

EXHIBIT C
BY-LAWS OF
EQUESTRIAN WOODS HOMEOWNERS ASSOCIATION

ARTICLE I

Purposes and Powers

The Association shall be responsible for the general management and supervision of the Properties and the ownership of the Common Area and shall have all of the powers to perform, and shall be responsible to perform, all of the obligations provided in the Declaration. Further, the Association shall have all powers now or hereafter granted by the General Not-For-Profit Corporation Act of the State of Illinois which shall be consistent with the purposes specified herein and in the Declaration. Any defined terms used in these By-Laws shall have the same meaning as set forth in that certain Supplemental Declaration of Covenants and Restrictions for Equestrian Woods, a copy of which is attached hereto as Exhibit 1 (as amended, modified or supplemented from time to time in accordance with its terms, the "Declaration"), except as otherwise provided herein; and "Board" shall mean and refer to the Board of Directors of the Association; "Common Area" shall mean all real property, if any, owned, to be owned and maintained by the Association for the common use and enjoyment of the Owners; "Improvement" or "Improvements" shall mean and include Dwellings, any and all buildings, outbuildings, driveways, pedestrian walkways, fences, decks, patios, hedges, lawns, sidewalks, planted trees, shrubs and all other structures or landscaping improvements of every kind and description; and "Mortgage" shall mean either a mortgage or deed of trust creating a lien against a portion of the Properties given to secure an obligation of the Owner for such portion of the Properties.

ARTICLE II

Offices

2.1. The Association shall have and continuously maintain in the State of Illinois a registered office and a registered agent whose office shall be identical with such registered office. The Association may have other offices within or without the State of Illinois as the Board of Directors may from time to time determine.

2.2. The principal office of the Association shall be maintained in Cook County, Illinois.

ARTICLE III

Membership

3.1. Every Owner of a fee simple interest shall become and be a member of the Association, and each such member shall be entitled to one vote on each matter submitted to a vote of members for each Lot owned by him or it, provided that where title to a Lot is in more than one person, such co-owners acting jointly shall be entitled to but one vote. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Nothing herein contained shall be interpreted to exclude the Developer from membership while it or any of its successors in interest owns one or more Lots.

3.2.

(a) Meetings of the Members shall be held at the principal office of the Association or at such other place in Cook or DuPage County, Illinois, as may be designated in any notice of a meeting. The presence at any meeting, in person or by proxy, of a majority of the total votes determined pursuant to Section 3.1 above shall constitute a quorum. Unless otherwise expressly provided herein, any action may be taken at any meeting of the Members at which a quorum is present upon the affirmative vote of the Members having a majority of the total votes present at such meeting. Any Member in writing may waive notice of a meeting, or consent to any action of the Association without a meeting.

(b) The initial meeting of the Members shall be held at such time as may be designated upon not less than ten (10) days' written notice given by the Board; provided that such initial meeting shall be held no later than sixty (60) days after January 17, 1997 (the "Turnover Date"). Thereafter, there shall be an annual meeting of the Members on the third Tuesday of November of such succeeding year, at 7:30 o'clock P.M. If the date for the annual meeting of Members is a legal holiday, the meeting will be held at the same hour on the first day next succeeding such date which is not a legal holiday.

(c) Special meetings of the Members may be called at any time for the purpose of considering matters which, by the terms of the Declaration or these By-Laws, require the approval of all or some of the Members, or for any other reasonable purpose. Said meetings shall be called by written notice, authorized by a majority of the Board or by the Members having one-fourth ($\frac{1}{4}$) of the total votes, and delivered not less than five (5) days prior to the date fixed for said meeting. The notices shall specify the date, time and place of the meeting and the matters to be considered.

3.3. Notices of meetings required to be given herein may be delivered either personally or by mail to the persons entitled to vote thereat, addressed to each such person at the address given by him to the Board for the purpose of service of such notice, or to the Dwelling of the Owner with respect to which such voting right appertains, or the address to

which tax bills or other official government notices go if such Member does not have a Dwelling on any Lot owned by such Member, if no address has been given to the Board.

