

LAKE IROQUOIS ASSOCIATION

BY-LAWS

ARTICLE I PURPOSE

The purpose of the Lake Iroquois Association, hereinafter referred to as "the Association" as stated in its Certificate of Incorporation, are:

"Civic, social and athletic purposes and activities, including construction, acquisition, maintenance, ownership and operation of beaches, bathhouses, playgrounds, artificial lakes, pools and other recreational or athletic facilities, streets, alleys, sidewalks, water work systems and sewage systems or combined water work and sewage systems (as such systems are defined by Section 11-139-1 of the 1961 Illinois Municipal Code) all for the convenience, enjoyment, and benefit of the owners of lots in Lake Iroquois Subdivision, of Loda Township, Iroquois County, Illinois, or any addition thereto, provided, however, that such corporation shall not perform any legal services whatever, or any of the functions of an attorney-at-law."

In order to realize the purposes set forth in the Articles of Incorporation, said Association shall act for, and on behalf of, the owners of lots or tracts in Lake Iroquois Subdivision located in Loda Township, Iroquois County, Illinois, in matters of mutual interest or of a civic nature, and in particular, in order to insure the greatest enjoyment of the property comprising the Subdivision, to own and operate a water and sewer system constructed to serve said Subdivision on a cooperative basis.

The Association also has such powers as are now, or may hereafter be, granted by the General Not-For Profit Corporation Act of the State of Illinois.

ARTICLE II CLASSES OF MEMBERSHIPS

Section 1. Classes of Members:

The Association shall have four classes of members:

A. Active Members: The qualification of active members shall be that each member be the record owner of a lot or tract of land located in Lake Iroquois Subdivision, including any person who has contracted for the purchase thereof, provided that said person meets the requirements set forth in the By-Laws and/or the rules and regulations which may be adopted. The term "person" shall embrace any person, firm or corporation.

In the case of a married couple, civil union or domestic partnership, the Active Member shall be designated and all privileges shall be extended to his or her immediate family.

The word "family" shall be interpreted to mean the spouse or domestic partner, if living at home, and/or all unmarried children less than 23 years of age who still reside in the home of the said Active member.

Where two or more families jointly own a single lot, each family must apply for individual memberships and each family must pay annual membership and maintenance fees.

Where two or more single persons not party to a civil union or domestic partnership jointly own a lot, there shall be membership fees for each person, except by special exception voted upon by the Board of Directors.

Company/Corporate Memberships are available in an individual's name at the same cost and basis as an Active Membership.

Corporate memberships must designate a representative to be the registered Active Member.

B. ASSOCIATE MEMBERS: Sons or daughters of active members, who are 23 years of age or older, unmarried and residing at the home of an active member, shall qualify as an Associate Member. Upon the payment of the regular annual membership fees established by the Association, they may enjoy all the benefits of the Association, except they shall have no voting powers. Associate members must be sponsored by Active Members in good standing.

C. TEMPORARY ASSOCIATE MEMBERSHIPS: Renters or lessees of any dwelling must apply for Temporary Associate Membership under the conditions as set forth in these By-Laws, under Dwelling Rentals. A temporary associate member shall not have voting rights.

D. HONORARY MEMBERSHIPS: Honorary Membership, if any will be available as may be determined from time to time by a Resolution of the Board of Directors.

Section 2. Active Members in Good Standing:

The term "Active Member" as used herein, shall mean Active Members whose membership is in good standing. "In good standing" shall mean that all dues, assessments or other charges have been fully paid, and membership privileges have not been suspended.

Section 3. Transfer of Membership:

Membership in this corporation is not transferable or assignable.

Section 4. Limitation on Membership in Association:

No membership in Lake Iroquois Association shall be granted to any person, firm, partnership, association or corporation who rents or leases from the owner an unimproved lot or lots in Lake Iroquois Subdivision.

ARTICLE III VOTING RIGHTS

Section 1. Active Members

The full voting power shall be vested in the Active Members. The Associate Members, Honorary Members, or any other members shall not be entitled to vote and they shall not be entitled to receive notice of any meeting or to participate therein, Each Active Member in good standing shall be entitled to one vote.

Section 2. Voting Rights

Except as may otherwise be required by law, or by the Certificate of Incorporation, or by these By-Laws, any right of voting members to vote, and any right title and interest of any member of any class in and/or to the Association and its properties and its franchises, shall cease and divest upon termination of his or her membership.

ARTICLE IV RIGHTS AND PRIVILEGES

Section 1. Rights and Privileges

Subject to such reasonable rules and regulations as may be adopted pursuant to these By-Laws, each Active Member and their family shall have the right and privilege to the use of Lake Iroquois, the boat ramp, facilities, and common areas, owned and controlled by the Association. Each member shall be responsible for compliance of such rules and regulations by members and their families and guests.

