

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