3.4. At any meeting of the Members, a Member entitled to vote may either vote in person or by proxy executed in writing by the Member or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy.

ARTICLE IV

Board of Directors

4.1. The direction and administration of the Properties in accordance with the provisions of the Declaration shall be vested in the Board consisting of five (5) persons who shall be elected in the manner hereinafter provided. The Members having at least two-thirds (2/3) of the total votes may from time to time increase or decrease the number and term of the office of the Board members at any annual meeting, provided that such number shall not be less than five (5), and the terms of at least two-fifths (2/5) of the persons on the Board shall expire annually. Each member of the Board shall be an Owner; provided, however, that in the event an Owner is a corporation, limited liability company, partnership, trust or other legal entity other than a natural person or persons, then any director or officer of such corporation, member or manager of such limited liability company, partner of such partnership, individual trustee or beneficiary of such trust or agent or employee of a beneficiary of such trust, or manager of such legal entity, shall be eligible to serve as a member of the Board.

4.2. All matters of dispute or disagreement between Owners or with respect to interpretation or application of the provisions of the Declaration or these By-Laws shall be determined by the Board as hereinafter provided, which determination shall be final and binding on the Association and on all Owners.

4.3. At the initial meeting of the Members as provided in Section 3.2(b) hereof, and at all subsequent annual meetings of the Members there shall be elected members of the Board. In all elections for members of the Board, each Member shall be entitled to vote on a cumulative voting basis and the candidates receiving the highest number of votes with respect to the number of offices to be filled shall be deemed to be elected. Five (5) Board members shall be elected at the initial meeting and shall serve until the first annual meeting. The three (3) persons receiving the highest number of votes at the first annual meeting shall be elected to the Board for a term of two (2) years and the two (2) persons receiving the next highest number of votes at the first annual meeting shall be elected to the Board for a term of one (1) year. In the event of tie votes, the members of the Board shall determine which members shall have the two (2) year terms and which members shall have the one (1) year terms. Upon the expiration of the terms of office of the Board members so elected at the first annual meeting and thereafter, successors shall be elected for a term of two (2) years

each. Notwithstanding the aforesaid election procedure, an initial board (the "Initial Board") was appointed concurrent with the adoption of these By-Laws and shall have the same powers and authority as given to the Board generally, as provided herein, and such appointed Board shall function until such time as a new Board is duly elected at the initial meeting of the Members; provided, that if the election of a new Board is not successful at the initial meeting of the Members, then such Board shall have the same powers and authority as given to the Board generally, as provided herein, each for a term which expires on the successful election of a successor at the next annual meeting of Members.

4.4. Members of the Board shall receive no compensation for their services, unless expressly allowed by the Board at the direction of the Members having two-thirds (2/3) of the total votes. However, any director may be reimbursed for reasonable expenses incurred in the performance of his duties.

4.5. Vacancies in the Board, other than as a result of removal pursuant to Paragraph 4.7, including vacancies due to any increase in the number of persons on the Board, shall be filled by majority vote of the remaining members of the Board or of the Members present at the next annual meeting or at a special meeting of the Members called for such purpose.

4.6. The Board shall elect from among its members: (i) a President who shall preside over both its meetings and those of the Members, and who shall be the chief executive officer of the Board and Association, (ii) a Secretary who will keep the minutes of all meetings of the Members and of the Board and who shall, in general, perform all the duties incident to the office of Secretary, and (iii) a Treasurer to keep the financial records and books of account, and such additional officers as the Board shall see fit to elect. All officers shall be elected at each annual meeting of the Board and shall hold office at the pleasure of the Board.

4.7. Any Board member may be removed from office by affirmative vote of the Members having at least two-thirds (2/3) of the total votes, at any special meeting called for the purpose in the manner aforesaid. A successor to fill the unexpired term of a Board member removed may be elected by the Members at the same meeting or any subsequent meeting called for that purpose.