Section 2. Suspension of Privileges

Violation of any of the said rules and regulations as referred to herein, may result in the suspension of privileges, either temporarily, or permanently.

Section 3. Agent of the Board of Directors

An agent duly appointed by the Board of Directors shall have the right to suspend the privileges of any member, individuals of the member's family and any guests to the use of Lake Iroquois, the boat ramp and the public or community areas, owned and controlled by the Association; provided, however, that said suspension shall not exceed a period of forty-eight (48) hours at any one time. The Board of Directors shall have the right to suspend said use for a period exceeding forty-eight (48) hours.

ARTICLE V DUES AND ANNUAL MAINTENANCE CHARGES

Section 1. Dues and Fees

Each member shall pay membership fees in an amount not less than Twenty-five Dollars (\$25.00). In addition, each member shall pay to the Association an annual maintenance charge as provided in the Membership Agreement and Maintenance Covenant in Lake Iroquois Association. The maintenance fee shall be for maintenance of the roads in the Association, and for the operation and maintenance of other property and facilities owned or acquired by the Association.

If, in the opinion of the Board of Directors, the maintenance fees and membership dues are insufficient to discharge the responsibility of this Association, said maintenance fee and/or membership dues may be increased by the Board of Directors, but subject to confirmation by a majority vote of the active members attending a meeting especially called for said purpose, unless such increase is the direct result of any law, requirement, rule or regulation of any government authority over which the Board of Directors have no control, in which case each member will be assessed his proportionate share of any such increase.

The Board of Directors shall determine the due date for dues and maintenance charges. Any Active Member, whose dues or maintenance charges remain unpaid for thirty days, shall lose their standing as an Active Member and shall forfeit their right to the use of the Association's common areas and facilities and his right to vote.

All charges for service shall be due and payable on rendition of the bill, and if not paid on or before the 30th day of the month in which billed, the sum of 10% of the amount of such bill shall be added hereto and be due and payable, except when the 30th day of the month shall be a Sunday of legal holiday, then such bill may be paid on the next succeeding secular day without such additional charge.

In the event that any of the membership and maintenance are not paid within sixty (60) days after the bill is mailed, such charges shall be deemed and are hereby declared to be delinquent and thereafter shall constitute a lien upon the real estate upon or for which service shall have been supplied. A sworn statement shall be filed in the office of the Recorder of Deeds of Iroquois County, Illinois, by the President or the Treasurer of Lake Iroquois Association, setting out a description of such real estate sufficient for

identification thereof, the amount due, and the date when such amount became delinquent, which shall be deemed notice of the lien for payment. The failure of the President or Treasurer of Lake Iroquois Association to record such lien shall not affect the right to foreclose the same. Property subject to such lien shall be sold for nonpayment of the same and the proceeds applied to pay the charges, after deducting costs. Such foreclosure shall be by lawsuit in the name of Lake Iroquois Association, and the attorney for Lake Iroquois Association is hereby authorized and directed to institute such proceedings in the name of Lake Iroquois Association, in any Court having jurisdiction. In addition to the filing of said lawsuit Lake Iroquois Association may proceed to collect any and all delinquent charges in any other manner authorized by the laws of the State of Illinois.

Upon payment of the maintenance fees and membership dues, each Active Member will receive a membership card or other written evidence that shall entitle said member to the use of all Association facilities and common areas.

Members who own more than one unimproved lot at Lake Iroquois shall pay a maintenance fee for every two unimproved lots owned or fraction thereof. Any residential building owner who owns a contiguous lot, or lots, i.e. contiguous defined as sharing a common side or rear lot line for more than half the total length of both lots as per recorded original plat of Lake Iroquois, may be assessed one maintenance fee if the owner agrees in writing that said property will never have more than one single family residence. Lake Iroquois Association will not grant any additional residential building permits on these contiguous properties after said agreement is signed. Any group of contiguous lots in their entirety is to be considered a pair of lots for purposes of calculating other maintenance fees. The maximum number of contiguous lots so grouped shall not exceed four (4) plotted lots in number.

This agreement shall be irrevocable upon agreement and execution by the lot owner and the Lake Iroquois Association and shall be recorded at the Office of the Recorder of Deeds, Iroquois County, Illinois, at lot owners' expense. All members shall be required to pay only one membership fee.

Members, who own more than one dwelling permitted to be built upon any lot or part thereof, shall pay a full maintenance fee for each such dwelling. Any person, firm or corporation owning any lot or lots at Lake Iroquois upon which houses are built for resale, shall pay the full maintenance fee on each lot where construction has commenced and purchasers of said house or houses shall be required to apply for membership in the Association.

