

Document No. 1902548
RECORDED MAY 31, 1978

EXHIBIT "C-1"

BY-LAWS
OF
HARBOR RIDGE HOMEOWNERS ASSOCIATION

ARTICLE I

NAME AND OFFICES

The name of this Corporation is "Harbor Ridge Homeowners Association". The principal office of the Corporation in the State of Illinois shall be located in Antioch Township, County of Lake.

ARTICLE II

MEMBERSHIP AND VOTING RIGHTS

2.01 Membership. Each Owner and Tenant of a Unit (described in the Declaration of Easements, Covenants and Restrictions recorded in the Office of the Recorder of Deeds of Lake County, Illinois on MAY 31, 1978, as Document No. 1902548), while he remains the same, shall be a Member of the Corporation. When more than one person constitutes an Owner or Tenant of a Unit, all such persons shall be Members of the Corporation, and each Owner and Tenant, by acceptance of his deed or lease, whether or not it shall be so expressed in such deed or lease, shall be deemed to covenant and agree to be bound by and observe the terms and provisions of these by-laws and the rules and regulations promulgated from time to time by the Corporation, its Board of Directors and/or officers. Membership of an Owner or Tenant in the Corporation is mandatory. No Owner or Tenant shall have any right or power to disclaim, terminate or withdraw his membership in the Corporation or any of his obligations as a Member, and no such purported disclaimer, termination or withdrawal on the part of any such Owner or Tenant shall be of any force or effect for any purpose. Members shall be divided into three classes, as follows:

Class A. Class A Members shall be all those Owners (with the exception of Owners hereafter denominated as Class B Members) of Units located in the Development Property (as defined in said Declaration of Easements, Covenants and Restrictions);

Class B. Class B Members shall be the duly authorized representative or representatives of Central National Bank in Chicago at Trustee under Trust Agreement dated June 4, 1976, and known as Trust No. 21825, and/or the beneficiaries of said Trust; and

Class C. Class C Members shall be all Tenants of Units in the Development Property.

2.02 Voting Rights. Members shall have the following voting rights:

Class A. With respect to all matters subject to a vote of Members, Class A Members shall be entitled to one vote for each Unit in which they hold the ownership interest required for Class A membership by Section 2.01 above, provided that when more than one person holds such interest or interests, the vote for such Unit shall be exercised as they determine among themselves, but in no event shall more than one vote be cast with respect to any such Unit.

Class B. With respect to all matters subject to a vote of Members, Class B Members shall be entitled in the aggregate, to three votes for each of the 744 Units constructed or intended to be constructed within the Development Property, less three times the number of votes to which all Class A Members are then entitled.

Class C. Class C Members shall have no voting rights.

2.03 Annual Meeting of Members. The annual meeting of the Members shall be on the second Monday in December in each year, beginning with the year 1977, at the hour of 8 o'clock p.m., for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day.

2.04 Special Meetings. Special meetings of the Members may be called by the President, by the Board of Directors or by the holders of not less than one-fifth of the votes to which all the Members are then entitled.

2.05 Place of Meeting. The Board of Directors may designate any place as the place of meeting for any annual meeting or special meeting of Members called by the Board of Directors. If no such designation is made, the place of meeting shall be the registered office of the Corporation in the State of Illinois. If all of the Members shall meet at any time and place and consent to the holding of a meeting at such time and place, such meeting shall be valid without call or notice.

2.06 Notice of Meetings. Written or printed notice stating the place, day and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the President, or the Secretary, or the officer or persons calling the meeting, to each Member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his address as it appears on the records of the Corporation, with postage thereon prepaid.

2.07 Quorum. A majority of the total number of votes of all the Members, represented in person or by proxy, shall constitute a quorum at any meeting of the Members; provided that if less than a majority of such votes are represented at said meeting, a majority of the votes represented may adjourn the meeting from time to time without further notice, and the required quorum at any subsequent meeting shall be twenty-five percent (25%) of the total number of votes of all the Members, represented in person or by proxy. No such subsequent meeting shall be more than 45 days following the preceding meeting. If a quorum is present, the affirmative vote of the majority of the votes represented at the meeting shall be the act of the Members, unless the vote of a greater number is required by the Articles of Incorporation, these by-laws or applicable law.