4.8. The initial meeting of the Board shall be held immediately following the initial meeting of the Members and at the same place. At such meeting the Board shall elect its officers to serve until the first annual meeting which shall be held immediately following the first annual meeting of the Members, and at the same place. All subsequent annual meetings of the Board shall be held immediately after, and at the same place as, the annual meeting of Members. Special meetings of the Board shall be held upon call by the President or by a majority of the Board on not less than forty-eight (48) hours notice in writing to each member of the Board, delivered personally or by mail or telegram. Any member of the Board, may in writing waive notice of a meeting, or consent to the holding of a meeting

without notice, or consent to any action of the Board without a meeting. A majority of the number of Board members shall constitute a quorum for the transaction of business. Unless otherwise expressly provided herein, any action may be taken by the Board upon the affirmative vote of those present at its meetings when a quorum is present.

4.9. All agreements, contracts, deeds, leases, vouchers for payment of expenditures, and other instruments shall be signed by such officer or officers, agent or agents of the Board and in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board, such documents shall be signed by the President and countersigned by the Secretary.

ARTICLE V

Powers of the Board

5.1. Without limiting the general powers which may be provided by law, the Declaration or these By-Laws, the Board shall have the power and duty to:

(a) Own, maintain and otherwise manage the Common Area and all Improvements thereon and all other property acquired by the Association or which the Association agrees to maintain, including any obligation to maintain any landscaping located in concrete islands, cul-de-sacs and median strips in the dedicated roads or streets which are within the Properties and to maintain any signage and lighting located thereon;

(b) Have the authority to employ a manager or other persons and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association;

(c) Establish and maintain a Contingency and Replacement Reserve in an amount to be determined by the Board;

(d) Maintain, at the expense of the defaulting Owner, all drainage areas and facilities located on the Properties in accordance with the reasonable and acceptable engineering requirements of Lemont Township, Cook County, the State of Illinois and any other municipal authority with jurisdiction over any of the Properties in the event that one or more Owners fail to do so;

(e) Provide for the maintenance of landscaping, signs, monuments, fencing, retaining walls, water systems, lighting and other improvements located within the Properties for the benefit of the Owners;

(f) At its option, mow, care for, maintain and remove rubbish from any vacant or unimproved portion of the Properties and to do any other things necessary or desirable in the

judgment of the Board to keep any vacant or unimproved portions of the Properties neat in appearance and in good order.

(g) Make such improvements to the Common Area and provide such other facilities and services as may be authorized from time to time by the affirmative vote of two-thirds (2/3) of the Members of the Association acting in accordance with its articles of incorporation and these By-Laws; provided, however, that any such action so authorized shall always be for the express purpose of keeping Equestrian Woods a highly desirable residential community; and

(h) Exercise all other powers and duties vested in or delegated to the Association, and not specifically reserved to the Members by Declaration, the articles of incorporation or these By-Laws.

5.2. The Board shall have the power to seek relief from or in connection with the assessment or levy of any general real estate taxes, special assessments and any other special taxes or charges of the State of Illinois or any political subdivision thereof, or any other lawful assessing body, which are authorized by law to be assessed and levied on the Common Area and to charge all expenses incurred in connection therewith to the maintenance fund.

5.3.

(a) The Board may adopt such reasonable rules and regulations as it may deem advisable for the maintenance, conservation and beautification of the Properties, and for the health, comfort, safety and general welfare of the Owners and occupants of the Properties. Written notice of such rules and regulations shall be given to all Owners and occupants, and the entire Properties shall at all times be maintained subject to such rules and regulations.

(b) The Board may engage the services of an agent to manage the Properties under such terms and conditions as are deemed advisable by the Board.

(c) Nothing hereinabove contained shall be construed to give the Board authority to conduct an active business for profit on behalf of all of the Owners or any of them.

5.4. The members of the Board and the officers of the Association shall not be personally liable to the Owners or others for any mistake of judgment or for any acts or omissions made in good faith by such officers or Board members.

