

BYLAWS OF THE
SUNSET LAKE ASSOCIATION

ARTICLE I

NAME, PURPOSE & SEAL

SECTION 1. The name of this Corporation shall be SUNSET LAKE ASSOCIATION and its principal office shall be located at the Community Center.

SECTION 2. The purpose of the Sunset Lake Association is to create and preserve a recreational and residential facility for the benefit of the Association members.

SECTION 3. The Seal of the Sunset Lake Association shall be circular in form and around the rim and middle there shall be inscribed the words: "Sunset Lake Association, Girard, Illinois."

ARTICLE II

MEMBERSHIP

SECTION 1. A. Class "A" Membership shall be open only to those who have executed a valid lease with the Sunset Lake Association, and;

1. Only Class A members shall be entitled to vote at Annual and Special meetings of the membership and shall be entitled to one vote per each Membership;
2. Members and their guests shall be entitled to all privileges of the lake as may be determined by the Board; and

3. Shall be entitled to hold office in the Sunset Lake Association.

B. Class "B" Membership is closed and all outstanding memberships are non-transferable.

1. Existing membership and their guests shall be entitled only to boating and fishing privileges, subject to regulations as the Board may enact.;
2. Class "B" members shall have no vote except on the subject of assessments of Class "B" memberships.

C. Assessment of Members. Class "A" members may be assessed by the Board of Directors in an amount deemed necessary for the operation of Sunset Lake Association for maintenance of Corporate property, roads, shoreline, lake and any other expenses for the good of the Association. These shall be budgeted by the Board of Directors, submitted to and approved by a two-thirds (2/3) vote of the members present at a special or annual meeting in person or by proxy after due notice is given as provided in the Bylaws. These assessments may not be changed by the Board of Directors.

D. Transfer of Membership. Class "A" Membership may be transferred by a majority vote of the Board of Directors present at any meeting at which said application is considered.

SECTION 2. Power to create New Memberships. The Board of Directors may establish a new membership to accompany a newly executed lease if none is available for transfer.

ARTICLE III

MEETINGS

SECTION 1. Annual Meeting. The annual meeting of the members of the Association shall be held at a convenient location on the Third Thursday of the month of October each year at 7:00 PM for the purpose of electing directors, passage of a budget, and for transacting other business as may come before the meeting.

SECTION 2. Special Meetings. Special Meetings of the members of the Association may be called by the President, by the Board of Directors, or by not less than one-fifth (1/5) of the membership of the Association.

SECTION 3. Notice of Meetings to Members. Written notice stating the place, date and hour of the meeting, and in case of a special meeting, the purpose(s) for which the meeting is called, shall be mailed not less than seven (7) days more than twenty (20) days before the date of the meeting to each member. The Secretary shall include with the letter for the annual meeting a copy of the financial statement of the Association and a copy of the Board of Directors' proposed budget for the ensuing year.

SECTION 4. Quorum. At any membership meeting a quorum for the transaction of business shall be deemed to be present when fifteen percent (15%) of the votes entitled to be cast are present. Voting by written proxy shall be

permitted provided that such written proxy is filed with the Secretary of the Association by the time of roll call of the members at the meeting or prior thereof.

SECTION 5. Proxies. Members wishing to vote by proxy must give their proxy to a member who is not committed to vote any other proxy, since members attending any Regular or Special meeting may vote only one proxy in addition to such member's own vote, and proxy votes may not outnumber the votes of members present.

ARTICLE IV

BOARD OF DIRECTORS

SECTION 1. Power of the Board. The business and affairs of the corporation shall be conducted and managed by its Board of Directors.

SECTION 2. Establishment of Rules. The Board of Directors shall have the power to establish rules as deemed necessary or advisable, and may amend or repeal any rule(s). No new rule(s) or amended rule(s), shall be enforced without giving written notice to all members of the Association.

SECTION 3. Board Duties. The Board of Directors shall have the duty, to direct the terms and conditions of the use of the lake and any property of the Association, to provide for the dividing of the real estate into residential sites, and the terms and conditions thereof.

SECTION 4. Lake Shore Lease. The Board of Directors are authorized to make such amendments to any existing Lake Shore Lease and to the form of any future Lake Shore Lease, as will enable the custodian of any such lease to mortgage or pledge the leasehold estate with any bank or any commercial lender, and generally to result in the leasehold estate being the subject matter of transfer, and that the Directors fix the terms of any amendments to existing Leases or new Leases.

SECTION 5. Board Membership and Terms. The number of directors of the Association shall be nine (9) in number, and each director shall be elected for a term of three (3) years.

SECTION 6. Vacancies. Any vacancy occurring on the Board of Directors caused by death, resignation or otherwise shall be so appointed and shall serve only until the next Annual meeting of members, at which time a director shall be elected by the membership to complete the unexpired term, if any, of the director originally elected to that office.

