

BY-LAWS
OF
HERITAGE LAKE ASSOCIATION, INC.

ARTICLE 1
GENERAL

Section 1. Name.

The name of this corporation is Heritage Lake Association, Inc. which shall be referred to herein for convenience as the "Association."

Section 2. Principal Office.

The principal office of the Association shall be in Mackinaw Township, Illinois as such specific location therein as may be, from time to time, designated by the Board of Directors.

Section 3. Seal.

The seal of the Association shall be in the form of two (2) concentric circles with the words, "Heritage Lake Association, Inc." appearing between said circles in the upper periphery, the word "Illinois" appearing in the lower periphery and the date of incorporation appearing in the center thereof.

ARTICLE II
PURPOSES AND POWERS

Section 1. Purposes.

To promote pleasure, social recreation and sports activities for its members, their family and guests and to develop and maintain a recreationally oriented environment in the Heritage Lake Subdivision, a subdivision of a part of Mackinaw Township in Tazewell County, Illinois, as shown on the plats thereof filed with the Recorder of Deeds for Tazewell County (referred to herein as the "subdivision");

- a. To provide a means whereby the streets, and those areas within the Subdivision designated as parks, lakes, recreational areas of other amenities as of January 1, 1994, and such other recreational facilities within the Subdivision as may be conveyed to the Association or established by it, may be operated, maintained, and replaced, but in the case of replacement or removal, a two-thirds affirmative vote of the membership then in good standing is required;
- b. To provide a means for the promulgation and enforcement of all regulations necessary to the governing of the use and enjoyment of such streets, parks, lakes, recreational facilities or other amenities and such other recreational facilities within the Subdivision as may be conveyed to the Association.

Section 2. Powers.

The Association shall have power to do whatever is necessary, conductive, incidental

or advisable to accomplish and promote its purpose, except carrying on a business or trade for profit for its members, and in connection therewith shall have but shall not be limited to, the following powers:

- a. To acquire real or personal property by gift, purchase, or other means;
- b. To own, hold, enjoy, lease, operate, maintain, convey, sell, assign, transfer, mortgage or otherwise encumber, or dedicate for public use, any real or personal property owned by it;
- c. To exercise the powers and functions granted to it in the recorded Declaration of Covenants, Conditions, and Restrictions, referred to herein as the "CCE&RS" offering property in the Subdivision;
- d. To construct, maintain and operate recreational facilities of all kinds within the Subdivision;
- e. To care for vacant, unimproved or unkept lots;
- f. To maintain, rebuild, repair, beautify and otherwise care for all streets, project parks, pedestrian easements and drainage improvements within the Subdivision not subject to maintenance by government authority;
- g. To pay taxes and assessments, if any levied by any government authority on property owned by it;
- h. To enforce charges, easements, restrictions, covenants, conditions and agreements existing upon or created for the benefit of the real property in the Subdivision;
- i. To appoint such committees as may be necessary to, or convenient in, the discharge of any of its obligations or powers;
- j. To levy an annual charge upon its members and to declare the same a lien against the property subject thereto in accordance with the recorded CCE&Rs or By-Laws affecting property in the Subdivision;
- k. To enforce the CCE&Rs, By-Laws, and Rules and Regulations (herein referred to as "Regulations") of the Subdivision;
- l. To sue to collect any charges not paid and in connection therewith to foreclose any lien granted to it;
- m. To borrow money, contract debts, and issue bonds, notes and debentures, and secure the payment or performance of its obligations;
- n. To expend its moneys for the payment and discharge of all proper costs, expenses and obligations incurred in carrying out all or any of these powers in furtherance of its purposes and objectives;
- o. To contract for and pay any premiums for fire, casualty, liability and other insurance, including indemnity and other bonds;
- p. To contract and pay for maintenance, gardening, utilities, materials, supplies and services relating to property or facilities owned or operated by it and to employ personnel reasonably necessary for the administration of its affairs including legal counsel and accountants;
- q. To do all other acts necessary or expedient for the administration of its affairs and the attainment of its purposes;
- r. To levy such dues and assessments, fines, penalties on members as may be provided in the CCE&Rs, By-Laws, or Regulations and take such action to collect or enforce the same as said CCE&Rs, By-Laws, or Regulations may authorize; and
- s. To have and exercise all such further powers as are now or may hereafter be permitted by the General Not for Profit Corporation Act of Illinois or successor acts.

- t. The Association shall have the power by rule or regulation to impose fees or other charges as it deems necessary regarding the use of the Association's common property and facilities. The limitations of Section 6 of Article X do not apply to the power of the Board to impose fees or charges by rule or regulation of the Association as provided for by this Section 10.

ARTICLE III MEMBERSHIP

Section 1. Classes.

There shall be two (2) classes of membership in the Association, i.e. Members and Associate Members. These members will be considered "in good standing," if all Association charges (if any assessed under Paragraph #10 of the CCE&Rs, or By-Laws or Regulations) and there is no continuing violation of the CCE&Rs, By-Laws, or Regulation.

Section 2. Members.

