

EXHIBIT B
BYLAWS

HAWTHORN GROVE HOMEOWNERS ASSOCIATION

ARTICLE I
PURPOSES

As stated in its Article of Incorporation, the purpose of the Corporation shall be to maintain, operate and manage a private residential subdivision with Lots, improvements and Common Areas known as "Hawthorn Grove Subdivision" located in the Village of Hawthorn Woods, Lake County, Illinois.

ARTICLE II
OFFICES

The Corporation shall maintain in the State of Illinois a registered office and a registered agent at such office and may have other offices within or without the state.

ARTICLE III
MEMBERS

Section 1. **Membership.** Every Owner of a Lot shall be a member of the Association without the right of withdrawal. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Ownership of such Lot shall be the sole qualification for membership.

Section 2. **Voting Rights.** The Association shall have one class of voting membership. This class shall consist of all Owners including the Developer. Each member shall be entitled to one (1) vote for each Lot owned. When more than one person holds such interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot. If the Owners of a Lot cannot agree how their vote shall be cast, their vote shall not be counted.

Sections 3. **Termination of Membership.** Upon the sale or transfer of a Lot or the termination of a beneficial interest in any trust holding title to a Lot, membership in the Association is terminated.

Section 4. **Transfer of Membership.** Membership in this Association is not transferrable or assignable except in conjunction with the sale and purchase of Lot.

ARTICLE IV
MEETING OF MEMBERS

Section 1. **Annual Meeting.** An annual meeting of the members shall be held on or before September 30th of each year, beginning with the year 2004 or sooner pursuant to the provisions of Article VI, Section 1 of the Declaration, for the purposes of electing directors and for the transaction of such other business as may come before the meeting.

Section 2. **Special Meeting.** Special meetings of the members may be called either by the president, the board of directors, or not less than one-tenth of the members having voting rights.

Section 3. **Place of Meeting.** The board of directors may designate any place within five (5) miles of the Subdivision as the place of meeting for any annual meeting or for any special meeting call by the board of directors. If not designation is made or if a special meeting be otherwise called, the place of the meeting shall be the registered office of the corporation in the State of Illinois.

Section 4. **Notice of Meetings.** Written notice stating the place, date, and hour of any meeting of members shall be delivered to each member entitled to vote as such meeting not less than five (5) nor more than forty (40) days before the date of such meeting. In cast of a special meeting or when required by statute or by these bylaws, 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 mail addressed to the member at his or her address as it appears on the records of the corporation, with postage thereon prepaid.

Section 5. **Informal Action By Members.** Any action required to be taken at a meeting of the members of the Corporation, or any other action which may be taken at a meeting of members, may be taken without a meeting if 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.

Section 6. **Quorum.** The members holding one-tenth of the votes which may be cast any meeting shall constitute a quorum at such meeting. If a quorum is not present at any meeting, a majority of the members present may adjourn the meeting to any time without further notice. At any adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the original meeting; withdrawal of member from any meeting shall not cause failure of a duly constituted quorum at that meeting.

Section 7. **Notice.** Notice of special meeting of the board of directors shall be given at least two days previously thereto by written notice to each director at his address as shown by the records of the Corporation. If mailed, such notice shall be deemed to be given two (2) days after it is deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be given the day after the telegram is delivered to the telegraph company. Notice of any special meeting of the board of directors may be waived in writing, if signed by the person or persons entitled to the notice either before or after the time of the meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the purpose of objecting to the

transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of any regular or special meeting of the board, need be specified in the notice of waiver of notice of such meeting, unless specifically required by law or by these Bylaws.

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 to another time without further notice.

Section 7. **Manner of Acting.** 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, unless the act of a greater number is required by statute, these Bylaws, or the articles of incorporation.

Section 8. **Vacancies.** Any vacancy occurring in the board of directors or any directorship to be filled, by reason of an increase in the number of directors, shall be filled by the board of directors, unless the articles of incorporation, a statute, or these Bylaws provide that a vacancy or a directorship so created shall be filled in some other manner, in which case such provision shall control. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

Section 9. **Compensation.** Directors shall not receive any stated salaries for their services, provided that, nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving reasonable compensation therefore.

ARTICLE VI

OFFICERS

Section 1. **Officers.** The officers of the Corporation shall be president, one or more vice presidents (the number thereof to be determined by the board of directors), a treasurer, a secretary, and such assistant treasurers, assistant secretaries or other officers as may be elected by the board of directors. Officers shall have the authority and perform the duties prescribed, from time to time, by the board of directors. Any two or more offices may be held by the same person, except for the offices of President and Secretary.