Section 2. No Refunds

This Association will make no refunds of fees or annual charges to any member who no longer has an ownership interest in the property.

Section 3. Increasing Maintenance Fees

The Board of Directors shall have the right to increase said annual Maintenance charge without an amendment to these By-Laws and without a vote of the members of Lake Iroquois Association as follows:

For the years subsequent to December 31, 1979, the amount of the annual maintenance charge payable can be based on the cost of living index published by the Bureau of Labor Statistics of the United States Department of Labor, using the Revised Consumer Price Index for Urban Wage Earners and Clerical Workers, having a reference base of 1967 equals 100, United States City Average - All Items. The annual maintenance charge for said subsequent years shall be computed by dividing the last annual maintenance charge by the index number for the preceding January, and then multiplying that amount by the index number for the month of January for the current year of the annual maintenance charge. In the event that the Bureau of Labor Statistics shall change the base period, the new index numbers shall be substituted for the old index numbers in making the above computation.

The annual maintenance charge can be a sum not in excess of that above determined or in any lesser sum in the discretion of the Board of Directors.

ARTICLE VI WATER AND WASTEWATER SYSTEMS

Section 1. Definitions:

Unless the context specifically indicates otherwise, the meaning of the terms used in this Article VI shall be as follows:

"Premise is hereby defined to include each tract or parcel of land or house, apartment, building or other structure or part thereof used or occupied, or suitable to be used or occupied, by a single family or housekeeping unit and where more than one family or housekeeping unit occupies a single tract or parcel of land, building, or other structure, such part used or occupied by each shall be regarded as a separate premise.

The words "Water and Wastewater Systems" and "Waterworks and Wastewater Systems" and "System" shall include all of the properties and facilities of the water and wastewater system of the Association as now existing, and, as they may hereafter be improved or extended, whether lying within or without the boundaries of Lake Iroquois Subdivision; all improvements, additions and extensions thereto or replacements thereof hereafter constructed or acquired by purchase, contract, or otherwise; and all contracts, rights, agreements, leases and franchises of every nature owned or to be owned by the Association and used or useful or held for use in the operation of the system or any part or portion thereof.

"Revenues" shall mean and include all income, monies and receipts to be received directly or indirectly from the continued use and operation of the system, including, without limiting the generality of the foregoing, interest received on, and profits realized from the sale of, investments made with the monies of the system.

"Current expenses" shall mean all costs reasonably incurred in connection with the continued operation, use and maintenance of the system; including repairs and renewals (other than capital improvements) necessary to keep the system in efficient and economical operating condition, the payments of premiums for insurance hereinafter required to be carried on the system, the expenses incurred for the annual audit hereafter required to be made, and generally all expenses (exclusive of depreciation) which under good accounting practice are properly chargeable to, and are reasonable and necessary to, the efficient operation and maintenance of the system.

"Net Revenues" shall mean that portion of the revenues remaining after providing sufficient funds for the current expenses of the system as defined above.

"Fiscal Year" shall mean the period commencing April 1 and ending the last day of March of each succeeding calendar year and said System shall be operated, and the Revenues shall be accounted for, on said Fiscal year basis.

Section 2. Annual increases for water/wastewater

The Board of Directors shall have complete control of, and be directly responsible for, the operation of the water and wastewater systems owned by this Association, subject to the rules, regulations or requirements of any governmental authority having jurisdiction thereof. Said Board shall

have the right to, and be responsible for, apportioning the annual Waterworks and Wastewater Revenue charges among the various Waterworks and Wastewater System facilities owned by the Association.

Any decision of the Board of Directors with respect to the maintenance and operation of the water and wastewater systems owned by this Association, shall not be subject to reversal, veto or modification by the members, notwithstanding to the contrary anything herein contained, except to the extent that said Board may be removed by the election of new members thereof at the annual meeting.

Section 3. Rates for Service:

The following is hereby established for determining charges or fees for the use and service of the water and wastewater system owned by this Association, applicable to each premise located within Lake Iroquois Subdivision which receives water from said system, either directly or indirectly, or which discharges sewage or other domestic waste or septic tank effluent, either directly or indirectly, into any sewer, drain, tile, ditch or stream located in Lake Iroquois Subdivision. For the purposes of determining the fees and charges for the use of and service provided by the water and wastewater system of Lake Iroquois Association, users of the system shall be divided into the following user classes:

1. User Class I - A premise upon which no residence has been constructed.
2. User Class II - A premise upon which a residence has been constructed.

