

**BYLAWS
OF
COBBLESTONE ESTATES SUBDIVISION
HOMEOWNERS' ASSOCIATION,
an Illinois not-for-profit corporation**

**ARTICLE I
Incorporation and Offices**

The Cobblestone Estates Subdivision Homeowners' Association (hereinafter called the "Association") shall be incorporated under the Illinois General Not for Profit Corporation Act (the "Act") and shall continuously maintain in the State of Illinois a registered office and a registered agent whose business office is identical with such registered office.

**ARTICLE II
Declaration**

The Declaration of Easements, Covenants and Restrictions For Cobblestone Estates Subdivision, recorded in the office of the Sangamon County Recorder as Document number 93-46127 is attached hereto as **Exhibit A** and incorporated herein.

**ARTICLE III
Members**

SECTION 1. MEMBERSHIP. Every person or entity who is the record owner of a fee or undivided fee interest in any Building Site or any part thereof in the case of ownership of an individual duplex or condominium unit shall be deemed to have membership in the Cobblestone Estates Homeowners' Association. The foregoing is not intended to include persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the owner's membership. No owner, whether one or more persons, shall have more than one membership per building site. In the event of multiple ownership of a Building Site, voting rights and rights of use and enjoyment shall be as provided herein. Membership shall be appurtenant to and may not be separated from ownership of any Building Site. Ownership of a Building Site shall be the sole qualification for membership. The rights and privileges of membership, including the right to vote and to hold office may be exercised by a member or member's spouse, but in no event shall more than one vote be cast nor office held for each Building Site.

The term "Building Site" shall mean any lot of record or portion thereof under a single ownership whether owned by a trust, a partnership, a corporation, an individual or individuals, including ownership in tenancy in common, joint tenancy and tenancy by the entirety, intended for use as or used as the site and location of a single family dwelling.

Cobblestone Development Company, hereinafter called the "Developer", intends to and is hereby authorized to subject additional real estate to covenants requiring membership in the Association, which membership shall also be automatic, compulsory, and mandatory by virtue of ownership.

SECTION 2. VOTING RIGHTS. The Association shall have two classes of membership, Class “A” and “Class B” as follows:

A. Class “A”. Class “A” members shall be all owners with the exception of the Developer, any successor of the Developer who takes title for the purpose of development and sale, any anyone holding one or more Building Sites for the purpose of development or sale. Class “A” members shall be entitled to one vote for each Building Site in which they hold the interest required for membership by Article III hereof. When more than one person holds such interest in any Building Site, the vote for such Building Site shall be exercised as those owners themselves determine and advise in writing to the secretary prior to any meeting. In the absence of such advice, the Building Site’s vote shall be suspended in the event more than one person seeks to exercise it. If a Building Site is owned by a corporation, partnership or trust, such entity shall designate in writing the person authorized to vote in behalf of such entity.

B. Class “B”. The Class “B” member shall be the Developer. The Class “B” member shall be entitled to four votes for each Building Site in which it holds the interest required for membership by section 3 provided that the Class “B” membership shall cease and become converted to Class “A” membership upon the happening of either of the following events, whichever occurs earlier:

- (1) When the total vote outstanding of the Class “A” membership equals the total votes outstanding of the Class “B” membership; or
- (2) At such time as Developer voluntarily relinquishes its Class “B” membership rights.

SECTION 3. NO MEMBERSHIP CERTIFICATES. No membership certificates of the Association shall be required.

ARTICLE IV

Purpose

SECTION 1. The Association shall promote the recreation, scenic enjoyment, health, welfare and safety of the residents and for protecting, advancing and promoting the environment of the properties for the common benefit and enjoyment of the owners and occupants of residences, improvement and maintenance of the common areas including taking such action as may be necessary in perpetuity for the maintenance, repair, operation and replacement of the water retention facilities as well as all other common areas, including drainage facilities, boulevards and landscaping of entrance ways for Cobblestone Estates Subdivision as the Board of Directors deems necessary from time to time, and in accordance with all lawful orders, rules, laws or regulations of any public body having jurisdiction, including but not limited to the maintaining of adequate public liability insurance for the Association and its officers and directors, the taking of legal title to the drainage retention facilities and related drainage areas and other common areas, payment of real estate taxes, the purchase or lease of adequate tools and equipment, and for the cost of labor, management and supervision thereof, and any other related acts deemed necessary by the Board of Directors from time to time. The term “common

area” shall mean all real property owned by the Association for the common use and enjoyment of the members.