2.08 Proxies. At all meetings of Members, a Member entitled to vote may vote by proxy executed in writing by the Member or by his duly authorized attorney-in-fact. Such proxy shall be filed with the Secretary of the Corporation before the meeting or with the Secretary or acting Secretary of the Corporation at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

2.09 Informal Action by Members. Any action required to be taken at a meeting of the Members, or any other action which may be taken at a meeting of the Members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof.

2.10 Voting by Ballot. Voting on any question or in any election may be viva voce unless the presiding officer shall order or any Member shall demand that voting be by ballot.

ARTICLE III

DIRECTORS

3.01 General Powers. The business and affairs of the Corporation shall be managed by its Board of Directors.

3.02 Number, Tenure and Qualifications. The number of directors of the Corporation shall be five (5) unless this number is changed by the membership. Each director shall hold office until the next annual meeting of the Members or until his successor shall have been elected and qualified. Directors need not be Members of the Corporation or residents of Illinois.

3.03 Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this by-law, immediately after, and at the same place as, the annual meeting of Members.

3.04 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 of Directors may fix the place of the meeting called by them.

3.05 Notice. Notice of any special meeting shall be given at least ten (10) days previous thereto by written notice delivered personally or mailed to each director at his business address or residence address, or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of such notice of any 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. The purpose of any regular or special meeting of the Board of Directors need not be specified in the notice or waiver of notice of such meeting.

3.06 Quorum. A majority of the number of directors provided for by these by-laws shall constitute a quorum for transaction of business at any meeting of the Board of Directors; provided, that if less than a majority of such number of directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

3.07 Vacancies. Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of directors may be filled by election at an annual meeting of Members or at a special meeting of Members called for that purpose.

3.08 Informal Action by Directors. Unless specifically prohibited by the Articles of Incorporation or by-laws, any action required to be taken at a meeting of the Board of Directors, or any other action which may be taken at a meeting of the Board of Directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the directors entitled to vote with respect to the subject matter thereof. Any such consent signed by all the directors shall have the same effect as a unanimous vote and may be stated as such in any document.

3.09 Compensation. Members of the Board shall receive no compensation for their services, unless expressly allowed by the Board at the direction of the voting members having two-thirds (2/3) of the total votes. If authorized by voting members having two thirds (2/3) of the total votes the Board of Directors, by the affirmative vote of a majority of directors then in office and irrespective of any personal interest of any director, may establish reasonable compensation of all directors and of officers and Members, for services rendered, and no such payment shall be deemed to be a dividend or a distribution of income of the corporation.

3.10 Presumption of Assent. A director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be conclusively presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his 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 mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

3.11 Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to execute and deliver any contract in the name of and on behalf of the Corporation, which authority may be general or confined to a specific instance.

3.12 Deposits, Checks, Drafts, Loans, Etc. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. No loans shall be contracted on behalf of the Corporation unless authorized by resolution of the Board of Directors, which authority may be general or confined to a specific instance.

ARTICLE IV

OFFICERS

4.01 Number. The officers of the Corporation shall be a President, one or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Treasurer and a Secretary, and such Assistant Treasurers, Assistant Secretaries or other office as may be elected or appointed by the Board of Directors.

4.02 Election and Term of Office. The officers of the Corporation shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of Members, or as soon thereafter as conveniently may be. Vacancies may be filled or new offices filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and qualified, or until his death, resignation or removal.

4.03 Removal. Any officer or agent 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 Corporation would be served thereby (without prejudice to the contract rights, if any, of the person so removed).

4.04 Vacancies. A vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

4.05 President. The President shall be the principal executive officer of the Corporation and shall in general supervise and control all of the business and affairs of the Corporation. He shall preside at all meetings of the Members and of the Board of Directors.

4.06 The Vice President. In the absence of the President or the the event of his inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice President in the order designated or elected) shall perform the duties of the President. The Vice President shall perform such other duties as from time to time may be assigned by the President or the Board of Directors.

4.07 The Treasurer. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine. The Treasurer shall keep proper books of account and cause an annual audit of the Corporation's books to be made at the completion of each fiscal year. He shall prepare or cause to be prepared an annual budget and an annual balance sheet statement to be presented to the membership at its regular annual meeting. He shall have charge of and be responsible for all funds of the Corporation and in general perform all the duties incident to the office of Treasurer and such other duties as may from time to time be assigned to him by the President or the Board of Directors.