The Board of Directors shall, from time to time, determine the total revenues needed to pay the current expenses of the Water and Wastewater System and to provide the monies required, as hereinafter provided and to service any debt which may be hereinafter incurred for the improvement, extension maintenance or repair of the waterworks and wastewater system. Charging fees to the users of the system shall raise the amount of Revenues so determined. Any fee imposed on User Class II shall not exceed the user fee imposed on User Class I by more than a ratio of 4 to 1.

Section 4. Billing of Charges:

Each premise served by the water and wastewater systems owned by this Association shall be billed on the first day of April, July, October and January of each calendar year, for the service in the next proceeding quarter. All charges for service shall be due and payable on rendition of the bill, and if not paid on or before the 30th day of the month in which billed, the sum of 10% of the amount of such bill shall be added thereto and be due and payable, except that when the 30th day of the month shall be a Sunday or legal holiday, then such bill may be paid on the next succeeding secular day without such additional charge. If charges are not paid within 60 days from the date billed, water service may be promptly shut off and all service to the premise discontinued until such time as all charges have been paid in full.

In each case where the owner or occupant of a premise shall request that water service to a premise be resumed after having been previously discontinued, a charge of \$100.00 shall be made, payable to Lake Iroquois Associate, in advance of the turning on of such service.

In the event that any of the charges for the water and wastewater system are not paid within sixty (60) days after the bill is mailed, such charges shall be deemed and are hereby declared to be delinquent and thereafter shall constitute a lien upon the real estate upon or for which service shall have been supplied. A sworn statement shall be filed in the office of the Recorder of Deeds of Iroquois County, Illinois, by the President or the Treasurer of Lake Iroquois Association, setting out a description of such real estate sufficient for identification thereof, the amount due for such service, and the date when such amount became delinquent, which shall be deemed notice of the lien for payment of such service. The failure of the President or Treasurer of Lake Iroquois Association to record such lien shall not affect the right to foreclose the same. Property subject to such lien shall be sold for nonpayment of the same and

the proceeds applied to pay the charges, after deducting costs. Such foreclosure shall be by lawsuit in the name of Lake Iroquois Association, and the attorney for Lake Iroquois Association is hereby authorized and directed to institute such proceedings in the name of Lake Iroquois Association, in any Court having jurisdiction. In addition to the filing of said lawsuit Lake Iroquois Association may proceed to collect any and all delinquent charges in any other manner authorized by the laws of the State of Illinois.

Section 5. Duties and Obligations:

(A) The Board of Directors of Lake Iroquois Association has a duty to maintain the system in good repair and working order and to operate the system efficiently and to faithfully and punctually perform all duties with reference to the system required by the Constitution and the Laws of the United States and by the Constitution and Laws of the State of Illinois, including the making and collection of sufficient rates for the services supplied thereby and the segregation and application of the Revenues in the manner provided by these By-Laws.

(B) The Board of Directors of Lake Iroquois Association will not permit free service to be supplied by the system to any person, firm or corporation, public or private, or to any public agency or instrumentality, except as hereinafter provided. Free service may be supplied to facilities owned and operated by Lake Iroquois Association. Free service may be supplied for fire protection services.

(C) The Board of Directors of Lake Iroquois Association will cause to be kept proper books of record and account covering the operation of the system in accordance with standard accounting practices and procedures customarily used for systems of similar nature, and will cause such books to be audited annually by an independent certified public accountant or firm of accountants. Said audit shall, to the extent possible, comply with rules issued or amended by the Financial Accounting Standards Board. Said audit shall be available for inspection by any member in good standing of Lake Iroquois Association.

(D) The Board of Directors of Lake Iroquois Association will take out and maintain or otherwise provide for insurance on the system of the kinds and in the amounts, which are usually, carried by private companies operating similar properties. All monies received for losses under such insurance policies, other than public liability policies, are hereby pledged to making good the loss or damage in respect of which such proceeds are received, either by repairing the property damaged or replacing the property destroyed, or, in the event the destroyed property is no longer useful in the operation of the system, the proceeds of the insurance shall be deposited in the Water and Wastewater Fund.

(E) Prior to the expiration of any fiscal year the Board of Directors of Lake Iroquois Association will adopt an annual budget for the operation and maintenance of the system for the ensuing fiscal year showing the estimated receipts and expenditures of all Revenue to be derived from the operation of the system for said fiscal year in accordance with accepted principals of accounting.

(F) The Board of Directors of Lake Iroquois Association will from time to time duly pay and discharge or cause to be paid and discharged all taxes, assessments and other governmental charges, if any, lawfully imposed upon this system or any part thereof or upon the Revenues, as well as any lawful claims for labor, materials or supplies which if unpaid might by law become a lien or charge upon the system or the Revenues or any part thereof.

(G) The Board of Directors of Lake Iroquois Association will not grant a franchise to, or permit the operation of, any competing water system or wastewater system or any combination thereof within the limits of Lake Iroquois Subdivision.

