote shall elect a director to fill the vacancy.

Section 4.04 Compensation. No director shall receive compensation for any service rendered to the Association. However, any director may be reimbursed for actual expenses incurred in the performance of Association duties.

Section 4.05 Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V NOMINATION AND ELECTION OF DIRECTORS

Section 5.01 Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. Any nominee shall be a member in good standing of the Association. The Nominating Committee shall consist of a chairman, who shall be a member of the Board of Directors, and two or more members of the Association. At least 66% of the Committee members shall not then be members of the Board of Directors. The Nominating Committee shall serve from the close of the annual meeting until the close of the next annual meeting.

Section 5.02 Election. Election to the Board of Directors shall be by secret written ballot or absentee ballot. With respect to each vacancy, the members may cast as many votes as they are entitled to exercise under the provisions heretofore defined. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI MEETINGS OF DIRECTORS

Section 6.01 Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next business day which is not a legal holiday.

Section 6.02 Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two (2) directors, after not less than two (2) days notice to each director.

Section 6.03 Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as an act of the Board.

ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 7.01 Powers. The Board of Directors shall have power to:

- (a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) suspend the voting rights of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;
- (c) levy fines as set forth in the Declaration;
- (d) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;
- (e) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;
- (f) employ a manager, an independent contractor, or such other employees as they deem necessary, and to assign their duties; and
- (g) to foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.

Section 7.02 Duties. It shall be the duty of the Board of Directors to:

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote;
- (b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- (c) as more fully provided in the Declaration, to:
 - (1) fix and publish the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;
 - (2) send written notice of any other assessment to every Owner subject thereto at least thirty (30) days in advance of such an assessment;
- (d) issue, or cause an appropriate officer to issue, upon demand by any person, a letter certifying whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these letters. If the certifying letter states an assessment has been paid, such letter shall be conclusive evidence of such payment;
- (e) procure and maintain adequate liability and hazard insurance on property owned by the Association;
- (f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- (g) cause the Common Area to be maintained.

ARTICLE VIII OFFICERS AND THEIR DUTIES

Section 8.01 Officers. The officers of this Association shall be a president, a vice-president, a secretary, and a treasurer, who shall at all times be members of the Board of Directors, and such other officers as the Board may from time to time by resolution create.

Section 8.02 Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 8.03 Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 8.04 Special Appointments. The Board may elect such other officers as the affairs of the Association require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 8.05 Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, 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 therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 8.06 Vacancies. A vacancy in any office may be filled by appointment by the board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 8.07 Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8.08 Duties. The duties of the officers are as follows:

President. The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and may co-sign checks and promissory notes.

Vice-President. The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board. The vice-president may co-sign checks and promissory notes.

Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep accurate current records showing the members of the Association together with their addresses, and shall perform such other duties required by the Board.

Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall send out bills; shall sign checks and promissory notes of the Association; keep proper books of account; cause a compilation with a confirmed bank statement of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE IX COMMITTEES

The Association shall appoint a Nominating Committee, as provided in these By- Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid within 10 days of receipt shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment may bear per annum interest from the date of delinquency at the prime rate of interest charged by the First National Bank of Chicago, 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, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waiver or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

ARTICLE XII AMENDMENTS

Section 12.01 These By-Laws may be amended, at a regular or special meeting of the members, by a vote of a majority of the votes in the membership, in person or by absentee ballot.

Section 12.02 In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XIV MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of March and end on the last day of February of every year.