

ARTICLE 3

MEMBERSHIP AND BOARD OF DIRECTORS

- 3.01 Membership. Every owner of a Lot shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Ownership of a Lot shall be the sole qualification for membership.
- 3.02 Voting Rights. The Association shall have one class of membership and each member shall have one vote for each Lot such member owns, provided that in no event shall more than one (1) vote be cast with respect to any Lot. If more than one person is the record owner of any Lot, or if an Owner is a trustee, corporation, partnership or other legal entity, the vote for such Lot shall be exercised as such Owner of that Lot shall designate. Such designation shall be made in writing to the Board (as defined herein) or in such other manner as may be provided in the by-laws of the Association attached hereto as Exhibit "C" (the "By-Laws"). Developer shall designate the person who shall exercise the voting rights with respect to the Lots owned by Declarant.
- 3.03 Board of Directors. The Association shall be governed by the Board of Directors (the "Board"). The Board shall be comprised of no less than three (3) persons, duly appointed or elected as provided herein or in the By-laws. Except for directors appointed by Developer, all directors shall be Members of the Association. The Board shall govern the Association in the exercise of the rights of the Association and performance of the Association's obligations in accordance with the terms and provisions of this Declaration and the By-laws, as amended from time to time. Prior to the appointment of the first Board, the Developer shall exercise all rights, powers and privileges and act in the capacity of the Board and may perform all its functions as set forth in this Declaration and in the By- laws.
- 3.04 Appointment of Directors by Developer. Notwithstanding anything in this Declaration or the By-laws to the contrary, the first and each subsequent Board shall consist of, and vacancies on the Board shall be filled by, such persons as Developer shall from time to time appoint, who may but need not be Members of the Association, until the first to occur of any one of the following events: (a) the expiration of ninety (90) days after the sale and transfer of title by Declarant of one hundred (100%) percent of the total number of Lots; (b) five (5) years from the recording of this declaration; (c) Developer, by written notice to the Association, voluntarily elects to release its right to appoint all Members of the Board. Without the prior written consent of Developer, neither the Articles of Incorporation of the Association nor the By-laws shall be amended, modified or changed to in any way diminish the authority of the Board while the Developer has the right to appoint any Members of the Board. Developer may, from time to time, by written notice to the Association, elect to relinquish its right to appoint any one or more directors, and continue to

exercise its right to appoint the remaining Members of the Board for the period hereinabove specified. All directors not appointed by Developer shall be elected as hereinafter provided.

- 3.05 Election of Directors by Members. Upon termination of Developer's right to appoint any or all of the directors as provided in the preceding paragraph, those directors not subject to appointment by Developer shall be elected by the Members of the Association at a meeting called by the President of the Association, by Developer, or by any three (3) Members of the Association. Such meeting shall be called by notice sent in accordance with the By-laws.
- 3.06 Director and Officer Liability. Neither the Developer, who in their representative capacity acts as either a director and/or officer, nor the directors, nor the officers, shall be personally liable to the Owners or the Association for any mistake of judgment or for any other acts or omissions of any nature whatsoever, including but not limited to deficiencies in the reserve account and/or failure to fund the reserve account, while acting in the capacity of such directors or officers, except for any acts or omissions found by a court to constitute gross negligence or fraud. The Association shall indemnify and hold harmless the directors and officers, their heirs and legal representatives, against all contractual and other liabilities to third parties arising out of the contracts made by or other acts of the directors and officers of behalf of the Owners or the Association or arising out of their status as directors or officers, unless any such contract or act shall have been made fraudulently or with gross negligence. The foregoing indemnification shall include indemnification against all costs and expenses (including, but not limited to, attorneys fees, amounts of judgments paid and amounts paid in settlement) actually and reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or other, in which any such director or officer may be involved by virtue of being or having been such director or officer; provided, however, that such indemnity shall not be operative with respect to (i) any matter as to which any such person shall have finally been adjudged in such action, suit or proceeding to be liable for gross negligence or fraud in the performance of his duties as such director or officer, or (ii) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Board, there is not reasonable ground for such person being adjudged liable for gross negligence or fraud in the performance of his duties as such director or officer.
- 3.07 Governing Law. Except as otherwise provided in this Declaration, the Association, its Board, the officers and Members of the Association shall be governed by the Illinois general not for profit corporation act.