SECTION 2. The Association is responsible for and will take such action as may be necessary from time to time for the maintenance and operation of any entrance sign or entrance gate, boulevard, or other common areas not maintained by the public.

SECTION 3. The purposes of the Association stated above shall not be construed to exhaust, limit or detract in any way from the general authority of the Association to act for other purposes as its members, through its Board of Directors, deem beneficial from time to time.

ARTICLE V Meeting of Members

SECTION 1. ANNUAL MEETING. The initial annual meeting of the members shall be held on August 23, 2001. Subsequent annual meetings of the members shall be held on the last Monday in February or such other date as set by the Board of Directors at the time and place designated by the Board of Directors. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the next following day that is not a legal holiday.

SECTION 2. SPECIAL MEETING. Special meetings of the members may be called either by the President or at the request of three (3) of the members of the Board of Directors, or by the holders of not less than one-twentieth of the votes, for the purpose or purposes stated in the call of the meeting.

SECTION 3. PLACE OF MEETING. The Board of Directors may designate any place as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. If no designation is made or if a special meeting be otherwise called, the place of meeting shall be the registered office of the Association in the State of Illinois.

SECTION 4. NOTICE OF MEETINGS. Written notice stating the place, date, and hour of any meeting of members shall be delivered to each member entitled to vote at such meeting not less than ten (10) or more than sixty (60) days before the date of such meeting. In case of a special meeting or when required by statute or by these Bylaws, the purpose for which the meeting is called shall be stated in the notice. In the case of a meeting on a proposed budget for the Association, notice of the budget shall be sent not less than thirty (30) days before the meeting. If mailed, the notice of meeting shall be deemed delivered when deposited in the United States mail addressed to the member at his or her address as it appears on the records of the Association, with postage thereon prepaid. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken.

SECTION 5. INFORMAL ACTION BY MEMBERS. Any action required to be taken at a meeting of the members of the Association, or any other action which may be taken at a meeting of members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed either (i) by all the members entitled to vote with respect to the subject matter thereof, or (ii) by the members having no less than the minimum number of votes

that would be necessary to authorize or take such action at a meeting at which all members entitled to vote thereon were present and voting. If such consent is signed by less than all of the members entitled to vote, then such consent shall become effective only (1) if, at least five days prior to the effective date of such consent a notice in writing of the proposed action is delivered to all of the members entitled to vote with respect to the subject matter thereof, and (2) if, after the effective date of such consent, prompt notice in writing of the taking of the corporate action without a meeting is delivered or mailed to those members entitled to vote who have not consented in writing.

SECTION 6. QUORUM. The holders of 5% of the votes which may be cast at a meeting of the Association, represented in person or by proxy, shall constitute a quorum for consideration of such matter at any meeting of members; provided that, if less than 5% of the outstanding votes are represented at said meeting, a majority of the votes so represented may adjourn the meeting at any time without further notice. If a quorum is present, the affirmative vote of a majority of the votes represented at the meeting shall be the act of the members unless the vote of a greater number or voting by classes is required by the General Not For Profit Corporation Act, the Articles of Incorporation, or these Bylaws. At any adjourned meeting at which a quorum shall be present any business may be transacted which might have been transacted at the original meeting. Withdrawal of members from any meeting shall not cause failure of a duly constituted quorum at that meeting.

SECTION 7. PROXIES. Each member entitled to vote at a meeting of members or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him or her by proxy, but no such proxy shall be voted or acted upon after eleven months from its date, unless the proxy provides for a longer period.

SECTION 8. VOTING. Each member shall be entitled to the number of votes as set forth in Article III, Section 2. Voting shall be in person or by written proxy. In the case of a vote for an election of the Board of Directors, voting will be allowed by mail as set forth in article VI, Section 4.

SECTION 9. VOTING BY BALLOT. Voting on any question or in any election may be by voice unless the chairman of the meeting shall order or any member shall demand that voting be by ballot.

ARTICLE VI

Board of Directors

SECTION 1. GENERAL POWERS. The affairs of the Association shall be managed by or under the direction of its Board of Directors.