Membership shall be appurtenant to ownership of a lot in the Subdivision and anyone who owns or becomes an owner of a lot shall, by reason of such ownership, become and hereby is made a member of the Association, provided that no person or entity holding an interest in a lot as security for performance of an obligation shall be a member until fee ownership is acquired by foreclosure or otherwise, whereupon it shall become a member. Avland Development Company shall be a member by reason of and with respect to each lot owned by it in the Subdivision. "Lot" for purposes of determining membership shall mean:

- a. each numbered residential lot described and set forth in the plat maps of the Subdivision recorded in the Recorder of Deeds Office for Tazewell County, Illinois, and
- b. each single-family residential building within the Subdivision.

Members shall be limited to the owners of one (1) or more lots (as the same is defined herein). Only one (1) of any groups of co-owners of a lot shall be a member. A lot held by a husband and wife in any form of joint ownership shall qualify the owners for one (1) membership only, to be issued in the name of and exercised by the husband unless otherwise directed.

Ownership of more than one (1) lot shall entitle the owner to all the rights and privileges of membership and shall subject such owner to all the liabilities and duties attendant upon ownership of each lot separately; and provided further, that the owner of more than one (1) lot shall be considered as a single member for the purpose of notice and determination of Associate Memberships. Only members in good standing shall be entitled to vote in the affairs of the Association. A member shall be entitled to one (1) vote for each lot the member owns in the Subdivision.

Section 3. Associate Members.

The following shall be entitled to associate membership in the Association:

- Co-owners of any lot;
 - The children of a member who also have the same residence as the member;
 - Any person who is a tenant or regular occupant of any single residential building;
- a. Persons qualifying under more than one (1) of the above categories shall, nevertheless, be entitled to only a single associate membership.
 - b. Associate members shall have no vote or right to notice of any meeting of members, regular or special. Associate members shall not be required to pay an annual charge but shall be entitled to enjoy all the other privileges of membership, subject, however, to their observance of all rules and regulations governing the conduct of members.
 - c. Associate membership shall cease automatically upon termination of the status giving rise to such membership.

Section 4. Privileges.

Members and Associate Members in good standing, and the guests of each, shall have the use of the streets, parks and pedestrian easements in the Subdivision and any other property or facilities from time to time owned by the Association, subject to the provisions of the restrictive covenants of the various units of the Subdivision from time to time recorded and such other rules for the use of the streets, pedestrian easements, parks or other property or facilities as may be adopted by the Board of Directors of the Association.

Section 5. Suspension of Privileges of Membership.

Notwithstanding any other provision contained herein, the Board of Directors of the Association shall have the right to suspend the voting rights (if any), and the right to use the facilities of the Association of any member or associate member:

- a. For any period during which Association charge (including fines, if any, assessed under Paragraph 10 of the recorded CCE&Rs, By-Laws, or Regulations owed by the member or associate member remains unpaid;
- b. During the period of any continuing violation of the CCE&Rs, By-Laws, or Regulations for the Subdivision, (after the existence of the violation shall have been declared by the Board of Directors); or
- c. Because of any violations of the CCE&Rs, By-Laws, or Regulations of the Association: to establish the number of lot owners entitled to vote at any annual or special meeting as to provide for in Article V hereof based on the provisions of Article III, Section 6 (a), with the quorum requirements as more fully set forth in Article V, to be based on the number of members in good standing as of the Record Date established pursuant to Article IX, Section 1 hereof.

ARTICLE IV EVIDENCE OF MEMBERSHIP AND TRANSFER

Section 1. Transfer.

Membership in the Association is transferable only upon the conveyance of the lot giving rise to such membership and any other attempted transfer or assignment of

membership shall be null and void. Transfer of record which occur for any reason shall be subject to a fee as determined by the Board of Directors to cover the costs of administration and bookkeeping updates and to payment of all indebtedness to the Association of the member whose membership is transferred. The fee required shall not be less than \$25.00. Membership of the Subdivision developer need not be evidenced by certificates of membership.

Section 2. Issuance.

Members shall be entitled to exercise all of the rights and privileges of membership and they shall be subject to all of the obligations and liabilities thereof, without the actual issuance and possession of identification of membership; provided, however, that the Association shall incur no liability for failure to give adequate notice to members not of record.

Section 3. Membership Cards.

The Association may issue cards to members and associate members in good standing from time to time as the Board of Directors may deem necessary to assure proper control and identification. In any event, a roster of associate members shall be kept sufficiently current to assure proper identification and control.

ARTICLE V MEETINGS OF MEMBERS

Section 1. Place of Meetings.

Any meetings of the members of the Association shall be held in Mackinaw Township, Illinois, at such particular place therein as stated in the notice for such meeting.

Section 2. Annual Meeting.

The annual meeting of the members of the Association for the election of Directors whose terms have expired and for the transaction of such other business as may properly come before the meeting, shall be held at such hour and on such date during the month of March of each year, beginning in the year 1971, as shall be determined by the Board of Directors.