SECTION 7. A. Removal. Any director who shall miss three (3) consecutive meetings or fifty percent (50%) or more within any fiscal year of the Board of Directors without reasonable cause shall be deemed to have resigned his position and a new member shall be selected to fill the vacancy by the board. The Board of Directors may determine what shall constitute reasonable cause for failure to attend such meetings.

B. Any Director charged with malfeasance, misfeasance, or nonfeasance.

C. Any Director found to be in Conflict of Interest.

D. Any Director found to be conducting themselves in a gross unprofessional manner resulting in physical or verbal abuse of a member.

E. Any Director found to be in flagrant violation of existing rules or bylaws.

1. Removal Action of a Board Director can be initiated in either of two ways:

a. By a majority vote of the Board of Directors which must state the reason and evidence for

removal.

b. By any member providing a petition with signatures from at least thirty-three percent (33%) of the Class "A" membership, listing the reason and evidence for removal. Such petition shall be taken up by the Board of Directors following notice at its next regular meeting.

2. A Board Director may be removed by a two-thirds (2/3) vote of the Class "A" membership, including proxies, present at an Annual Meeting or a Special Meeting of the Association, notified according to Article III, Sections 1 or 2.

SECTION 8. Meetings. The Board of Directors shall meet the first Tuesday of each month unless this day falls on a legal holiday or Election Day then the meeting will be held the following Tuesday, at the Community Center for the purpose of transacting any old or new business of the Association. Special Board meetings may be called by the President of the Association, or by the request of three or more Board members.

SECTION 9. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business of the Association.

SECTION 10. Committees. The Board of Directors may by resolution determine and designate the number of regular and special committees to be appointed by the President with the approval of the Board of Directors, and the duties and length of tenure may be in like manner designated.

ARTICLE V

OFFICERS OF THE ASSOCIATION

SECTION 1. Officers. Officers of the Association shall consist of a President, Vice President, Secretary and Treasurer, and may be selected from the Board of Directors or otherwise. In the event that any officer who is not a member of the Board of Directors, he/she shall not have a vote at the Board of Directors meetings unless he/she is the presiding officer at such meeting and his/her vote is necessary to break a tie.

SECTION 2. Election of Officers. Immediately following the Annual meeting of members, the Board of Directors shall meet and elect their officers.

SECTION 3. Executive Board. Officers of the Association, whether members of the Board of Directors or not, shall constitute the executive board of the Association.

SECTION 4. Duties of Officers. The officers of the Association shall have the powers to discharge the duties of their respective offices with diligence and dispatch, and shall perform the duties usually pertaining to their respective offices and such other duties as the Board of Directors may determine.

ARTICLE VI

BYLAW AMENDMENT

SECTION 1. Amendments. The Bylaws of this Association may be amended at an Annual or a Special meeting of the members provided that in the notice calling such a meeting, the proposed amendment(s) shall be set forth in writing, and shall be adopted at such Annual or Special meeting upon receiving at least two-thirds (2/3) of the votes entitled to be cast by the members present or represented by proxy at such meeting.

ARTICLE VII

PROPERTY JURISDICTION

SECTION 1. Property. No lot or real estate leased from the Association may be divided into smaller tracts for the purpose of sale by the lessee-custodian unless there is prior approval by a two-thirds (2/3) vote of the Board of Directors.

SECTION 2. Property Leaseholds. No person, and/or husband-wife combination, or other entity shall hold a lease to more than four (4) lots at any given time.

SECTION 3. Sale of Lots Not Directly on Sunset Lake. Property owned by Sunset Lake Association which is not bordering the lake cannot be sold without prior approval of a majority of Class "A" Members.

SECTION 4. New Leases. No additional real estate may be incorporated into Sunset Lake Association for the purpose of generating new leases without being voted on and accepted by a two-thirds (2/3) of the votes cast by the members present or represented by proxy at the Annual or a Special meeting.

SECTION 5. Consolidation of Lots. No member may consolidate two (2) or more lots for the purpose of reducing the assessments.

ARTICLE VIII

ATTORNEY'S FEES

SECTION 1. Attorney's Fees. Should any member, or resident of such members' household unsuccessfully sue Sunset Lake Association, it's members, officers, directors, agents or servants, whether for action taken, claimed inaction, counter claim, and/or legal right violated under the Bylaws, Rules & Regulations, regularly adopted and in force, or under resolutions adopted, or regular or special assessments voted at any regular or special meeting of the Board of Directors or Membership meetings, or by any action or inaction or sponsored activity, said member or resident shall be assessed the attorney's actual charges for investigating and defending such claims or suit, as costs, by the Court, upon proof that such charges are based upon such attorney's charges for similar work for other clients, and are found to be reasonable by the court.

Should the Sunset Lake Association undertake legal action to enforce any of the Bylaws, Rules, or Regulations against a member or resident of such member's household, the member shall pay all costs incurred by the Sunset Lake Association, including attorney's fees.