(H) The Board of Directors of Lake Iroquois Association, in order to assure the efficient management and operation of the system and to assure that the system will be operated on sound business principals, will employ competent and experienced management for the system, will use its best efforts to see that the system is at all times operated and maintained in first class repair and condition and

in such manner that the operating efficiency thereof shall be of the highest character, and will use its best efforts to see that the cost of such maintenance and operation is at no time in excess of the Revenues reasonably available for the payment thereof.

Section 6. Multiple Lot Owners:

Members who own more than one lot at Lake Iroquois shall pay only one charge or fee for the use and service of the water and wastewater system for every two lots owned or fraction thereof, except that any residential building owner who owns a contiguous lot, or lots, i.e. contiguous defined as sharing a common side or rear lot line for more than half the total length of both lots as per recorded original plat of Lake Iroquois, may be assessed only one charge or fee for the use and service of the water and wastewater system if the owner agrees in writing that said property will never have more than one single family residence. Lake Iroquois Association will not grant any additional residential building permits on these contiguous properties after said agreement is signed. Any groups of contiguous lots in their entirety are to be considered a pair of lots for purposes of calculating other charges or fees for the use and service of the water and wastewater system. The maximum number of contiguous lots so grouped shall not exceed four (4) platted lots in number. This agreement shall be irrevocable upon agreement and execution by the lot owner and the Lake Iroquois Association and shall be recorded at the Office of the Recorder of Deeds, Iroquois County, Illinois, at lot owner's expense.

ARTICLE VII OFFICES AND RECORDS

Section 1. Registered Office and Registered Agent:

The location of the registered office and the name of the registered agent of the Association in the State of Illinois shall be such as shall be determined from time to time by the Board of Directors and on file in the appropriate office of the State of Illinois, pursuant to applicable provisions of law. Unless otherwise permitted by law, the address of the registered office of the Association and the address of the business office of the registered agent shall be identical.

Section 2. Records/Inspection of Records

A. Records: The Association shall keep at its registered office, or principal place of business, in Illinois, original or duplicate books in which shall be recorded the number of its memberships, the names of its members, the classes of memberships held by the respective members, the amount of its assets and liabilities, the names and places of residence of its offices, and from time to time, such other or additional records, statements, lists and information as may be required by law, including the membership voting lists mentioned hereafter in these By-Laws.

B. Inspection of Records: Active members may inspect the records of the Association, pursuant to any statutory or legal right. Such records shall only be inspected during the usual and customary hours of business and in such manners as will not unduly interfere with the regular business of the Association.

Section 3. Corporate Seal

The corporate seal shall have inscribed thereon, the name of the Association and the word: "Corporate Seal-Illinois". Said seal may be used by causing it, or a facsimile thereof, to be impressed or affixed or in any manner reproduced.

ARTICLE VIII ANNUAL MEETING OF MEMBERS

Section 1. Annual Meeting

The annual meeting of the Active Members of the Association, shall be held at the principal office of the Association, or at a location designated by the Board of Directors, within a five (5) mile radius of said principal office, at the discretion of the Board of Directors, on the third Saturday in the month of May each year, or if said day be a legal holiday, then on the next succeeding day not a legal holiday, at 2:00 P.M., for the purpose of electing Directors and for the transaction of such other business as may be properly brought before the meeting. At the annual meeting the Directors shall report on the Financial Statement of income and expenses for the preceding year and the proposed budget for the current fiscal year. A copy of the above report shall be mailed to each Active Member with the Notice of Annual Meeting as specified in Section 3 of this Article.

Section 2. Special Meeting

Special meetings of the Active Members may be called by the President, a majority of the Board of Directors or by 10% of the Active Members. Any call of a special meeting by such Active Members, shall be in writing, signed by the Members calling such meeting and delivered to the Secretary of the Association. Such request shall set forth the purpose for which the special meeting is being called.

Section 3. Notice of Meetings

Written or printed notice stating the place, day and hour of any meeting of members shall be delivered, either personally or by mail, to each member entitled to vote at such a meeting, not less than five, nor more than forty days prior to the meeting, by, or at the direction of the President, Secretary, officers or persons calling the meeting. In case of a special meeting, or when required by Statute or these By-Laws, the purpose for which the meeting is called shall be stated in the notice. If mailed, the notice of a meeting shall be deemed delivered when deposited in the United States mails, addressed to the member at his address as it appears on the records of the Association, with postage thereon prepaid.

Section 4. Informal Action by Members

Any Action required to be taken at a meeting of the members of 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 by all members entitled to vote with respect to the subject matter thereof.