Written notice of each annual meeting shall be given to each member in good standing entitled to vote thereat, either personally or by mail or other means of written communications, charges prepaid, addressed to such member at his record address appearing on the books of the Association. All such notices shall be sent to each member entitled thereto not less than five (5) but not more than forty (40) days, before each annual meeting, and shall specify the place, the date and the hour of such meeting, and shall also state the general nature of the business or proposal to be considered or acted upon at such meeting.

Section 3. Special Meetings.

Special meetings of the members in good standing for any purpose or purposes whatsoever may be called at any time by the President, or by a majority of the Board of Directors, or by one or more members holding not less than forty percent (40%) of the votes of the entire membership in good standing of the Association. Except in special cases where other express provision is made by statute, notice of such special

meetings shall be given in the same manner as for annual meetings of members. Notices of any special meeting shall specify, in addition to the place, date and hour of such meeting, the general nature of the business to be transacted.

Section 4. Adjourned Meetings and Notice Thereof.

Any members meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the voting power of which is either present in person or represented by proxy thereat, but in the absence of a quorum no other business may be transacted at any such meeting.

When any members meeting, annual or special, is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted thereat, other than by announcement at the meeting at which such adjournment is taken.

Section 5. Quorum.

The presence at any meeting, in person or by proxy of the holders of a majority of the votes of the membership in good standing shall constitute a quorum for the transaction of business. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment notwithstanding the withdrawal of enough members to leave less than a quorum.

If any meeting annual or special, cannot be held for lack of a quorum, the owners present either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours nor more than forty-five (45) days from the time the original meeting was called, at which meeting the quorum requirement shall be reduced to presence, in person or by proxy, of twenty-five percent (25%) of the votes of the membership in good standing.

Section 6. Voting.

Except as otherwise provided by law, only those members in good standing whose names appear on the records of the Association on the Record Date, fixed as provided in Article X, Section 1, of these By-laws, shall be entitled to vote at any meeting of members. Such vote may be via voice or ballot; provided, however, that all elections for directors must be by ballot upon demand by a member at any election and before the voting beings. (Amended 3/25/06 to correctly reference Article X)

Except as otherwise provided herein, each member is entitled to one vote for each lot owned by him. Every member entitled to vote at any election for directors shall have the right to vote by mail, such direct mail vote to be conducted as specified in Robert's Rules of Order Newly Revised, Section 44, "Voting Procedures" subsection A "Vote by Mail"; shall be counted in the presence of the membership meeting if any member so moves. Every member entitled to vote at any election for directors shall not have the right to cumulate his votes but give one (1) vote to each candidate up to the number of Directors being elected. The candidates receiving the highest number of votes up to the number of directors to be elected, shall be elected. In all other matters, a majority of the voting power present in person or by proxy shall prevail at all meetings.

Section 7. Proxies.

Except in business to be handled by direct mail, each member in good standing entitled to vote shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such member or his duly authorized agent and filed with the Secretary of the Association; provided that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless the person executing it specifies therein the length of time for which such proxy is to continue in force, which in no event shall exceed seven (7) years from the date of its execution.

ARTICLE VI DIRECTORS

Section 1. Powers.

Subject to any limitations of the Articles of Incorporation, By-laws, CCE&Rs, and of the General Not For Profit Act of Illinois, and subject to the duties of directors as prescribed by these By-laws, By-Laws CCE&Rs and all corporate powers of the Association shall be exercised by or under the authority of, and the business affairs of the Association shall be controlled by, the Board of Directors. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the directors shall have the following powers:

- a. To select and remove all officers, agents and employees of the Association and prescribe such powers and duties for them as may not be inconsistent with law, with the Articles of Incorporation, CCE&Rs, and these By-laws;
- b. To conduct, manage and control the affairs and business of the Association and to make such rules and regulations therefor not inconsistent with law, Articles of Incorporation, CCE&Rs, and these By-laws;
- c. To change the principal office for the transaction of the business for the Association from one location to another within the same county as provided in Article I, Section 2, hereof; to designate the place for the holding of any members meeting(s); and to adopt, make and use a corporate seal, and to prescribe the forms of membership identification cards, from time to time, as in their judgment they may deem best;
- d. To take such steps as may be necessary to implement any of the powers of the Association as provided in Article II, Section 2, hereof; and:
- e. To appoint an Executive Committee and other committees, and to delegate to such Executive Committee any of the powers and authority of the Board in the management of the business and affairs of the Association except the power to adopt, amend or repeal BY-LAWS and Rules and Regulations. Any Executive Committee shall be composed of two (2) or more directors.

Section 2. Number and Qualification. (Revised October 18, 2007)

The authorized number of directors of the Association shall be seven (7) until changed by an amendment of the By-Laws. Directors shall be members of the Association and in good standing for a period of one year prior to the annual meeting date in order to be placed on the ballot.

Section 3. Election and Term of Office.

At each annual meeting of members the directors shall be elected by the members, provided, however, that if for any reason any such annual meeting is not held, or the directors are not elected thereat, the director may be elected at any special meeting of members held for that purpose. Starting at the March, 1980 annual meeting, directors will be elected for a four (4) year term. This will result in staggered terms of the directors and elections will be held only every other annual meeting. All directors shall hold office until their respective successors are elected.

