

**BYLAWS
OF DUTCH CREEK
HOMEOWNER'S ASSOCIATION**

ARTICLE I

Name of Association and Definition of Terms

Section 1. NAME. The name of the Association is DUTCH CREEK HOMEOWNER'S ASSOCIATION.

Section 2. DEFINITIONS. Any term used in these Bylaws that is defined in the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Dutch Creek Estates dated _____, 2013 and recorded _____, 2013 as Document No. 2013R_____ in the Office of the McHenry County Recorder, shall have the same definition herein that is set forth in said Declaration. The term "member" as used in these Bylaws means each Owner of a Lot in the Property, except where the content requires otherwise.

ARTICLE II

Members

Section 1. ELIGIBILITY. The Members of the Association shall consist of all the Owners of a Lot in the Subdivision.

Section 2. SUCCESSION. The membership of each Owner of a Lot in the Association shall terminate when said Owner of a Lot ceases to be an Owner of a Lot, and upon the sale, transfer or other disposition of such Owner of a Lot's property, said Owner of a Lot's membership in the Association shall be transferred ipso facto to the new Owner of a Lot.

Section 3. ANNUAL MEETINGS. The first meeting shall be held on a date to be determined by the Association. Thereafter, there shall be an annual meeting of Members on the first Tuesday of June of each succeeding year thereafter at 7:30 p.m., or at such other reasonable time or date as may be designated by the Board. Each such meeting of Members shall be held at such place in McHenry County, Illinois, and at such time and date as shall be specified in the written notice of such meeting which shall be sent to all Members at least five (5) days but no more than sixty (60) days prior to the date of such meeting, unless otherwise provided by law.

Section 4. SPECIAL MEETINGS. A special meeting of the Members may be called at any time by the President of the Association, by a majority of the Directors of the Board or upon written request of at least 1/4 of all Members. Said special meeting shall be called by sending written notice thereof to all Members not less than five (5) days nor more than sixty (60) days prior

to the date of said meeting, stating the date, time and place of said special meeting and the matters to be considered, unless otherwise provided by law.

Section 5. DELIVERY OF NOTICE OF MEETINGS. Notice of a meeting may be delivered either personally or by mail to a Member at the address given to the Board by said Member for such purpose, or to the Owner of a Lot, if no other address for such purpose has been given to the Board.

Section 6. VOTING. Each Member shall have one (1) vote. If any Owner of a Lot consists of more than one person, the voting rights of such Owner of a Lot shall not be divided but shall be exercised as if the Owner of a Lot consisted of only one (1) person, in accordance with the proxy or other designation made by the persons constituting such Owner of a Lot.

Section 7. QUORUM. A quorum of Members for any meeting shall be constituted by Members represented in person or by proxy, holding ten percent (10%) of the total number of votes entitled to be cast at such meeting. If a quorum is not present at any meeting of Members, a majority of the Members present may adjourn the meeting to another time without further notice.

Section 8. PROXIES. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association. No proxy shall be valid after eleven (11) months from the date of execution thereof. Every proxy shall be revocable and shall automatically cease upon conveyance by the Owner of a Lot.

ARTICLE III

Board of Directors

Section 1. NUMBER, ELECTION AND TERM OF OFFICE. The Board shall consist of no less than five (5) and no more than nine (9) Directors. Directors shall be elected at the regular annual meeting of Association Members by vote of the Members. Each Director shall be elected for a two-year term and shall serve until his successor is elected and has duly qualified. In addition, the immediate past President of the Board shall be a non-voting member of the Board of Directors.

In every election for Directors, every Member shall have the right to vote, in person or by proxy. Those Directors receiving the greatest number of votes shall be deemed elected. Cumulative voting shall be prohibited. Every elected Director shall hold office for his or her term and thereafter, until his or her successor shall be elected and qualified. No member shall serve on the Board for more than two (2) consecutive terms, except in the event that a Board member fills a vacant Board position. In that case, the Board member may serve until the end of his/her appointed term and also serve and additional two (2) consecutive terms of two (2) years each.

A majority of the total number of Directors on the Board from time to time shall constitute a quorum. Each Director shall be a Member, the spouse of a Member (or, if a Member is a trustee of a trust, a Director may be a beneficiary of such trust or the spouse of such beneficiary) or one of the

Persons whose estates or interests aggregate fee simple ownership of a Lot. If a Director shall cease to meet the requirements set forth in the preceding sentence during his term, or in the event of the death, resignation or refusal or inability to act of any Director, he shall thereupon cease to be a Director and his place on the Board shall be deemed vacant. Any vacancy occurring on the Board may be filled by a majority vote of the remaining Directors thereof. Any Director elected or appointed to fill a vacancy shall hold office for a term equal to the unexpired term of the Director whom he succeeds. Any Director may be removed from office, with or without cause, by a vote of 2/3 of all Members, and in any such case such Director's place on the Board shall be filled as hereinabove provided. No Member may serve on the Board if they have assessments and/or other indebtedness to the Association which is past due.