4.08 The Secretary. The Secretary shall (a) keep the minutes of the Members' and of the Board of Directors' meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these by-laws or as required by law; (c) be custodian of the corporate records and of the seal of the Corporation and see that the seal of the Corporation is affixed to all documents the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these by-laws; (d) keep a register of the post office address of each Member, which shall be furnished to the Secretary by such Member; (e) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or the Board of Directors.

4.09 Assistant Treasurers and Assistant Secretaries. The Assistant Treasurers shall respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such surety or sureties as the Board of Directors shall determine. The Assistant Treasurers and Assistant Secretaries, in general, shall perform such duties as shall be assigned to them by the Treasurer or the Secretary, respectively or by the President or the Board of Directors.

ARTICLE V

MAINTENANCE AND REPAIR OF COMMUNITY AREAS

The Board of Directors shall: administer, maintain, repair, manage and operate the property of the Corporation, which, in general, consists or or will consist of all or part of the Road Property and the Community Areas, as described in the Declaration of Easements, Covenants and Restrictions recorded in the Office of the Recorder of Deeds of Lake County, Illinois, on MAY 31, 1978, 1977 as Document No. 1902598. Without limiting the general powers which may be provided by law and these by-laws, the Board of Directors shall have the following powers and duties:

(a) To hire a manager or managing agent to manage and operate the Corporation's property, upon such terms, for such compensation and with such authority as the Board of Directors shall determine;

(b) To insure the Corporation's property against loss or damage by fire, lightning, vandalism, malicious mischief, perils covered by extended coverage and such other hazards as the Board of Directors may deem desirable, for not less than full insurable replacement cost (to be determined from time to time by the Board of Directors) and to provide comprehensive public liability and property damage insurance in such limits (not less than \$1,000,000 combined single limit for bodily injury and property damage) as the Board of

Directors shall deem desirable, insuring the members of the Board of Directors, the managing agent, if any, other agents and employees and the Members against any liability arising out of or in connection with the Corporation's property (which insurance should also cover cross-liability claims of one insured against another), and such workmen's compensation insurance as may be necessary to comply with applicable laws;

(c) To accept and retain legal title in the name of the Corporation to such portions of the Road Property and the Community Areas as may be conveyed to it;

(d) To adopt rules and regulations governing the use by the Members of the Road Property and Community Areas and to suspend the enjoyment of rights of any Member for any period during which any infraction of its published rules and regulations continues, except that the Board of Directors may not deny to any Member the right of ingress and egress between his Unit and public areas;

(e) To levy assessments on Members who own Units, as hereinafter provided;

(f) To provide for the payment of taxes assessed against, landscaping, gardening, snow removal, cleaning, repairing and replacing of, and security guards for, the Corporation's property; and

(g) To grant easements over those portions of the Road Property and the Community Areas owned by the Association for the benefit of the Development Property, the Retained Property and the Non-Declaration Property, all as defined in the said Declaration of Easements, Covenants and Restrictions.

ARTICLE VI

ASSESSMENTS

6.01 Prorating Assessments. The Board of Directors shall assess the Members who own completed Units for the expenses of the Corporation, in a fair and equitable manner, in proportion to the fair market values of the Units owned by such Members, such values to be determined by the Board of Directors in accordance with its best judgment. No owner shall be assessed by the Board of Directors except with respect to Community Areas lying within sectors of the Development Property in which Units have been completed; nor except with respect to those portions of the Road Property which are improved.

6.02 Annual Budget. Each year, prior to December 15, the Board of Directors shall estimate the total amount necessary to pay the cost of taxes, wages, materials, insurance, services and supplies which will be required during the ensuing calendar year, plus a reasonable amount considered by the Board of Directors to be necessary or desirable as a reserve for contingencies and replacements. On or before December 15 of each year, the Board of Directors shall notify each Member liable for assessments of such total amount, with reasonable itemization thereof, and of such Member's allocable share of such total amount taking into account any estimated available cash income for the year from the operation or use of the Corporation's property.