Section 4. Vacancies.

Vacancies in the Board of Directors may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, and each director so elected shall hold office until an election is held at the next annual or special meeting of the members.

A vacancy or vacancies of the Board of Directors shall be deemed to exist in case of the death, resignation, or removal of any director, or if the authorized number of directors be increased, or if the members fail at an annual or special meeting of members at which any director or directors are elected to elect the full authorized number of directors to be voted for at that meeting, or if a vacancy is declared by the Board of Directors for any reason permitted by law. If all of the Board of Director's seats become vacant for one reason or another at the same time, the Office Secretary will have the authority to call a Special Meeting as soon as possible for the sole purpose of the election of Directors.

The members may elect a director(s) at any time to fill any vacancy or vacancies not filled by the directors. If the Board of Directors accepts the resignation of a director tendered to take effect at a future time, the Board or the members shall have power to elect a successor, pursuant to the provisions hereof, to take office when the resignation is to become effective.

No reduction of the authorized number of directors shall have the effect of removing any director from office prior to the expiration of his term.

Section 5. Regular Meetings.

Immediately following each annual meeting of members, the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers, and the transaction of other business. Call and notice of such meeting are hereby dispensed with.

Section 6. Special Meetings.

Special meetings of the Board of Directors for any purpose or purposes may be held at any time upon call by the President or, if he is absent or unable or refuses to act, by any Vice President or by any two (2) directors. Such meetings may be held at any place designated from time to time by resolution of the Board or by written consent of all members of the Board.

Written notice of the time and place of special meetings shall be delivered personally to each director or sent to each director by mail, electronic or other form of written

communication, charges prepaid, addressed to the directors at his address as it is shown upon the records of the corporation. In case such notice is mailed or telegraphed, it shall be deposited in the United States mail or delivered to the telegraph company in the place in which the principal office of the Association is located at least thirty-six (36) hours prior to the time of the holding of the meeting. Such mailing, telegraphing or delivery as above provided shall constitute due, legal and personal notice to such director.

Section 7. Waiver of Notice.

The transactions of any meeting of the Board of Directors however called and noticed or where held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each of the directors not present signs a written waiver of notice or consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the Association records or made a part of the minutes of the meeting.

Section 8. Quorum.

A majority of the authorized number of directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors unless a greater number be required by law, Articles of Incorporation, CCE&Rs, and these By-laws.

Section 9. Adjournment and Notice.

A quorum of the directors may adjourn any directors' meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the directors present at any directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned.

Section 10. Fiscal Responsibilities (added October 18, 2007)

a. Fiscal Year: The fiscal year of the Association shall be that selected by the Board of Directors and having been so determined is subject to change from time to time as the Board of Directors shall determine. The fiscal year for the Association is currently January 1 – December 31.

b. Budget: It is the responsibility of the Board to finalize and approve an annual operating budget. It is the goal to have the budget finalized and approved at the January regular meeting of the board.

c. Bid Requirements: For any service contract or purchase of products or materials over \$10,000 at least 3 quotes or offers must be sought. It is not mandatory that the lowest bidder be selected and other factors such as location, service, quality, turnaround time, etc. should be considered. Contract duration should not exceed three (3) years without a re-bid process.

d. General Purchases: In all other purchases, due diligence is expected; comparison shopping is expected. Reasonable efforts are expected to find the best value for the Association.

e. Spending Limits: Each board must set spending limits for the board directors and committee chairs. The prior board's limits remain in place until the new board sets its limits at the June regular meeting of the board. For purchases of products or services of \$7500 or greater, all board members shall be notified of the proposed expenditure and be given the opportunity to discuss its merits and to vote on its passage. A majority approval of those board members present or through proxy at such vote is required to approve those expenditures.

ARTICLE VII OFFICERS

Section 1. General.

The officers of the Association shall be a President, one (1) or more Vice President(s), a Secretary and a Treasurer, and each of them shall be elected by the Board of Directors. The Association may also have such other officers, including one (1) or more Assistant Secretaries, as may be appointed by the Board of Directors. Officers of the Board of Directors must be directors. One person may hold two (2) or more offices, except those of President and Secretary. Each officer shall hold office until resignation, removal, otherwise disqualified to serve, or a successor shall be elected and qualified, that officers may be appointed at any time by the Board of Directors for the purpose of initially filling an office or filling a newly created or vacant office.

Section 2. Removal and Resignation.

Any officer may be removed, either with or without cause, by a majority of the directors in office at the time, at any regular or special meeting of the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary of the Association. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3. Vacancies.

A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these By-laws for regular appointments to such office.

Section 4. President.

The President, who shall be chosen from the Board of Directors, shall be the chief executive officer of the Association and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the Association. He shall preside at all meetings of the members and of the Board of Directors. He shall be an ex officio member of all standing committees, including the Executive Committee, if any, and shall have the general powers and duties of management usually vested in the office of president of a corporation, and such other powers and duties as may be prescribed by the Board of Directors, these By-laws, or

Robert's Rules of Order.

Section 5. Vice Presidents.