Section 2. MEETINGS. A regular annual meeting of the Board shall be held within ten (10) days following the regular annual meetings of Members. Regular meetings of the Board other than the aforesaid regular annual meetings shall be with such frequency and at such place and hour as may be fixed from time to time by resolution of the Board. Special meetings of the Board shall be held upon a call by the President of the Association or by a majority of the Board on not less than forty-eight (48) hours notice in writing to each Director, delivered personally, by mail or by telephone. Any Director may waive notice of a meeting, or consent to the holding of a meeting without notice, or consent to any action of the Board without a meeting. A Director's attendance at a meeting shall constitute his waiver of notice of said meeting. The Directors shall have the right to take action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 3. COMPENSATION. Directors shall receive no compensation for their services unless expressly provided for in a resolution duly approved by a simple majority of the Members; provided, however, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 4. POWERS AND DUTIES. The Board shall have the following powers and duties:

- (1) to elect and remove the officers of the Association as hereinafter provided;
- (2) to administer the affairs of the Association and the Development;
- (3) to engage the services of a Managing Agent to maintain, repair, replace, administer and operate the Subdivision, the Common Property or any part thereof upon such terms and for such compensation and with such authority as the Board may approve;
- (4) to formulate policies for the administration, management and operation of the Subdivision and the Common Property;
- (5) to adopt rules and regulations, with written notice thereof to all Members, governing the administration, management, operation and use of the Subdivision and the

Common Property and also governing the personal conduct of the members and their guests and invitees and to amend such rules and regulations from time to time;

- (6) to establish penalties and fines for the violation of the provisions of the Declaration, these Bylaws or the aforesaid rules and regulations;
- (7) to provide for the maintenance, repair and replacement of the Common Property, as provided in the Declaration, payment therefor, and to approve payment vouchers or to delegate such approval to the officers of the Association or the Managing Agent;
- (8) in the sole discretion of the Board, to declare the office of a Director to be vacant in the event such Director shall be absent from three (3) consecutive regular meetings of the Board;
- (9) to provide for the designation, hiring and removal of employees and other personnel, including accountants and attorneys, and to contract for any services deemed necessary or desirable by the Board, and to make purchases for the maintenance, repair, replacement, administration, management and operation of the Subdivision, the common property and to delegate any such powers to the Management Agent (and to any employees or other personnel of the Managing Agent);
- (10) to appoint committees of the Board as the Board deems appropriate and to delegate to such committees the Board's authority to carry out certain duties of the Board;
- (11) to determine from time to time the fiscal year of the Association as the Board deems advisable;
- (12) to estimate the amount of the annual budget, and to provide the manner of assessing and collecting from the Members their respective shares of the common expenses;
- (13) to grant licenses, concessions or easements over portions of the Common Property;
- (14) to cause to be kept a complete record of all of its acts and corporate affairs and to present a statement thereof to the Members at each regular annual meeting of the members or at any special meeting when such statement is requested in writing by twenty-five (25%) percent of the Members;
- (15) to the extent the Board deems necessary or appropriate, to cause any officers or employees having fiscal responsibilities to be bonded;
- (16) unless otherwise provided herein or in the Declaration, to comply with the instructions of a majority of the Members as expressed in a resolution duly adopted at any annual or special meeting of the Members; and

- (17) to exercise all other powers and duties of the Members as a group, and all powers and duties of the Board set forth in the Declaration.

Section 5. LIMITATION OF BOARD'S POWER. Notwithstanding any provision in this Article or elsewhere in these Bylaws, the Board shall not have the power or duty to act in any way which materially impairs the development of the Subdivision, as contemplated in the Declaration.

