

BY-LAWS
OF
HARBOR RIDGE CONDOMINIUM ASSOCIATION #1

ARTICLE I

NAME AND OFFICES

The name of this Corporation is "HARBOR Ridge Condominium Association #1". The principal office of the Corporation in the State of Illinois shall be located in Lake Villa Township, County of Lake.

ARTICLE II

MEMBERSHIP & VOTING RIGHTS

2.01 Membership. Each Owner of a Unit (described in Declaration of Condominium recorded in the office of the Recorder of Deeds of Lake County, Illinois on May 16, 1978, as Document No. 1920599) 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 in the Corporation is mandatory. No Owner 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 shall be of any force or effect for any purpose.

2.02 Voting Rights. One designated owner per unit shall have voting rights.

2.03 Annual Meeting of Members. The annual meeting of the Members shall be in the month of October for the purpose of electing directors and for the transaction of such other business as may come before the meeting.

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-fourth of the votes to which all the Members are then entitled.

2.05 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 (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 this address as it appears on the records of the Corporation, with postage thereon prepaid.

2.06 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.

2.07 Proxies. At all meetings of Members, a Member entitled to vote may vote by proxy executed in writing by the Member or his duly authorized attorney-in-fact. Such proxy shall be filed with the Secretary or acting Secretary of the Corporation at the time of the meeting.

2.08 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 a majority of the Members entitled to vote with respect to the subject matter thereof.

2.09 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.

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 at which time Directors shall elect designated officers. Meetings of the Board of Directors shall be held between annual meeting of Members as called by the President of the Board of Directors, or by any Director in the absence of the President.

3.04 Quorum. A majority of the number of directors provided for by these by-laws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

3.05 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.

3.06 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.

3.07 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.

ARTICLE IV

OFFICERS

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

4.02 Election and Term of Office. The Board of Directors shall be elected for a one year term at the annual meeting of members and may be elected for a second consecutive term of one year. Three new members shall be elected in the even numbered years and two new members shall be elected in the odd numbered years whenever possible for continuity. Treasurer may be elected to serve additional one year terms continuing from initial two years of service in this position as a member of the Board of Directors.

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.

4.04 Vacancies in the Board. Vacancies in the Board, including vacancies due to any increase in the number of persons on the Board may be filled by unanimous vote of the remaining members thereof or by majority vote of the voting members present at a special meeting of the voting members called for such purpose.

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 Vice President. In the absence of the President or the event of his inability or refusal to act, the Vice President 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 Board of Directors.

4.07 Treasurer. 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. Treasurer shall prepare an annual budget to be approved by the Board of Directors and an annual balance sheet statement to be presented to the membership at its regular annual meeting. Treasurer 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 by the President or Board of Directors. Treasurer shall prepare all records for tax returns and audit to be done by licensed Certified Public Accountant. Copy of the audit shall be sent to members within one month of receipt of audit.

4.08 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 by the President or Board of Directors.

4.09 Assistant Treasurers and Assistant Secretaries. The Assistant Treasurer and Assistant Secretary shall perform such duties as shall be assigned to them by the Treasurer or the Secretary, respectively or by the President of the Board of Directors.

ARTICLE V

MAINTENANCE AND REPAIR OF COMMUNITY AREAS

5.01 The Board of Directors shall administer, maintain, repair, manage and operate the property of the Corporation known as common elements as described in Declaration of Condominium, Article III.

5.02 The Board of Directors may recommend the hiring of a managing agent, such recommendation must be approved by a majority of the Members of the Corporation at the Annual Meeting, or at a special meeting called for the purpose of obtaining such approval.

5.03 The Board of Directors shall 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 insurance as 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 and 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.

5.04 To accept and retain legal title in the name of the Corporation to such common areas as may be conveyed to it.

5.05 To adopt rules and regulations governing the use by the Members of the Road Property and community areas and to suspend the enjoyment or rights of any Member for any period during which 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.

5.06 The Board of Directors shall levy assessments on Owner Members to provide for the payment of expenses designated in the annual budget and may levy special assessments for expenses not covered in the annual budget and reserve account.

ARTICLE VI

ASSESSMENTS

6.01 Annual Budget. Each year, prior to the Annual Meeting, the Board of Directors shall estimate the total amount necessary to pay the expenses of the Corporation plus a reasonable amount considered by the Board of Directors to be necessary as a reserve fund for contingencies and replacements during the ensuing calendar year and shall notify each Member of such total amount, with reasonable itemization thereof.

6.02 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.

6.03 Payment of Assessments. On or before the first day of each month and the first day of each subsequent month following the Annual Meeting, each Member shall pay to the Harbor Ridge Condominium Assn. #1 the prorated assessment of the Member's Unit. 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.

6.04 Default in Payment of Assessment. The Board of Directors shall have the right to levy a late charge in an amount determined by the Board of Directors for any assessment in default for fifteen days (15). 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 costs, interest fees and expenses as above provided shall be and become a lien or charge against the unit 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

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

The Board of Directors shall provide a corporate seal which shall be in the form of a circle and have inscribed thereon "Harbor Ridge Condominium Association #1, Corporate Seal, Illinois".

ARTICLE IX

AMENDMENTS

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 directors, 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.