In the absence or disability of the President, the Vice President in order of their rank as fixed by the Board of Directors, or if not ranked, the Vice President designated by the Board of Directors, shall perform all the duties of the President, and when so acting, shall have all the powers of and be subject to all the restriction upon the President. The Vice Presidents shall have such other powers and perform such other duties as may be prescribed for them respectively by the Board of Directors, the President, by these By-laws, or Robert's Rules of Order.

Section 6. Secretary.

The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board of Directors may order, a book of minutes of all meeting of directors and members, or a duplicate thereof, with the time and place of holding, whether regular or special, and, if special how authorized, the notice thereof given, the names of those present at director's meetings, the number of memberships present or represented at members' meetings, and the proceedings thereof. The Secretary shall keep or cause to be kept, in any form permitted by law, at the principal office or such other place as the Board of Directors may order, a membership register, or a duplicate thereof, showing the names of the members and their addresses, the description and number of lots, of more than one, upon which such membership is based, the number and date of membership, and the number and date of cancellation of membership. The Secretary shall give, or cause to be given, notice of all meeting of the members and of the Board of Directors required by these By-laws or by law to be given, and shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors, the President, by these By-laws, or Robert's Rules of Order.

Section 7. Treasurer.

The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains or losses. The books of account shall at all times be open to inspection by any director. The Treasurer shall deposit all moneys and other valuables in the name of and to the credit of the Association with such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Association as may be ordered by the Board of Directors, shall render to the President and directors, whenever they request it, an account of all of the transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors, the President, by these By-laws, or Robert's Rules of Order.

**ARTICLE VIII
ANNUAL ASSESSMENT**

Section 1. General.

Prior to January 1 of each year, the Board of Directors shall consider the current and

future needs and adequate reserves of the Association and, in light of those needs, shall fix by resolution the amount of the annual assessment to be levied against each lot in the Subdivision, which amounts shall be a debt of the owner thereof and a lien against the property at the time that charge is made.

Section 2. Amount.

The annual assessment to be levied shall not be less than Fifty Dollars (\$50.00) per lot. The annual assessment will automatically increase each year with the rate of inflation. The rate of inflation will be determined by the increase in the U. S. Bureau of Labor Statistics Consumer Price Index for all Urban Consumers during the preceding calendar year. During the years where there is deflation, the assessment will remain constant (i.e. will not decrease). A member serving on the Board of Directors for a complete year will be exempt from paying the following year's annual assessment on only one (1) lot. (Revised March 2007)

Section 3. Notice.

The Office Secretary shall mail to each member, at such member's address, written notice of each annual assessment and manner for payment as follows:

- a. First notice mailed prior to February 15 of each year and due on March 1 of each year;
- b. Second notice mailed on April 1 of each year and due on April 15 of each year;
- c. Third notice mailed on May 15 of each year and due on June 1, with notification about the filing of a formal complaint with the Credit Bureau and termination of water service for residents; and
- d. Mail complaint to Credit Bureau and terminate water service on June 15 of each year.

Section 4. Lien.

The amount of such annual assessment shall be a lien against the lot until the full amount thereof has been paid. If the annual assessment is not paid when due, the amount thereof plus such other charges including but not limited to interest on the amount of the unpaid annual assessment at the current annual percentage rate plus 2 points including all costs of collection (including but not limited to attorney's fees), if any, shall constitute and continue to be a lien on the lot against which the annual assessment is assessed. The Board of Directors may cause to be recorded with the Recorder of Deed Office in Tazewell County a notice of the annual assessment lien which notice shall state the amount of the lien, a legal description of the property which has been so assessed and the name of the owner thereof as shown on the books of the Association. The notice shall be signed by any officer of the Association on its behalf. Upon payment of any annual assessment and all charges incurred by the Association in connection therewith, the Board of Directors shall cause to be recorded a release of lien. This lien shall be prior to all other liens recorded subsequent to said notice of assessment.

Section 5. Lien Enforcement.

The lien provided for herein may be enforced by the Association in any manner permitted by the laws of the State of Illinois, including, but not limited to, foreclosure of such lien and the sale of the property pursuant to the foreclosure proceeding.

ARTICLE IX SPECIAL ASSESSMENT

Section 1. General.

Prior to February 1 of each year the Board of Directors shall consider the special or emergency financial needs of the Association and in light of those needs, the Directors shall submit a proposed special assessment by ballot to be voted on by the members in good standing at the next annual or special meeting. This special assessment will require an affirmative vote by a simple majority of the members in good standing voting in person or proxy at an annual, special, or a 2/3's affirmative vote at a reconvened annual or special meeting. This assessment will be levied against each lot in the Subdivision, which amounts shall be a debt of the owner thereof and a lien against the property at the time that the charge is made.

Section 2. Purpose.

The special assessment shall be used by the Association for needed major or emergency construction, repair, or renovation of Association property as determined by the Board of Directors or for any special purchases of special equipment (i.e. backhoe, dumptruck, mower, etc.) the Board of Directors deems necessary to properly maintain the Subdivision.

Section 3. Amount.