ARTICLE IV

Officers

Section 1. DESIGNATION. At each annual meeting of the Board, the Directors present at said meeting shall elect the following officers of the Association by a majority vote:

- (1) a President, who (i) shall be a Director (ii) shall preside over the meetings of the Board and of the Members (iii) shall be the chief executive officer of the Association (iv) shall see that orders and resolutions of the Board are carried out, and (v) shall sign all leases, mortgages, deeds, contracts, and other written instruments on behalf of the Association, other than checks issued in the normal course of the Association's affairs;
- (2) a Vice-President who shall be a Director, shall act in the place and stead of the President in the event of the President's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board;
- (3) a Secretary, who shall be a Director and who (i) shall record the notes and keep the minutes of all meetings of the Board and of the Members (ii) shall keep the corporate seal of the Association (if the Association has a corporate seal) and affix it on all appropriate papers (iii) shall serve notice of meetings of the Board and of the Members to all Members (iv) shall keep appropriate current records showing the Members of the Association together with their addresses, and (v) shall, in general, perform all the duties incident to the office of Secretary;
- (4) a Treasurer, who shall be a Director and who (i) shall be responsible for financial records and books of account and the manner in which such records and books are kept and reported (ii) shall disburse such funds as directed by resolution of the Board (iii) shall sign all checks and promissory notes of the Association (iv) may, but shall not be required to, cause an annual audit of the Association's books to be made by a public accountant at the completion of each fiscal year, and (v) 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 and (vi) shall prepare all invoices to Members for dues and assessments and collect and deposit the same, and (vii) shall ensure that all taxes of any kind are paid as prescribed by law; and

- (5) such additional officers as the Board shall see fit to elect.

Section 2. POWERS. The respective officers shall have the general powers usually vested in such officers; provided that the Board may delegate any specific powers to any other officer or impose such limitations or restrictions upon the powers of any officer as the Board may see fit.

Section 3. TERM OF OFFICE. Each officer shall hold office for a term of two years and thereafter until his/her successor shall have been elected and qualified.

Section 4. VACANCIES. A vacancy in any office shall be filled by the Board by a majority vote of the Directors at a regular or special meeting of said Board. Any officer elected to fill a vacancy shall hold office for a term equal to the unexpired term of the officer he succeeds. Any officer may be removed with or without cause at any time by the Board at a regular or special meeting thereof.

Section 5. COMPENSATION. The officers shall receive no compensation for their services, unless expressly provided for in a resolution duly approved by a simple majority of the Members; provided, however, any officer may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 6. MULTIPLE OFFICES. The same person can hold two (2) offices, except for the offices of President and Secretary and the offices of President and Vice President.

ARTICLE V

Assessments

The making and collection of assessments against Members shall be governed by the provisions of the Declaration, as amended from time to time.

ARTICLE VI

Contractual Powers

No contract or other transaction between the Association and one or more of its Directors or between the Association and any corporation, firm or association in which one or more of the Directors of the Association are directors, or are financially interested, is void or voidable because such Director or Directors are present at the meeting of the Board, or the meeting of a committee thereof, which authorizes or approves the contract or transaction, or because his or their votes are counted, if the circumstances specified in either of the following subparagraph exist:

- (1) the fact of the common directorship or financial interest is disclosed or known to the Board or committee and noted in the minutes, and the Board or committee authorizes, approves or ratifies the contract or transaction in good faith by a vote

sufficient for the purpose without counting the vote or votes of such Director or Directors; or

- (2) the contract or transaction is just and reasonable as to the Association at the time it is authorized or approved.

Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board or a committee thereof which authorizes, approves or ratifies a contract or transaction.

ARTICLE VII

Indemnification

Section 1. GENERAL. 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, suit or proceeding, whether civil, criminal administrative or investigative (other than an action by or in the right of the Association), by reason of the fact that he is or was a Director, an officer of the Association or a member of any committee appointed pursuant to these Bylaws, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by or imposed on him in connection with such action, suit or proceeding provided said person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

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, suit or proceeding by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a Director, an officer of the Association or a member of any committee appointed pursuant to these Bylaws, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense of settlement of such action or suit provided said person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, except that no indemnification shall be made in respect to any claim, issue or matter as to which such person shall have been adjudged to be liable for gross negligence, willful misconduct or fraud in the performance of his duty to the Association.

Section 2. SUCCESS ON MERITS. To the extent that a Director, an officer of the Association, or a member of any committee appointed pursuant to these Bylaws has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 of this Article VII, or in defense of any claim, issue or matter therein, he shall be indemnified against

expenses (including attorney’s fees) actually and reasonably incurred by him in connection therewith.

Section 3. DETERMINATION OF RIGHT TO INDEMNIFY. Any indemnification under Sections 1 and 2 of this Article VII shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the Director or the officer or the member of such committee is proper in the circumstances because he has met the applicable standard of conduct set forth in such Sections 1 and 2. Such determination shall be made (1) by the Board by a majority vote of a quorum consisting of those Directors who were not parties to such action, suit or proceeding, or (2) if such 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 (3) by a majority of the Members of the Association.

Section 4. ADVANCE PAYMENT. 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 in the specific case upon receipt of an undertaking by or on behalf of the Director, the officer or the member of such committee to be indemnified to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this Article VII.