ARTICLE VI

Assessments—Maintenance Fund

6.1. Each year on or before November 1, the Board will estimate the total amount of maintenance expenses necessary to pay the cost of wages, materials, taxes, insurance, services, supplies and any other necessary or desirable items which will be required during the ensuing calendar year (January 1-December 31) for services authorized by the Board, together with a reasonable amount necessary to fund the Contingency and Replacement Reserve, and shall, on or before December 1, notify each Owner in writing of the amount of such estimate ("Estimated Cash Requirement"). Such Estimated Cash Requirement shall be prepared on a line-item basis. The Estimated Cash Requirement shall be assessed equally among all of the Owners. On or before January 1 of the ensuing fiscal year, each Owner shall be obligated to pay to the Board, or as it may direct, the annual assessment made pursuant to this Section 6.1. On or before the date of the annual meeting of each calendar year, the Board shall furnish to all Owners an itemized accounting of the maintenance expenses for the preceding fiscal year actually incurred and paid, together with a tabulation of the amounts collected from the Owners pursuant to assessments made during such year and showing the net amount over or short of the actual expenditures, plus reserves. The Board shall, upon demand at any time, furnish a certificate in writing signed by an officer or agent of the Association, setting forth whether the assessments on a specified Lot have been paid. Such certificates shall be conclusive evidence of payment or nonpayment of any assessment thereon.

6.2.

(a) The Board shall build up and maintain a reserve for the replacement of capital improvements, other authorized capital expenditures and for unforeseen expenditures (the "Contingency and Replacement Reserve"). Capital improvements and expenditures which may become necessary during the year shall be charged first against the Contingency and Replacement Reserve. Any expenditure from the Contingency and Replacement Reserve having a cost in excess of Fifteen Hundred Dollars (\$1,500.00) shall require the prior approval of the Members holding two-thirds (2/3) of the votes of the Association.

(b) If the Contingency and Replacement Reserve proves inadequate for any reason, including nonpayment of any Owner's assessment, the Board may, at any time, levy a special assessment, which shall be assessed equally among the Owners. The Board shall serve notice of any such special assessment on all such Owners by a statement in writing giving the amount and reasons therefor, and such special assessment shall become effective and fully payable ten (10) days after the delivery or mailing of any such notice of assessment.

6.3. The initial Estimated Cash Requirement for the period commencing on the first day of the month following the Turnover Date and ending on December 31 of the calendar year in which the Turnover Date occurs shall be that amount which is equal to the sum of (a)

the product of Five Hundred Dollars (\$500.00) times the number of Lots (the "Initial Startup Assessment") plus (b) the product of Two Hundred Dollars (\$200.00) times the number of Lots (the "Initial Annual Assessment"). The initial Estimated Cash Requirement shall be assessed equally to all Owners, which is Seven Hundred Dollars (\$700.00) per Lot.

6.4. The failure or delay of the Board to prepare or serve the Estimated Cash Requirement on any Owner shall not constitute a waiver or release in any manner of any Owner's obligation to pay his share of such Estimated Cash Requirement as herein provided, as and when the Estimated Cash Requirement shall be determined, and, in the absence of the preparation of the Estimated Cash Requirement, the Owner shall continue to pay his share of such Estimated Cash Requirement at the then existing annual rate established for the previous calendar year, subject to adjustment at such time as the Estimated Cash Requirement has been prepared and the Owners have been notified thereof.

6.5. The Board shall keep full and correct books of account in chronological order of the receipts and expenditures pertaining to the Common Area, specifying and itemizing the maintenance and repair expenses of the Common Area and any other expenses so incurred. Such records and the vouchers authorizing the payments described therein shall be available for inspection by any Owner or any representative of an Owner duly authorized in writing, or any holder of a Mortgage at such reasonable time or times during normal business hours when requested by an Owner or by the holder of a Mortgage. Upon five (5) days' prior written notice to the Board, any Owner shall be furnished a statement of his account, which statement shall set forth the amount of any unpaid assessments or other charges due and owing from such Owner.

6.6. All funds collected hereunder shall be held and expended for the purposes designated herein, and are hereby held in trust for the benefit, use and account of all Owners. All funds not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board may select.