6.03 Assessments for Reserve Fund. The Board of Directors shall provide for and maintain a reasonable reserve fund for contingencies and replacements. Extraordinary expenditures not included in the previous annual estimate shall be charged first against such reserve. If the original estimate of expenditures should prove inadequate for any reason, including non-payment of any Member's assessment, the Board of Directors may at any time levy a further assessment which shall be assessed to the Members in the same proportions as the annual assessment, and Members shall add their proportionate shares of such additional assessment to their monthly payments of assessments.

6.04 Payment of Assessments. On or before January 1st of each year and the first day of each subsequent month of such year, each Member shall pay to the Board of Directors, or to the managing agent, if any, acting on behalf of the Board of Directors, one-twelfth (1/12) of the annual assessment made against him by the Board of Directors as aforesaid. The failure or delay of the Board of Directors to prepare or serve notice of the total budgeted amount to be assessed shall not constitute a waiver or release of any Member's obligation to pay maintenance costs and reserves when the same have been determined, and in the absence of his receipt of any annual estimate, each Member owning a Unit shall continue to pay the monthly assessment at the existing rate established for the previous period. The Board of Directors shall have the right to suspend the enjoyment of rights of any Member for any period during which any assessment remains unpaid, except that the Board of Directors may not deny to any Member the right to ingress and egress between his Unit and public roads.

6.05 Accounting. The Board of Directors shall keep complete records of receipts and expenditures affecting the Corporation's property, which shall be available for inspection by any Member liable for assessments at any reasonable time during normal business hours. Upon ten (10) days notice to the Board of Directors any Member shall be furnished a statement of his account setting forth the amount of any unpaid assessments due and owing from him, for which statement a reasonable fee may be charged to such Member.

6.06 Default in Payment of Assessment. If a Member is in default in the payment of an assessment, and such default continues for thirty (30) days, the members of the Board of Directors may bring suit against such Member on behalf of themselves and all other Members to enforce collection of the delinquent amount, or to foreclose the lien therefore hereinafter provided; and there shall be added to the amount due the costs of said suit and all fees and expenses incurred in connection therewith, together with legal interest and reasonable attorneys' fees to be fixed by the Court. To the full extent permitted by law, the amount of any delinquent and unpaid assessments, and cost interest fees and expenses as above provided shall be and become a lien or charge against the Unit owned by such Member (or against the part of the Development Property not submitted to the Act [as defined in said Declaration] and owned by such Member) and may be foreclosed by an action brought in the name of the Board of Directors, as in the case of foreclosure of liens against real estate. A Member who is in default in the monthly payment of such charges or assessments for thirty (30) days shall have no voting rights at any meeting of the Members held after such thirty-day period and while such default persists.

ARTICLE VII

FISCAL YEAR

The fiscal year of the Corporation shall begin on the first day of January and end on the last day of December in each year.

ARTICLE VIII

SEAL

The Board of Directors shall provide a corporate seal which shall be in the form of a circle and have inscribed thereon "Harbor Ridge Homeowners Association, Corporate Seal, Illinois".

ARTICLE IX

AMENDMENTS

During the first five years of existence of the Corporation these by-laws may be altered, amended or repealed and new by-laws may be adopted at any annual meeting of the Board of Directors or at any special meeting of the Board of Directors called for such purpose by a majority vote of the directors present at the meeting. Thereafter, these by-laws may be altered, amended or repealed and new by-laws may be adopted at any annual meeting of the Members of the Corporation, or at any special meeting of the Members called for such purpose, by a majority vote of the Members present and entitled to vote at the meeting, provided a quorum is present at such meeting, in person or by proxy. In case of any conflict between these by-laws and the Articles of Incorporation, the Articles of Incorporation shall control.

ARTICLE X

INDEMNIFICATION

The Corporation shall indemnify any and all of its director Officers, former directors and former officers from and against expenses actually and necessarily incurred by them in connection with the defense of any action, suit or proceeding in which they, or any of them, are made a party or parties by reason of being or having been a director or directors or an officer or officers of the Corporation, except in relation to matters as to which he or they shall be finally adjudged in such action, suit or proceeding to be liable for negligence or willful misconduct in the performance of duty. Such indemnification shall not be deemed exclusive of any other rights to which he or they may be entitled under any agreement, vote of Members of the Corporation, or otherwise.