Section 5. NON-EXCLUSIVITY. The indemnification provided by this Article VII shall not be deemed exclusive of any other rights to which a person seeking indemnification may be entitled under any statute, agreement, vote of members of the Association or disinterested Directors or otherwise, both as to action in his 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 or member of such committee, and shall inure to the benefit of the heirs, executors and administration of any such person.

ARTICLE VIII

Amendments

Except as otherwise provided herein, these Bylaws may be amended or modified from time to time by action or approval of 2/3rds of the Members.

ARTICLE IX

Conflict Between Declaration and Bylaws

In the event of any conflict between any provision of these Bylaws and a provision of the Declaration, the provision of the Declaration shall control.

ARTICLE X

Books and Records

The Association shall keep correct and complete books and records of all financial accounts and shall also keep minutes of the proceedings of its Members, Board, and other committees having any authority of the Board, and shall keep 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/her agent or attorney for any proper purpose at any reasonable time.

ARTICLE XI

Fiscal Year

Unless the Board adopts a resolution to the contrary, the fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XII

Committees

Section 1. COMMITTEES OF DIRECTORS. The Board, by resolution adopted by a majority of the Directors in office, may designate one or more committees, each of which shall consist of one or more Directors, which committees, to the extent provided in such resolution, shall have and exercise the authority of the Board in the management of the Association, but the designation of such committees and the delegation thereto of authority shall not operate to relieve the Board, or any individual director, of any responsibility imposed upon it, him or her by law.

Section 2. STANDING COMMITTEES. Standing Committees shall engage in activities that are permanent to the program of the Association. Unless otherwise provided herein, each committee shall consist of a Chairman and one or more members, and shall include a member of the Board who shall be the chairman of that committee. The committees shall be appointed by the President with the approval of the Board at the first Board meeting following the election meeting. They will be expected to serve until the close of the next election meeting. Each Chairman shall appoint his/her committee members, none of whom may have dues and/or other indebtedness to the Association in arrears. Appointments shall be announced as soon as possible after they occur. The only Standing Committee of the Association shall be the Architectural Review Committee.

- (a) *The Architectural Review Committee* shall come into being in accordance with the appropriate Declaration provision. The Architectural Review Committee shall have the duties of reviewing and presenting to the Board, for approval or disapproval, plans for the erection, construction and/or improvement of buildings, recreational facilities, land and landscaping improvements on members Lots. The Architectural Review Committee which shall consist of a minimum of three (3) members, all of whom shall be Owners. At least one member of the Architectural Review Committee must be a member of the Board of Directors. Any member appointed by the Board

may be removed with or without cause by the Board at any time by written notice to such appointee, and a successor or successors appointed to fill such vacancy shall serve the remainder of the term of the former member. The Architectural Review Committee shall elect a Chairman and such Chairman, or in his or her absence, the Vice Chairman, shall be the presiding officer at its meetings. The Architectural Review Committee shall meet as required, upon call of the chairman. Two (2) members shall constitute a quorum for the transaction of business, and the affirmative vote of a majority of those present in person or by proxy at a meeting of the Architectural Review Committee shall constitute the action of the Committee on any matter before it. The Architectural Review Committee is authorized to retain the services of consulting architects, landscape architects, urban designers, engineers, inspectors, and/or attorneys (the “Consultant”) in order to advise and assist the Architectural Review Committee in performing its functions set forth herein, provided that the Board shall approve the compensation of any Consultant prior to the Consultant performing any services for the Association or the Architectural Review Committee.

Section 3. VACANCIES. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in Article XII, Sections 1 and 2.

Section 4. QUORUM. Unless otherwise provided in the resolution of the Board designating a committee, the vote of a majority of the committee members present at a committee meeting at which a quorum is present shall be the act of the committee.

Section 5. RULES. Each committee may adopt its own by-laws provided such by-laws are not inconsistent with these by-laws, or with the rules adopted by the Board.

ARTICLE XIII

Contracts, Checks, Deposits and Funds

Section 1. CONTRACTS. The Board may authorize any officer or officers, agent or agents of the Association in addition to the officers so authorized by these By-Laws, to enter into any contract or execute and deliver any instrument in the name of or 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 in such manner as shall from time to time be determined by resolution of the Board. In the absence of such documentation by the Board, such instruments shall be signed by the Treasurer and countersigned by the President, Vice President or the Secretary of the Association.

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

Section 4. GIFTS. The Board may accept on behalf of the Association, any contribution, gift, bequest or device for the general purposes or for any special purpose of the Association. No member of the Board may accept any gift that is associated with his/her duties as a member of the Board.