The special assessment levied pursuant to this Article shall be the amount and time frame specified in the ballot and only one special assessment can be in effect at a time.

By amendment of these By-Laws, a Road Fund has been adopted under Article X, which shall be used exclusively for the maintenance, repair and upkeep of the roads of Heritage Lake. The adoption of this Road Fund is a separate fund and shall not be construed as a special assessment as provided for herein above.

By amendment of these By-Laws, a Lake Fund has been adopted under Article XII, which shall be used exclusively for the maintenance, repair and upkeep of Heritage Lake and the Dam and shall include siltation beds. The Lake Fund is a separate fund and shall not be construed as a special assessment as provided for herein above.
(Added 4/26/03)

Section 4. Lien.

The amount of the special assessment shall be a lien against the lot until the full amount thereof has been paid. If the special assessment is not paid when due, the amount thereof plus such other charges including but not limited to interest on the amount of the unpaid special assessment at the current interest rate plus all costs of collection (including but not limited to attorney's fees), if any, shall constitute and continue to be a lien on the lot against which the special assessment is assessed. The Board of Directors may cause to be recorded with the Recorder of Deed Office in Tazewell County a notice of the special assessment lien which notice shall state the amount of the lien, a legal description of the property which has been so assessed and the name of the owner thereof as shown by the records of the Association. The notice

shall be signed by an officer of the Association on its behalf. Upon payment of any special assessment and all charges incurred by the Association in connection of lien. This lien shall be prior to all other liens recorded subsequent to the recorded notice of the special assessment lien, except, it shall not be prior to the annual assessment lien of this Association.

Section 5. Lien Enforcement.

The lien provided for herein may be enforced by the Association in any manner permitted by the laws of the State of Illinois, including, but not limited to, foreclosure of such lien and the sale of the property pursuant to the foreclosure proceeding.

**ARTICLE X
MISCELLANEOUS**

Section 1. Record Date.

The Board of Directors may fix a time in the future as a record date for the determination of the members entitled to notice of and to vote at any meeting of members. The record date so fixed shall not be more than forty-five (45) days prior to the date of the meeting. When a record date is so fixed, only members of record in good standing on that date shall be entitled to notice of and to vote at the meeting, notwithstanding any transfer of or issuance of membership certificates on the books of the Association after the record date.

Section 2. Inspection of Records.

The Association 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 its registered office or principal office a record giving the names and addresses of its members entitled to vote. All books and records of the Association may be inspected by any member entitled to vote, or that member's agent or attorney, for any purpose at any reasonable time. Copies, where a proper purpose has been established, shall be provided at a reasonable cost per page upon written request.

Section 3. Checks and Drafts.

All checks and drafts, or other orders of payment of money; notes or other evidences of indebtedness issued in the name of or payable to the Association shall be signed or endorsed by such person(s) and in such a manner as, from time to time, shall be determined by resolution of the Board of Directors. Members serving on the Board of Directors and that have a family member working as the Office Secretary will not be allowed to sign checks or drafts for the Association.

Section 4. Annual Accounting.

An annual report and accounting, including a statement of income and disbursements shall be available to members not later than ninety (90) days after the close of the Association's fiscal year.

Section 5. Execution of Contracts.

The Board of Directors, except as may be otherwise provided in these By-laws, or CCE&Rs may authorize any officer(s) or agent(s), to enter into any contract or execute

any instrument or document in the name of and on behalf of the Association and such authority may be general or confined to specific instances. Unless otherwise specifically determined by the Board of Directors or otherwise required by law, formal contracts, promissory notes and other evidence of indebtedness, deeds of trust, mortgages and other corporate instruments or documents requiring the corporate seal, shall be executed, signed or endorsed by an officer on the Board of Directors.

Section 6. Limitation of Powers.

The Association shall have no power to levy assessments on any property other than lots. The Association shall never at any one time borrow in excess of the current values of non-amenity properties for the purchase of real property, the issuance of bonds or debentures or the mortgage of any of its properties nor shall it mortgage any of the amenity properties without a two-thirds vote of the full board. The Association shall have no power to levy assessments on any property other than lots.

Section 7. Inspection of By-laws.

The Association shall keep in its principal office for the transaction of business the original or a copy of the By-laws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the members at any reasonable times.

Section 8. Water System Maintenance Charge.

This section will have application only if the requirements relating to the charges of paragraph #13 of the CCE&Rs, Heritage Lake Subdivision are eliminated by the dissolution of the Water Company. Therein described and its replacement by mutual water service supplied by the Association or its subsidiary Association. The owner in fee of each lot in the Heritage Lake Subdivision, his heirs, administrators, executors, grantees, successors, assigns, lessee and/or licenses agrees to pay to the Association or its subsidiary Association providing water service, a minimum monthly system maintenance charge of five dollars (\$5) for water service, and the accommodation afforded by said systems so long as water is available for use, whether or not tap or connection is made to a system main and whether or not said owner actually uses or takes water. Unpaid charges shall become a lien upon the lot(s) served as of the date the same became due. Owners shall not drill or permit the drilling of water well upon their property.

Section 9. Resubdivision of Lots.