Section 2. **Election and Term of Office.** The officers of the Corporation shall be elected annually by the board of directors at the regular annual meeting of the board of directors. 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 offices 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 or until his death or until he shall resign or shall have been removed in the manner hereinafter provided. Election of an officer shall not in itself create contract rights.

Section 3. **Removal.** Any officer elected or appointed by the board of directors may be removed by the board of directors whenever in its judgment the best interest 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. **President.** The president shall be the principal executive officer of the Corporation. Subject to the direction and control of the board of directors, he or she shall be in charge of the business and affairs of the Corporation; shall see that the resolutions and directives of the board of directors are carried into effect, except in those instances in which that responsibility is assigned to some other person by the board of directors; and, in general, shall discharge all duties incident to the office of the president and such other duties as may be prescribed by the board of directors. The President shall preside at all meetings of the members and of the board of directors. Except in those instances in which the authority to execute is expressly delegated to another officer or agent of the Corporation or a different mode of execution is expressly prescribed by the board of directors or these Bylaws, the President may execute for the Corporation any contracts, deeds, mortgages, bonds, or other instruments which the board of directors has authorized to be executed, and the President may accomplish such execution either individually or with the secretary, any assistant secretary, or any other officer thereunto authorized by the board of directors, according to the requirements of the form of the instrument. The President may vote all securities which the corporation is entitled to vote, except as and to the extent such authority shall be vested in a different officer or agent of the Corporation by the board of directors.

Section 5. **Vice President.** The vice president (or in the event there be more than one vice presidents) shall assist the president in the discharge of his or her duties as the president may direct and shall perform such other duties as from time to time may be assigned to him or her by the president or by the board of directors. In the absence of the president or in the event of the President's inability or refusal to act, the vice president (or in the event there be more than one vice presidents, in the order designated by the board of directors, or by the president if the board of directors has not made such a designation, or in the absence of any designation, then in the order of their seniority or tenure) shall perform the duties of the president and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. Except in those instances in which the authority to execute is expressly delegated to another officer or agent of the Corporation, or a different mode of execution is expressly prescribed by the board of directors or these Bylaws, the vice president (or any of them if there are more than one) may execute for the Corporation any contracts, deeds, mortgages, bonds or other instruments which the board of directors has authorized to be executed, and the vice president may accomplish such execution either under or without the seal of the Corporation and either individually or with the secretary, any assistant secretary, or any other officer thereunto authorized by the board of directors, according to the requirements of the of the instrument.

Section 7. Secretary. The secretary shall (a) record the minutes of the meetings of the members and of the board of directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Corporation; (d) keep a register of the post office address of each member, which shall be furnished to the secretary by such member; and (e) perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him or her by the president or the board of directors.

Section 8. Assistant Treasurer and Assistant Secretaries. The assistant treasurers and assistant secretaries 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. If required by the board of directors, the assistant treasurers shall give bonds for the faithful discharge of their duties in such sums and with such sureties as the board of directors shall determine. Such bond shall be paid for by the Corporation.

ARTICLE VII

COMMITTEES

Section 1. Committees with Directors. The board of directors, by resolution adopted by a majority of the directors in office, may designate one or more committees, including an architectural and landscape committee, each of which shall consist of at least one (1) directors and shall review matters relating to their purpose and make recommendations to the board of directors.

Section 2. Other Committees. Other committees may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, members of each such committee shall be members of the Corporation, and selected by the board of directors of the Corporation. Any member thereof may be removed by the board of directors whenever in their judgment the best interest of the Corporation shall be served by such removal. These committees shall make recommendations for actions to the board of directors.

Section 3. Term of Office. Each member of a committee shall continue as such until the next annual meeting of the members of the Corporation and until his successor is appointed, unless the committee shall be sooner terminated, resign, or unless such member be removed from such committee, or unless such member shall cease to qualify as a member thereof.

Section 4. Chairman. One member of each committee shall be appointed chairman.

Section 5. Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provide id the case of the original appointment.

Section 6. **Quorum.** Unless otherwise provided in the resolution of the board of directors designating a committee, as majority of the whole committee shall constitute a quorum, and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

Section 7. **Rules.** Each committee may adopt rules for its own government not inconsistent with these Bylaws or with rules adopted by the board of directors.

ARTICLE VIII

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 Bylaws, 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, and Other Instruments.** All checks, drafts or other orders for 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, such instruments shall be signed by the treasurer or an assistant treasurer and countersigned by the president or a vice president of the Corporation.

Section 3. **Deposits.** All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such federally insured banks, trust companies or other depositories as the board of directors may select.

Section 4. **Gifts.** The board of directors may accept on behalf of Corporation any contribution, gift, bequest, or devise for the general purpose or for any special purpose of the Corporation.