SECTION 2. NUMBER, TENURE, AND QUALIFICATIONS. The number of directors shall be not less than three (3) but not more than seven (7). The initial board shall have seven (7) members. Each director shall be a member of the Association. In no event shall more than one director be from the same Building Site. The initial Board of Directors shall be Andrew J. Hamilton, Steve Kuper, Mark Vasconcelles, Chris Royal and Nancy Pozo and Thomas Giacomini and shall serve until the initial annual meeting. At the initial annual meeting, the members shall elect a Board of Directors which shall consist of seven (7) members. The term of

a director shall be two (2) years, however, in the case of the first elected board, four directors shall have a one-year term and three directors shall have a two-year term. The Board shall determine which of them shall have one-year terms and which shall have two-year terms. At the 2002 annual meeting, four director seats shall be up for election. Persons elected to those four director seats shall then serve two-year terms, resulting in four director seats being up for election on even numbered years. The three director seats elected to two-year terms shall be up for election at the 2003 annual meeting. Persons elected to those three director seats shall then serve a two-year term resulting in three director seats being up for election on odd numbered years. Each director shall serve until his or her successor shall have been elected and qualified. Nothing shall prevent a member from serving successive terms on the Board.

SECTION 3. NOMINATION. Nomination for election to the Board of Directors shall be by nominating committee. Only members who are natural persons may serve as a Director. The nominating committee shall consist of members appointed by the Board of Directors and shall consist of at least three members. The members of the nominating committee shall have a term that begins when appointed and ends at the close of the annual meeting of the members in which they have made the nominations. The Board shall then appoint a new nominating committee. However, nothing shall prohibit a member from serving two or more successive terms on the nominating committee. The nominating committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but in no event shall it nominate less than the number of vacancies to be filled.

SECTION 4. ELECTION. Election to the Board of Directors shall be by secret written ballot. Voting for the Board of Directors (and only for the Board of Directors) will be allowed by mail on ballots prepared by the Association and distributed to the members either via U.S. Postal Service, or by giving notice of a location where ballots can be picked up by members. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the declaration. Ballots received in the mail by the current Board prior to the time of the meeting shall be counted at the meeting. Persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

SECTION 5. REGULAR MEETINGS. A regular meeting of the Board of Directors shall be held without other notice than these Bylaws, immediately after and at the same place as the annual meeting of members. The Board of Directors may provide, by resolution, the time and place for the holding of additional regular meetings of the Board without other notice than such resolution.

SECTION 6. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the President or any two directors. The person or persons authorized to call special meetings of the Board may fix any place as the place for holding any special meeting of the Board called by them.

SECTION 7. NOTICE. Notice of any special meeting of the Board of Directors shall be given at least two days previous thereto by written notice to each director. Notice of any special meeting of the Board of Directors may be waived in writing signed by the person or persons entitled to the notice either before or after the time of the 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 convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these Bylaws.

SECTION 8. QUORUM. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided that if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting to another time without further notice.

SECTION 9. 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, unless the act of a great number is required by statute, these Bylaws, or the Articles of Incorporation. No director may act by proxy on any matter.

SECTION 10. VACANCIES. Any vacancy occurring in the Board of Directors or any directorship to be filled by reason of an increase in the number of directors shall be filled by a majority vote of the remaining Board members unless the Articles of Incorporation, a statute, or these Bylaws provide that a vacancy or a directorship so created shall be filled in some other manner, in which case such provision shall control. A director elected or appointed, as the case may be, to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office.

SECTION 11. RESIGNATION AND REMOVAL OF DIRECTORS. A director may resign at any time upon written notice to the Board of Directors. A director may be removed with or without cause by a majority vote of the members of the Association.

SECTION 12. INFORMAL ACTION BY DIRECTORS. The authority of the Board of Directors may be exercised without a meeting if a consent in writing, setting forth the action taken, is signed by all the directors entitled to vote.

SECTION 13. PRESUMPTION OF ASSENT. A director of the Association who is present at a meeting of the Board of Directors at which action on any Association matter is taken shall be conclusively presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file his or her written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered or certified mail to the secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

SECTION 14. BOARD RULES. The Board may make such rules and regulations covering its meetings as it may determine necessary.