The resubdivision of any lot in Heritage Lake Subdivision by a property owner unless first approved by the Board of Directors is prohibited. A member can never resubdivide a lot or group of lots that would increase the number of lots in the Association.

If the resubdivision causes a decrease in the number of lots in the Association, each lot acquiring the additional property due to the resubdivision will be billed according to how the resubdivision was done (i.e. 3 lots into 2 lots will result in each lot owner being billed 1 2 times the current annual assessment; 2 lots into 1 lot will result in the lot owner being billed 2 times the current annual assessment; etc.). Due to the CCE&Rs stating there will be only one Water Availability (system maintenance) per lot, the charges billed by the water department will no longer apply to the lot(s) that were

resubdivided.

The parties involved in the resubdivision will be required to complete and file all the resubdivision paperwork with Tazewell County. The expenses incurred in the resubdivision will be the responsibility of the parties involved.

Section 10. Road Fund Charge.

- a. General. Prior to February 1 of each year, the Board of Directors shall consider the current and future needs and adequate reserves of the Association and, in light of those needs, shall fix by resolution the amount of the Road Fund Charge to be levied against each lot in the Subdivision, which amount shall be a debt of the owner and constitute a lien against said lot at the time such charge is made.
- b. Amount. The first year the Road Fund Charge is levied, said levy shall not be more than \$60.00 per lot per year. Property owners that own more than one lot will be billed for only one (1) lot. All other lots owned by a single property owner shall be exempt from the Road Fund Charge. The Road Fund Charge can be increased yearly by the annual inflation rate for the prior year. Any increase higher than the annual inflation rate must be approved by a simple majority of the members in good standing voting at any annual or special meeting or a 2/3's affirmative vote at a reconvened annual or special meeting. The Road Fund Charge, created on June 30, 2001, is due annually on July 1st.
 - i. A statement shall be mailed to each member, at such member's address, prior to June 1st, with payment due on July 1st.
 - ii. Late fees and interest will be applied after the account is 30 days Past due (on August 1st) and monthly thereafter until the balance is paid in full, according to the "Schedule of Fees" then in place as approved by the Board of Directors.
 - iii. On October 1st, the lien filing process may begin for any delinquent account, with lien costs added, and the account may be turned over to the collection agency that may be approved by the Board of Directors for collection of delinquent accounts.
(amended 2/16/06)
- c. Fund Usage. The Road Fund Charge can be used only for the maintenance, repair or upkeep of the roads and parking lots in the Heritage Lake Subdivision. The monies for this fund must be deposited in a separate account isolated from annual or special assessments. The use of the Road Fund Charge cannot be changed without approval by a simple majority of the members in good standing voting at any annual or special meeting or a 2/3's affirmative vote at a reconvened annual or special meeting.
- d. Lien. The amount of the Road Fund Charge may be a lien against the lot until the full amount thereof has been paid. If the Road Fund Charge is not paid when due, the amount thereof plus other charges including but not limited to interest on the amount of the unpaid Road Fund Charge at the current annual percentage rate plus 2 points including costs of collection (including but not limited to attorney's fees), if any, may constitute and continue to be a lien on the lot against which the Road Fund Charge is assessed. The Board of Directors may cause to be recorded with the Recorder of Deeds Office in Tazewell County a notice of the Road Fund Charge lien; such notice shall state the amount of the lien, a legal description of the property which has been so assessed and the

name of the owner thereof as shown on the books of the Association. Any officer of the Association on its behalf shall sign the notice. Upon payment of the Road Fund Charge and all charges incurred by the Association in connection therewith, the Board of Directors shall cause to be recorded a release of lien. Such lien shall be prior to all other liens recorded subsequent to said notice of Road Fund Charge. (Amended 2/16/06)

- e. Lien Enforcement. The lien provided herein may be enforced by the Association in any manner permitted by the laws of the State of Illinois, including, but not limited to, foreclosure of such lien and the sale of the property pursuant to the foreclosure proceedings.

Section 11. Common Property.

The Association shall have the power by rule or regulation to impose fees or other charges as it deems necessary regarding the use of the Association's common property and facilities. The limitations of Section 6 of Article X, regarding the power to levy assessments on any properties other than lots, do not apply to the power of the Board to impose fees or charges by rule or regulation of the Association as provided for by this Section 11. (added 3/15/04)

Section 12. Waste Systems.

The Heritage Lake Association will adhere to the County Zoning Code, Article 10, Section 7 TCC 1-10 and Tazewell County Ordinance Title 6, Chapter 1, Sub Chapter A, Sewage Disposal, on all new construction. (Amended 12/15/05)

Section 13. Inspection fees.

The Association shall charge fees for property inspections as required by the CCER's for new construction. Such fee is paid to Heritage Lake Association for the third party inspector and is in the amount of the actual cost of the inspection not to exceed \$500.00.

ARTICLE XI AMENDMENTS

Section 1. Amending the By-laws.

These By-laws as stated in the Articles of Incorporation may be amended at any time by the Board of Directors, except Articles VIII and IX, which after adoption of Revision 1 by the Board of Directors, will require a simple majority of the members in good standing voting at any annual or special meeting or a 2/3s affirmative vote at a reconvened annual or special meeting.