6.7. Any assessments or other charges which are not paid when due shall be delinquent. If the assessment or charge is not paid within thirty (30) days after the due date, the assessment shall bear interest from and after the due date at the lesser of the rate of twelve percent (12%) per annum or the highest rate allowed by law, and the Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Owner's Lot, and interest, costs and reasonable attorneys' fees incurred in any such action shall be added to the amount of any such overdue assessment. To the extent permitted by any decision or any statute or law now or hereafter effective, the amount of any delinquent and unpaid charges or assessments, and interest, costs and fees as above provided, shall be and become a lien or charge against the Lot of any such Owner when payable and may be foreclosed by an action brought in the name of the Board as in the case of foreclosure of mortgage liens against real estate. The directors of the Board and their successors in office, acting on behalf of the other Owners, shall have the power to bid in the

interest so foreclosed at foreclosure sale, and to acquire and hold, lease, mortgage and convey any interest so acquired. To the fullest extent permitted by law, any court shall be authorized to restrain the defaulting Owner from reacquiring his interest at such foreclosure sale.

6.8. In addition to the rights and remedies set forth in Section 6.7 of these By-Laws, if any Owner shall default in the payment, when same shall be due, of the aforesaid charges or assessments and said default shall continue for thirty (30) days after written notice to said Owner by the Board, of the amount of unpaid charges or assessments and a demand for payment thereof, the Board shall have the right to declare said default a forcible detainer of the Dwelling and shall have the right, on behalf of the other Owners, to enter and take possession of the Dwelling from any defaulting Owner, to put out said Owner, or any occupant or tenant claiming by, through or under said Owner, using such reasonable force as the Board shall deem necessary under the circumstances and, in addition, to exercise any other rights or remedies provided in the Forcible Entry and Detainer Act, Ill. Ann. Stat. ch. 110, para. 9-101 *et seq.* (Smith-Hurd 1987).

ARTICLE VII

Covenants and Restrictions as to Use and Occupancy

All Owners shall maintain, occupy and use their Lot, their Dwelling, the Properties and the Common Area only in accordance with the terms of the Declaration and any additional rules and regulations adopted by the Board or by the Members. The Board shall have full authority to enforce all such rules and regulations by taking all action as may be necessary.

ARTICLE VIII

Committees

8.1. The Board, by resolution, adopted by a majority of the Board, may designate one (1) or more committees, each of which shall consist of one (1) or more members of the Board; said committees, to the extent consistent with law and as provided in said resolution, shall have and exercise the authority of the Board in the management of the Association; but the designation of such committees and the delegation thereof of authority shall not operate to relieve the Board, or any individual member of the Board, of any responsibility imposed upon it or him by law.

8.2. Other committees not having and exercising the authority of the Board in the management of the Association may be designated by a resolution adopted by a majority of the members of the Board 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 Association, and the President of the Association shall appoint the members thereof. Any

member thereof may be removed whenever in the judgment of the Board the best interests of the Association shall be served by such removal.

8.3. Each member of a committee shall continue as such until the next annual meeting of the Board and until his successor is appointed and shall have qualified, unless the committee shall be sooner terminated, or unless such member shall cease to qualify as a member thereof.

8.4. One (1) member of each committee shall be appointed chairman.

8.5. Vacancies in the membership of any committee may be filled by appointment made in the same manner as provided in the case of the original appointment.

8.6. Unless otherwise provided in the resolution of the Board designating a committee, a 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.

8.7. Each committee may adopt rules for its own governance not inconsistent with these By-Laws or with rules adopted by the Board.

ARTICLE IX

Interim Procedure

Until the initial meeting of the Members as provided in Section 3.2(b) hereof and the proper election of their successors, the Initial Board shall have the same powers and authority as given to the Board generally.

ARTICLE X

Amendments

These By-Laws may be amended or modified from time to time by action or approval of the Members entitled to cast two-thirds (2/3) of the total votes computed as provided in Section 3.2. These By-Laws and such amendments shall be recorded in the Office of the Recorder of Deeds of Cook County, Illinois.

ARTICLE XI

Interpretation

In the case of any conflict between the articles of incorporation of the Association and these By-Laws, the articles of incorporation shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.