ARTICLE IX

BOOKS AND RECORDS

The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, board of directors, and committees having any of the authority of the board of directors, and shall keep at the registered or principal office a record giving the names and addresses of the members entitled to vote. All books and records of the Corporation may be inspected by any member, or his or her agent, or attorney for any proper purpose at any reasonable time.

ARTICLE X
FISCAL YEAR

The fiscal year of the Corporation shall end on December 31 of each year.

ARTICLE XI
ASSESSMENTS

Section 1. Assessments. Annual assessments must be fixed at a uniform rate for the Lots and annual assessments shall be collected on an annual basis. Special assessments shall be fixed established and collected from time to time as determined by the board of directors.

Section 2. Date of Commencement of Annual Assessments. Due Dates. The annual assessments provided for herein shall commence upon the direction of the board of directors. The due dates or dates of any special assessments shall be fixed in the resolution authorizing such assessment.

Section 3. Duties of the Board of Directors with Respect to Assessments.

- a) The board of directors of the Association shall fix the amount of the annual assessment against each Lot for each annual assessment period at least thirty (30) days in advance of such date or period and shall, at that time, prepare a roster of the Lots and assessments applicable thereto, which shall be kept in the office of the association and shall be open to inspection by any Owner. The board of directors of the Association shall further fix, establish and collect from time to time the amount of the special assessments against each Lot.
- b) Written notice of the assessments shall thereupon be delivered or mailed to every Owner subject thereto showing the amount or amounts and due date or dates if the assessments are to be paid in installments.
- c) The board of directors shall , upon written demand, furnish to any Owner liable for said assessments, a certificate in writing signed by an officer of the Association setting forth whether said assessments have been paid. Such certificate shall be conclusive evidence of payment of any assessments therein stated to have been paid. A reasonable charge may be made by the board for the issuance of such certificates.
- d) If the board fails to fix an amount of the annual assessment as provided in (a) above, each Owner shall be responsible for the payment of an amount equal to the annual assessment for the previous year.

Section 4. Effect of Non-Payment of Assessment. The Personal Obligation of the Owner. The Lien. Remedies of the Association. If any assessment or part thereof is not paid within thirty (30) days after the due date, the total unpaid amount of all installments of such assessment shall immediately become due and payable and shall bear interest for the date of delinquency at the maximum legal rate of interest. The total unpaid amount of all such installments and interest thereon shall constitute a lien on the interest of the Lot or the Owner personally obligated to pay the same, and upon the recording of

notice thereof by the board of directors of the Association shall be a lien upon such Owner's interest in Lot. The Association may, at its election, bring an action at law or in equity against the Owner personally obligated to pay the same in order to enforce payment and/or to foreclose the lien against the Lot and property subject thereto and there shall be added to the amount of such assessment the costs of preparing and filing the complaint (including, without limitations, reasonable attorneys' fees) in such action and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provide and reasonable attorneys' fees to be fixed by the court, together with the cost of the action. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or of his Lot. Notwithstanding the foregoing, the first mortgage encumbrance owned or held by a bank, insurance company, or savings and loan association, or other person or entity engaged in the business of making real estate loans, recorded against the interest of such Owner prior to the date such notice is recorded, which by law would be a lien thereon prior to subsequently recorded encumbrances, shall have priority, except as to the amount of assessments which become due and payable from and after the date on which the said mortgage owner or holder either takes up possession of the Lot, accepts a conveyance of any interest therein (other than as security) or files a suit to foreclose its mortgage.

Section 5. **Subordination of the Lien to Mortgages.** The lien of the assessments provided for herein shall be subordinate only to the lien of any mortgage or mortgages or trust deed or trust deeds. The sale or transfer of any lot shall not affect the assessment lien.

Section 6. **Exempt Property.** The following real estate subject to these Bylaws shall be exempt from the assessments created herein:

- a) All of the real estate dedicated to and accepted by a local public authority.
- b) All of the real estate owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of Illinois.
- c) All of the real estate owned by Developer.

Section 7. **Reserves.** The annual assessment shall include a collection of adequate funds to establish a reserve for the replacement of improvement to the common areas, wetlands and other areas which the Association is obligated to maintain.

ARTICLE XII

SEAL

The corporate seal shall have inscribed thereon the name of the Corporation and the word "Corporate Seal, Illinois".

ARTICLE XIII
WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of the General Not-for-Profit Corporation Act of Illinois or under the provisions of the articles of incorporation or the Bylaws of the Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XIV
AMMENDMENTS

The power to alter, amend, or repeal the Bylaws or adopt new bylaws shall be vested in the board of directors unless otherwise provided in the articles of incorporation or Bylaws. Such action may be taken at a regular or special meeting for which written notice of the purpose shall be given. They Bylaws may contain any provision for the regulation and management of the affairs of the Corporation not inconsistent with law or the article of incorporation.