Section 5. Quorum

Fifteen members shall constitute a quorum for the purpose of doing business. If a quorum is not present at any meeting of members, a majority of the members present may adjourn the meeting from time to time, without further notice.

Section 6. Proxies

At any meeting of members, a member entitled to vote may vote either in person or by proxy, executed in writing by the member or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

ARTICLE IX BOARD OF DIRECTORS

Section 1. General Powers

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

B. The Board of Directors shall have authority to adopt Rules and Regulations and authority to enforce rules and regulations concerning the use of Lake Iroquois Association areas, including, but not limited to, the boat ramp, facilities, and common areas owned and controlled by the Association.

Section 2. Number, Tenure, and Qualifications.

The number of directors shall be seven (7). Each director shall hold office until his successor shall have been elected and qualified. Directors need not be residents of Illinois, but must be lot owners and active members in good standing of the Association. The Directors shall hold office for a term of three (3) years.

Section 3. Regular Meetings

A regular meeting of the Board of Directors shall be held without other notice than this By-Law, immediately after, and the same place as, the Annual meeting of the members. The Board of Directors may provide by Resolution the time and place, for the holding of the additional regular meetings of the Board without other notice than such Resolution. All regular meetings of the Board shall be open to Active Members.

Section 4. Special Meetings

Special meeting of the Board of Directors may be called by the President or by any four members of the Board. Those authorized to call special meetings may fix any place within the State as the place of holding said meeting. All special meetings shall be open to Active Members.

Section 5. Notice

Notice of any special meeting of the Board of Directors shall be given at least five days previously thereto; written notice delivered personally or sent by mail, email, or telegram to each Director at his address shown on the records of the Association. Any Director may waive notice of any meeting and the attendance of any Director at any meeting shall constitute a waiver except where the Director attends for the express purpose of objecting to the transacting of business, because the meeting is not lawfully called or convened. Neither the business to be transacted, nor the purpose of any regular or special meeting need be specified in the notice or waiver of notice, unless specifically required by law or these By-Laws.

Section 6. Quorum

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

Section 7. Manner of Action

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

Section 8. Vacancies.

The Board of Directors shall fill any vacancy occurring in the Board of Directors or any Directorship to be filled by reason of an increase in the number of Directors. A Director elected to fill a vacancy shall be elected for the un-expired term of predecessor in office.

Section 9. Compensation:

Directors as such shall not receive any stated salaries for their services, but by Resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board, provided, that nothing herein contained shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation therefore.

ARTICLE X COMMITTEES

The Board of Directors shall appoint the following Committees:

A. Finance Committee: The Finance Committee shall consist of not less than three (3) members with no more than one (1) member being from the Board of Directors of this Association. In addition, the Treasurer of this Association shall be an ex-officio member of this committee and serve as its Chairperson. The Finance Committee shall make recommendations to the Board of Directors in regard to all fees, charges, assessments and other monies to be collected by the Association and shall make recommendations to the Board of Directors in regard to all budgets which are required to be prepared under the terms of these By-Laws.

B. Building Committee: The Building Committee shall consist of not less than five (5) lot owners in good standing, appointed by the Board of Directors annually. In addition, the Building Committee Chairperson of the Board of Directors shall be ex-officio member of this committee and serve as its Chairperson. The Building Committee shall, at the call of its Chairperson, review for approval or disapproval all building permits submitted for variances or changes permissible under the Lake Iroquois Restrictions and Covenants, in effect at the time of submittal, by lot owners of this Association for construction plans, including, but not limited to residences, docks, boat houses, detached outbuildings, fences or other structures. If such submitted permits do not require any variance(s), and at least three (3) members of the Building Committee approve said permit, then the Building Committee Chairperson and at least two (2) members of the Building Committee shall sign said permit and submit to the Iroquois County Zoning Office. In the event that any permit shall require a variance for any reason, said variance shall be reviewed by at least three (3) members of the Building Committee. Following said review, the permit shall be submitted, with the recommendation for approval or denial, by a vote of at least three (3) members of the Building Committee, to the Board of Directors for final ruling on the variance. The decision of the Board of Directors on any ruling for variance, by majority vote of said Directors, shall be final.

C. Rules and Regulations Committee: A Rules and Regulations Committee may be appointed as deemed necessary by the Board of Directors to research and make recommendations with respect to the rules and regulations which governs the Associations members. The Rules and Regulations Committee shall consist of not less than five (5) members with no more than one (1) member being from the Board of Directors of this Association.

The Board of Directors shall have the right to appoint such other Committees, as they feel necessary.

ARTICLE XI 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 in accordance with the provisions of this Article. The officers of the Association must be elected from the Board of Directors, and shall retain their right to vote as a member of the Board of Directors. The Board of Directors may elect or appoint such other officers, including one or more Assistant Secretaries, and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed, from time to time, by the Board of Directors. The same person, except the offices of President and Secretary, may hold any two or more offices.