ARTICLE VII

Board of Directors - Powers and Duties

SECTION 1. POWERS. The Board of Directors shall have power to:

A. Adopt and publish rules and regulations governing the use of the common areas and facilities including the personal conduct of the members and their guests thereon; and to establish and enforce penalties for infractions of such rules and regulations; and to establish committees with the authority to advise the Board on such issues;

B. Suspend the voting rights and right to use of the recreational facilities of any member during any period in which such member is 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 sixty (60) days, for infraction of published rules and regulations;

C. Exercise on behalf of the association all powers, duties, and authority vested in or delegated to the association and not specifically reserved to the membership by the declaration, articles of incorporation, or by other provisions of these bylaws; and to establish committees to facilitate such Board powers and duties and advise the Board on such issues;

D. Declare the office of a member of the Board of Directors to be vacant in the event that such member is absent from three (3) consecutive regular meetings of the Board of Directors;

E. Employ a manager, independent contractors, and such other employees as deemed necessary, and to prescribe their duties;

F. Borrow money upon a majority vote of all of the members of the Board of Directors for the purpose of improving the common areas, or any portion thereof, or acquiring additional common areas, or for constructing, repairing or improving the facilities located or to be located thereon, and to give as security for the payment of any such loan a mortgage covering all or any portion of the common areas, provided, however, that the lien and encumbrance of any such mortgage given by the Association shall be subject and subordinate to any and all rights, interests, options, easements and privileges herein reserved or established for the benefit of Developer or any owner, or any holder of any mortgage, irrespective of when executed, given by Developer or any owner encumbering any Building Site or other property located within the properties;

G. Dedicate or transfer all or any portion of the common areas to any public agency, authority or utility for such purpose and subject to such conditions as may be agreed to by the members of the Association. No such dedication or transfer shall be effective unless such dedication or transfer has been approved by at least sixty-six and two-thirds percent (66-2/3%) of:

(1) The votes which the Class "A" members present or represented by proxies are entitled to cast at a meeting duly called for such purposes; and

(2) The votes which the Class "B" member is entitled to cast whether present or represented by proxy at a meeting duly called for such purposes, so long as such Class "B" membership shall exist; and

H. Grant easements with regard to the properties which it may own to Developer, any public agency, authority or utility for such purposes as benefit the properties or portions thereof and owners or Building Sites contained therein.

I. Review, modify and approve architectural standards as recommended by the Architectural Control Committee.

J. To fix, levy and collect assessments and the entering membership fee.

SECTION 2. 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;

B. Supervise all officers, agents, and employees of the Association and see to it that their duties are properly performed;

C. As more fully provided in the declaration:

(1) Fix the amount of the annual assessment against each Building Site at least thirty (30) days in advance of each annual assessment period;

(2) Send written notice of each assessment to every member subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) Foreclose the lien against any property for which assessments are not paid within sixty (60) days after the due date, or bring an action at law against the owner personally obligated to pay the same.

D. Issue, or cause an appropriate officer to issue, on demand by any person, a certificate setting forth whether or not any assessment has been paid. A statement in a certificate to the effect that an assessment has been paid shall constitute conclusive evidence of payment. The board may impose a reasonable charge for the issuance of these certificates;

E. Procure and maintain adequate liability and hazard insurance on all property owned by the Association;

F. Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

G. Cause the common area to be maintained.

ARTICLE VIII Officers

SECTION 1. OFFICERS. The officers of the Association shall be a President, one or more Vice Presidents (the number thereof to be determined by the Board of Directors), a

Treasurer, a Secretary, and such other officers as may be elected or appointed by the Board of Directors. Officers whose authority and duties are not prescribed in these Bylaws shall have the authority and perform the duties prescribed, from time to time, by the Board of Directors. Any two or more offices may be held by the same person.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers of the Association shall be elected annually by the Board of Directors at the regular annual meeting of the Board of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Vacancies may be filled or new offices created and filled at any meeting of the Board of Directors. Each officer shall hold office until his or her successor shall have been duly elected and shall have qualified or until his or her death or until he or she shall resign or shall have been removed in the manner hereinafter provided. Election of an officer shall not of itself create contract rights.

SECTION 3. REMOVAL. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Association would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

SECTION 4. PRESIDENT. The President shall be the principal executive officer of the Association. Subject to the direction and control of the Board of Directors, he or she shall be in charge of the business and affairs of the Association; he or she shall see that the resolutions and directives of the Board of Directors are carried into effect except in those instances in which that responsibility is assigned to some other person by the Board of Directors; and, in general, he or she shall discharge all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors. He or she shall preside at all meetings of the members and of the Board of Directors. Except in those instances in which the authority to execute is expressly delegated to another officer or agent of the Association or a different mode of execution is expressly prescribed by the Board of Directors or these Bylaws, he or she may execute for the Association any concerns, deeds, mortgages, bonds, or other instruments which the Board of Directors has authorized to be executed, and he or she may accomplish such execution either under or without the seal of the Association and either individually or with the secretary, any assistant secretary, or any other officer thereunto authorized by the Board of Directors, according to the requirements of the form of the instrument. He or she may vote all securities which the Association is entitled to vote except as and to the extent such authority shall be vested in a different officer or agent of the Association by the Board of Directors.