ARTICLE XII LAKE FUND CHARGE (Approved and added 4/26/03)

Section 1. General.

Prior to February 1 of each year the Board of Directors shall consider the current and future needs and adequate reserves of the Association and, in light of those needs, shall fix by resolution the amount of the Lake Fund Charge to be levied against each lot in the subdivision, which amount shall be a debt of the owner and constitute a lien

against said lot at the time such charge is made.

Section 2. Amount.

The first year the Lake Fund Charge is levied, said levy shall not be more than \$47.50 per lot per year. Property owners that own more than one lot will be billed for only one (1) lot. All other lots owned by a single property owner shall be exempt from the Lake Fund Charge. The Lake Fund Charge can be increased yearly by the annual inflation rate for the prior year. Any increase higher than the annual inflation rate must be approved by a simple majority of the members in good standing voting at any annual or special meeting or a 2/3's affirmative vote at a reconvened annual or special meeting. The Lake Fund Charge shall sunset ten (10) years from the date of inception, the inception date being October 1, 2003. The Lake Fund Charge is due annually on October 1st.

- i. A statement shall be mailed to each member, at such member's address, prior to September 1st, with payment due on October 1st.
- ii. Late fees and interest will be applied after the account is 30 days past due (on November 1st) and monthly thereafter until the account is paid in full, according to the "Schedule of Fees" then in place as approved by the Board of Directors.
- iii. On January 1st, the lien filing process may begin for any delinquent account, with lien costs added, and the account may be turned over to the collection agency that may be approved by the Board of Directors for the collection of delinquent accounts. (Amended 2/16/06)

Section 3. Fund Usage.

The Lake Fund Charge can be used only for the maintenance, repair, or upkeep of the Lake and Dam and Siltation Beds in Heritage Lake Subdivision. The monies for this fund must be deposited in a separate account isolated from annual or special assessments. The use of the Lake Fund Charge cannot be changed without approval by a simple majority of the members in good standing voting at any annual or special meeting or a 2/3's affirmative vote at a reconvened annual or special meeting.

Section 4. Lien.

The amount of the Lake Fund Charge may be a lien against the lot until the full amount thereof has been paid. If the Lake Fund Charge is not paid when due, the amount thereof plus other charges including but not limited to interest on the amount of the unpaid Lake Fund Charge at the current annual percentage rate plus 2 points including costs of collection (including but not limited to attorney's fees), if any, may constitute and continue to be a lien on the lot against which the Lake Fund Charge is assessed. The Board of Directors may cause to be recorded with the Recorder of Deeds Office in Tazewell County a notice of the Lake Fund Charge lien; such notice shall state the amount of the lien, a legal description of the property which has been so assessed and the name of the owner thereof as shown on the books of the Association. Any officer of the Association on its behalf shall sign the notice. Upon payment of the Lake Fund Charge and all charges incurred by the Association in connection therewith, the Board of Directors shall cause to be recorded a release of lien. Such lien shall be prior to all other liens recorded subsequent to said notice of Lake Fund Charge. (Amended 2/16/06)

Section 5. Enforcement.

The lien provided herein may be enforced by the Association in any manner permitted by the laws of the State of Illinois, including, but not limited to, foreclosure of such lien and the sale of the property pursuant to the foreclosure proceedings.

ARTICLE XIII PROCEDURE CONCERNING NON-PAYMENT OF ANNUAL ASSESSMENT

Section 1. General.

- a. A statement shall be mailed to each member, at such member's address, prior to February 15th, with payment due on March 1st.
- b. Late fees and interest will be applied after the account is 30 days past due (on April 1st) and monthly thereafter until the balance is paid in full, according to the "Schedule of Fees" then in place as approved by the Board of Directors.
- c. On June 1st, the lien filing process may begin for any delinquent account, with lien costs added, and the account may be turned over to the collection agency that may be approved by the Board of Directors for the collection of delinquent accounts.
- d. All late fees, interest charges, lien fees, collection costs and legal fees required in the enforcement of this article shall be added to the property owner's account as a debt to the Association. (Amended 2/26/06)

ARTICLE XIV OBLIGATED FUNDS THE REPAYMENT OF BORROWED FUNDS

Section 1. General.

Articles X and XII of the Bylaws may not be amended by the Board of Directors or the membership of the Association by reducing the amount of funds collected for the funds during any period of time where the funds have been obligated for the repayment of borrowed funds or are necessary to fulfill existing contractual obligations on behalf of the Association. (Added 02-16-05)

BEFORE ME, a Notary Public in and for said County and State, personally appeared,

_____ and _____ personally known by me to be President and Secretary respectively of Heritage Lake Association, Inc, an Illinois corporation, and acknowledged the execution by them of the foregoing By-Laws of Heritage Lake Association, Inc. on behalf of said corporation, as officers of said corporation, and pursuant to WITNESS my hand and notarial seal this 15th day of March, 2007.

NOTARY PUBLIC
(SEALED ATTACHED)