Section 2. Election and Term of Office:

The Board of Directors at the regular annual meeting of the Board of Directors shall elect the officers of the Corporation annually. 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 officers created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified.

Section 3. Removal:

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

Section 4. Vacancies:

A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of Directors for the un-expired portion of the term.

Section 5. Powers:

The officers of the Corporation shall each have such powers and duties as generally pertain to their perspective offices, as well as such powers and duties as may, from time to time, be conferred by the Board of Directors.

ARTICLE XII FINANCIAL MANAGEMENT AND ACCOUNT FUNDS

Section 1. Fiscal Year:

The fiscal year of the Corporation shall begin on the 1st day of April and end on the last day of March in each year.

Section 2. Creation of Account Funds

All of the Revenues shall from day to day as collected be deposited by Lake Iroquois Association and all monies and investments therein shall be used solely for maintaining the following funds, which are hereby created, into which there shall be credited as of the first business day of each month all monies held in said accounts, in accordance with the following priority:

(A) GENERAL OPERATION AND MAINTENANCE FUND -

There shall be first credited to the Operation and Maintenance Account from all membership and maintenance fees as needed during each fiscal year, the amounts needed to pay current expenses other than water and wastewater expenses. The Treasurer of Lake Iroquois Association may accumulate as an

expense of operation and maintenance equitable allowances for accruals and accumulation of accruals of amounts to cover the periodic payments of current expenses, including such items as insurance premiums and expenditures for renewals, replacements and repairs normally classified as operation and maintenance expenditures.

(B) WATER AND WASTEWATER FUND –

There shall be first credited to the Water and Wastewater Fund from all water and wastewater fees as needed during each fiscal year, the amounts needed to pay current expenses of the water and wastewater systems. The Treasurer of Lake Iroquois Association may accumulate as an expense of operation and maintenance equitable allowances for accruals and accumulation of accruals of amounts to cover the periodic payments of Current Expenses, including such items as insurance premiums and expenditures for renewals, replacements and repairs normally classified as operation and maintenance expenditures.

(C) REPLACEMENT AND IMPROVEMENT FUND –

The Replacement and Improvement Fund shall be funded by depositing the sum of Two Thousand Five Hundred Dollars (\$2500.00) each quarter until said account contains the minimum sum of Two Hundred Fifty Thousand Dollars (\$250,000.00) that is hereby determined to constitute an adequate and reasonable depreciation reserve. The monies in said account shall be used:

(i) To provide an adequate allowance for depreciation as shall be determined from time to time by the Board of Directors of the Association;

(ii) To make improvements and extensions to the water and waste water systems and to pay for any extraordinary maintenance or repairs and necessary replacements of said systems.

(iii) To provide for the expenses of capital improvements and repairs made to the roads, lake, or other property and facilities owned or acquired by the Association.

(iv) If any funds are withdrawn from said fund, such quarterly payments shall be resumed until said fund has been restored to not less than the minimum sum of Two Hundred Fifty Thousand Dollars **(\$250,000.00)**

(D) SURPLUS --

At the end of each fiscal year, a minimum balance of \$25,000 shall be kept in both the General Operation and Maintenance Fund as well as the Water and Wastewater Fund to allow for continued operations and payment of bills during the change of fiscal years when the new fiscal year income is not yet available.

All monies remaining in the Operation and Maintenance Fund and the Water and Wastewater Fund at the end of each fiscal year, shall be credited to the Replacement and Improvement Fund to be used and held for use in accordance with the terms of said fund as herein provided.

Section 3. Investing Monies

Monies in any of the accounts hereinabove created may by resolution of the Board of Directors of Lake Iroquois Association be invested from time to time in interest bearing bonds or other direct general obligations of the United States Government or in interest bearing accounts in any Bank or Savings and

Loan Association so long as the amount deposited in said Bank or Savings and Loan Association shall not exceed the amount which deposits in said Bank or Savings and Loan Association are insured by the Federal Deposit Insurance Corporation, or its successors in interest.

ARTICLE XIII DWELLING RENTALS

Section 1. Membership Dues:

Owners of residences at Lake Iroquois who rent their residence must ensure their tenant obtains a Temporary Associate Membership. The tenant shall submit payment of the amount of the dues, which shall be equal to the sum charged each member for annual membership fees as set forth in Article V of these By-Laws.