SECTION 5. VICE-PRESIDENT. The Vice-President (or in the event there be more than one Vice-President) shall assist the President in the discharge of his or her duties as the President may direct and shall perform such other duties as from time to time may be assigned to him or her by the President or the Board of Directors. In the absence of the President or in the event of his or her inability or refusal to act, the Vice-President (or in the event there be more than one Vice-President, the Vice Presidents, in the order designated by the Board of Directors, or by the President if the Board of Directors has not made such a designation, or in the absence of any designation, then in the order of their seniority of tenure) shall perform the duties of the President and, when so acting shall have all the powers of and be subject to all the restrictions upon the President. Except in those instances in which the authority to execute is expressly delegated to another officer or agent of the Association or a different mode of execution is

expressly prescribed by the board of Directors or these Bylaws, the Vice-President (or any of them if there is more than one) may execute for the Association any contracts, deeds, mortgages, bonds, or other instruments which the Board of Directors has authorized to be executed, and he or she may accomplish such execution either under or without the seal of the Association and either individually or with the secretary, any assistant secretary or any other officer thereunto by the Board of Directors, according to the requirements of the form of the instrument.

SECTION 6. TREASURER. The Treasurer shall be the principal accounting and financial officer of the Association. He or she shall (a) have charge of and be responsible for the maintenance of adequate books of account for the Association; (b) have charge and custody of all funds and securities of the Association, and be responsible therefor, and for the receipt and disbursement thereof; (c) prepare an annual budget and statement of income and expenditures; and (d) perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine.

SECTION 7. SECRETARY. The Secretary shall (a) record the minutes of the meeting of the members and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be a custodian of the corporate records and of the seal (if any) of the Association; (d) keep a register of the post office address of each member which shall be furnished to the Secretary by such member, and (e) perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

ARTICLE IX

Contracts, Checks, Deposits, and Funds

SECTION 1. CONTRACTS. The Board of Directors may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association and such authority may be general or confined to specific instances.

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 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 of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Treasurer and countersigned by the President or a Vice-President of the Association.

SECTION 3. DEPOSITS. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board of Directors may select.

ARTICLE X
Books and Records

The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, Board of Directors, and committees having any of the authority of the Board of Directors, and shall keep at the registered or principal office a record giving the names and addresses of the members entitled to vote. All books and records of the Association may be inspected by any member, or his or her agent or attorney for any proper purpose at any reasonable time. Copies shall be made available for sale at a reasonable price.

ARTICLE XI
Fiscal Year

The fiscal year of the Association shall be fixed by resolution of the Board of Directors.

ARTICLE XII
Waiver of Notice

Whenever any notice is required to be given under the provisions of the General Not For Profit Corporation Act of Illinois or under the provisions of the Articles of Incorporation or the Bylaws of the Association, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Attendance at any meeting shall constitute waiver of notice thereof unless the person at the meeting objects to the holding of the meeting because proper notice was not given.

ARTICLE XIII
Indemnification

SECTION 1. DIRECTOR OR OFFICER. The Association shall indemnify any person who was or is a party or is threatened to be made a party to or witness in any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he is or was a director, or an officer of the Association against expenses (including attorney's fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding to the fullest extent and in the manner set forth in and permitted by the Illinois General Not For Profit Corporation Act and any other applicable law, as from time to time in effect. Such right of indemnification shall not be deemed exclusive of any other rights to which such director, or officer may be entitled apart from the foregoing provisions. The foregoing provisions of this Article shall be deemed to be a contract between the Association and each director, and officer who serves in such capacity at any time while this Article and the relevant provisions of the Illinois General Not For Profit Corporation Act and other applicable law, if any, are in effect, and any repeal or modification thereof shall not affect any rights or obligations then existing, with respect to any state of facts then or theretofore existing, or any action, suit, or proceeding theretofore, or thereafter brought or threatened based in whole or in part upon any such state of facts.

SECTION 2. EMPLOYEE OR AGENT. The Association may indemnify any person who was or is a party or is threatened to be made a party to or witness in any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative by reason of the fact that he is or was an employee or agent of the Association, as a member, director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding to the extent and in the manner set forth in and permitted by the Illinois General Not For Profit Corporation Act and any other rights to which any such person may be entitled apart from the foregoing provisions.

SECTION 3. RIGHT TO PAYMENT OF EXPENSES. To the extent that a director, officer, employee, or agent of the Association has been successful, on the merits or otherwise, in the defense of any action, suit, or proceeding referred to in Sections 1 and 2 of this Article, or in defense of any claim, issue, or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

SECTION 4. DETERMINATION OF CONDUCT. Any indemnification under Sections 1 and 2 of this Article (unless ordered by a court) shall be made by the Association only as authorized in the specific case, upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Sections 1 and 2 of this Article. Such determination shall be made (a) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties of such action, suit, or proceeding, or (b) if such a quorum is not obtainable, or even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (c) by the members entitled to vote, if any.

SECTION 5. PAYMENT OF EXPENSES IN ADVANCE. Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by the Association in advance of the final disposition of such action, suit, or proceeding, as authorized by the Board of Directors in the specific case, upon receipt of an undertaking by or on behalf of the director, officer, employee, or agent to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by the Association as authorized in this Article.

SECTION 6. INDEMNIFICATION NOT EXCLUSIVE. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of members, or disinterested directors, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee, or agent, and shall inure to the benefit of the heirs, executors, and administrators of such a person.

SECTION 7. INSURANCE. The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Association, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such whether or not the Association would have the power to indemnify such person against such liability under the provisions of this Article.

SECTION 8. NOTICE TO MEMBERS. If the Association has paid indemnity or has advanced expenses under this Article to a director, officer, employee, or agent, the Association shall report the indemnification or advance in writing to any members entitled to vote with or before the notice of the next meeting of the members entitled to vote.

SECTION 9. REFERENCES TO ASSOCIATION. For purposes of this Article, references to "the Association" shall include, in addition to the surviving Association, any merging corporation (including any corporation having merged with a merging corporation) absorbed in a merger which, if its separate existence had continued, would have had the power and authority to indemnify its directors, officers, employees, or agents, so that any person who was a director, officer, employee, or agent of such merging corporation, as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, shall stand in the same position under the provisions of this Article with respect to the surviving Association as such person would have with respect to such merging corporation if its separate existence had continued.

ARTICLE XIV Insurance

SECTION 1. LIABILITY INSURANCE. The Association shall obtain public liability insurance covering all of the common areas and insuring the Association and the owners as its and their interest may appear in such amounts as the Association may determine from time to time; provided, however, that the minimum amount of coverage shall at no time be less than Five Hundred Thousand Dollars (\$500,000) for personal injury to any one person, and One Million Dollars (\$1,000,000) for personal injuries suffered in any one incident. Premiums for the payment of such liability insurance shall be assessed against the owners as part of the common area cost, and allocated among all of the owners as provided herein. Each owner shall be responsible for obtaining and paying for his personal liability insurance.

SECTION 2. CASUALTY AND OTHER INSURANCE. All personal property included in the common area and/or owned or used by the Association, if any, shall be insured for its replacement value, and the Association shall maintain worker's compensation insurance and such other insurance as the Association deems necessary. The premiums for such coverage and other expenses in connection with said insurance shall be assessed against the owners as part of the common area costs, and spread among all of the owners as provided herein.

ARTICLE XV Assessments

SECTION 1. ENTERING MEMBERSHIP FEE. Each person or entity who holds an ownership interest in a building site by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association immediately upon becoming a member of the Association, an entering membership fee of One Hundred Dollars (\$100.00) to be used by the Association for the same purposes for which annual and special assessments may be levied, provided, however, that no person or entity shall be required to pay the entering membership fee more than once in the case where a member may move from one location in Cobblestone to another.

The entering membership fee shall not be paid by any builder or general contractor who purchases a building site for construction and resale, provided that the lot is resold within one year from the date of purchase; provided, however, that any person or entity to whom the builder or general contractor transfers title shall be responsible and liable for payment of the \$100.00 entering membership fee as provided in the preceding paragraph.