Section 2. Maintenance Fees:

The owner of a residence at Lake Iroquois who rents said residence shall pay, one annual maintenance fee for themselves and a maintenance fee for and on behalf of their tenant. The owner of multiple residences that are being rented or leased is limited to paying for one maintenance fee on their own behalf plus one maintenance fee for each rented residence. The amount of said maintenance fee shall be the same as the annual maintenance fee provided in Article V of these By-Laws except that said sum shall be prorated based upon the remaining months in the fiscal year of this Association, if said residence is rented after the start of the fiscal year of this Association.

ARTICLE XIV CONTRACTS, CHECKS, DEPOSITS AND FUNDS

Section 1. Contracts

The Board of Directors may authorize any officer or officers, agent or agents of the Corporation, in addition to the officers so authorized by these By-Laws, to enter into any contract or execute and deliver any instrument in the name of, and on behalf of, the Corporation 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 or an Assistant Treasurer and counter-signed 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 bank, trust companies or other depositories as the Board of Directors may select.

Section 4. Gifts

The Board of Directors may accept on behalf of the Association, any contribution, gift, and bequest or devise for the general purposes or for any special purpose of the Association.

ARTICLE XV AMENDMENTS TO BY-LAWS

These By-Laws may be altered, amended or repealed and new By-Laws may be adopted by a majority of Active Members attending a special or regular meeting.

A notice must be sent to all Active Members at least ten (10) days prior to the meeting, notifying such members that a contemplated change in the By-Laws will be voted on in said meeting. Such notice shall set forth such changes as are contemplated or proposed.

This is the last statement of the By-Laws to be recorded in the Recorder's Office in Iroquois County, Illinois. Official copies of the current By-Laws will be kept by the Association at the Registered Office as set forth in Article VII of these By-Laws. Any other previous copies of the By-Laws, recorded or not, which pre-exist the most recent alterations or amendments are invalid and void.

ARTICLE XVI MISCELLANEOUS

Section 1. Transfer of Ownership

No transfer of property shall operate to relieve the transferor, or the premises transferred from any liability or obligations due and owing the Association or otherwise incidental to the membership, which has accrued prior to the date of transfer. The rights of any member shall terminate upon the transfer of the property at Lake Iroquois owned by said member.

Section 2. Personal Liability

The private property of any member of the Association shall be exempt from liability for the debts of this Association and no member shall be individually liable or responsible for any debts or liabilities of the Association by virtue of this membership therein.

Section 3. Interpretation

Whenever necessary to the meaning of any provision, the singular shall include the plural, and the masculine shall include the feminine and neuter.

Section 4. Shoreline

Lot owner shall not permit erosion upon his lot or lots, or shoreline immediately adjacent to his lot or lots, and in event any lot owner shall fail to take steps necessary to prevent erosion of the soil of his lot or lots, or shoreline, Association shall have the authority to take such steps as are deemed necessary, including fines or assessments, and to collect the cost thereof from the owner or owners of such lot or lots.

Section 5. Attorney Fees and Court Costs:

If an account of a member for any sums due Lake Iroquois Association, including, but not limited to, dues, annual maintenance charges, or assessments, is placed in the hands of an attorney for collection, the member shall pay, in addition to all other sums due, all costs and expenses, including reasonable attorney's fees, title searches, and court costs incurred.

ARTICLE XVII INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS

Section 1. Indemnification

The Association shall have power to 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, officer, employee, contractor, or agent of the Association, or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonable incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association. No indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association unless and only to the extent that the court in which such action or suit was brought shall determine upon application that despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnify for such expenses which the court shall deem proper. No indemnification shall be made in respect of any claim issue or matter as to which such person shall have been charged with a criminal action where the termination of any action, suit or proceeding by judgment or settlement, conviction or upon a plea of nolo contendere or its equivalent result in a conviction, except in such cases where that person acted in good faith and in a manner which they reasonably believed to be in or not opposed to the best interest of the Association, and did not have reasonable cause to believe that their conduct was unlawful.

Section 2. Indemnification for Expenses:

To the extent that a director, officer, employee or agent of an association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1, or in defense of any claim, issue of matter therein, they shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by them on connection therewith.

Section 3. Indemnification Compensation:

Any indemnification under Sections 1 and 2 (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, agent or employee is proper in the circumstances because he has met the applicable standard of conduct set forth in Sections 1 and 2. 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 to such action, suit or proceeding, or (b) if such a quorum is not obtainable, a quorum of disinterested directors assisted, by independent legal counsel in a written opinion, or (c) if there are no disinterested directors, by majority vote of all the lot owners at a meeting called under Article VII of these By-Laws.

Section 4. Indemnification Scope:

The indemnification provided by this article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any contract, agreement, vote of lot owners 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, employee or agent and shall insure to the benefit of the heirs, executors and administrators of such person.

Section 5. Indemnification Insurance:

The Association shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the

Association would have the power to indemnify him against such liability under the provision of this article.