SECTION 2. ANNUAL ASSESSMENTS. Assessments shall be assessed annually by the Board of Directors based upon actual or reasonable projected expenses. It shall be the duty of the Board at least thirty (30) days prior to the Association's annual meeting to prepare a budget covering the estimated costs of operating the Association during the coming year which may include a capital contribution or reserve in accordance with a capital budget separately prepared. The Board shall cause the proposed budget and the Assessments to be levied against each Building Site for the following year to be delivered to the last known residence address of each member at least thirty (30) days prior to the meeting. The budget and assessment shall become effective unless disapproved at the annual meeting by a vote of at least fifty-one percent (51%) of the total Association membership votes including those votes of the Class "B" member(s). Notwithstanding the foregoing, however, in the event the members disapprove the proposed budget or the Board fails for any reason to determine the budget for the succeeding year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the then current year shall continue for the succeeding year.

SECTION 3. SPECIAL ASSESSMENTS. In addition to the annual assessment authorized above, the Association may levy in any calendar year a special assessment for the purpose of defraying in whole or in part the cost of any construction or reconstruction, unexpected repair, replacement or maintenance of a described capital improvement upon the common areas, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the consent of two-thirds (2/3) of the votes of the total membership including the Class "B" members who are voting in person or by proxy at the meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days in advance of the meeting setting forth the purpose of the meeting. The Board of Directors may make such special assessments payable in installments over a period which may, in the Board's discretion, extend in excess of the fiscal year in which adopted.

SECTION 4. INDIVIDUAL ASSESSMENTS. In the event that the need for maintenance or repairs of the common areas is caused by the willful or negligent act of an owner, his family, guests or invitees or in the event that an owner of any Building Site shall fail or refuse to maintain such Building Site, or repair or replace the improvements situated thereon in a manner satisfactory to the Board, the Association, after approval by vote of 75% of all members of the Board, shall give such written notice of the Association's intent to provide the required maintenance, repair or replacement at such owner's sole cost and expense. The owner shall have fifteen (15) days within which to complete said maintenance, repair or replacement, or if such work cannot be accomplished within said fifteen day period, to commence said maintenance, repair or replacement. If such owner fails or refuses to discharge properly his obligations as outlined above, the Association shall have the right, through its duly authorized agents or employees to enter, at reasonable hours of a day, upon said Building Site to perform such work. The Association may then levy an individual assessment upon any Building Site to cover the cost and expense incurred by the Association in fulfilling the provisions of this section.

SECTION 5. NONPAYMENT AND LIENS. Any assessments which are not paid when due shall be delinquent. Any assessment or assessment installment delinquent for a period of more than ten (10) days may incur a late charge in an amount as the Board may determine from time to time. The Association shall cause a notice of delinquency to be given to any member who has not paid within the ten (10) days following the due date. If the assessment or assessment installment is not paid within thirty (30) days, the Association may declare the entire balance of such assessment for the remainder of such annual period due and payable in full, and a lien as herein provided for shall attach, and in addition the lien shall include the late charge, interest on the principal amount due at the maximum allowable rate from the date first due and payable, all costs of collection, reasonable attorney's fees actually incurred, and any other amounts provided or permitted by law. In the event that the assessment remains unpaid after sixty (60) days, the Association may, as the Board shall determine, institute suit to collect such amounts or to foreclose its lien. Each owner, by acceptance of a deed or other conveyance to a Building Site, vests in the Association or its agents the right and power to bring actions against such owner or owners personally for the collection of such charges as a debt and/or to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property. The lien provided in this Article shall be in favor of the Association and shall be for the benefit of all other owners. The Association, acting on behalf of the owners, shall have the power to bid on the Building Site at any foreclosure sale or to acquire, hold, lease, mortgage and convey the same. No owner may waive or otherwise escape liability for the assessments provided for herein, including by way of illustration but not limitation, abandonment of the Building Site.

The Board shall likewise have the right to use forcible entry and detainer proceedings to enforce the rights provided to the Board under these Bylaws as permitted from time to time by the statutes of the State of Illinois.

**ARTICLE XVI
Amendments to Bylaws**

These Bylaws may be altered, amended or repealed by a majority vote of the Board of Directors.

Effective as of this _____ day of _____, 2001, by action of the initial Board of Directors.

Tom Giacomini, Director

Andy Hamilton, Director

Todd Helm, Director

Frank Kopecky, Director

Kim Robinson, Director

Donna Skowronski, Director

Mark Vasconcelles, Director

**Constituting all of the Directors of
Cobblestone Estates Subdivision Homeowners' Association,
an Illinois General Not For Profit Corporation**