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**BY-LAWS
OF THE
OAK VALLEY WATERLOO
HOMEOWNER'S ASSOCIATION**

ARTICLE I: NAME

The Association shall be named the "Oak Valley Waterloo Homeowner's Association". The Oak Valley Waterloo Homeowner's Association shall be a "not for profit" corporation in the state of Illinois.

ARTICLE II: PURPOSE

This organization shall conserve, preserve, protect, maintain, improve and promote the Oak Valley Waterloo Homeowner's Association.

ARTICLE III: MEMBERSHIP

Section 1: All lot owners in Oak Valley Estates subdivision are members of the Oak Valley Waterloo Homeowner's Association.

Section 2: Each lot entitles the owner one vote.

ARTICLE IV: NOMINATIONS AND ELECTIONS OF BOARD OF DIRECTORS AND OFFICERS

Section 1: At the first meeting of the membership each year, nominations for members of the Board of Directors will be received from the members present. Candidates for any office must be members. The consent of each nominee shall be obtained before a vote is taken.

Section 2: The initial Board of Directors shall consist of three (3) Officers (the President, Vice President, Secretary/Treasurer) and two (2) Executive Board Members. Board members shall hold office until their successors are elected. There shall be no proxy voting for board membership.

Section 3: Any Board Member may be removed at the discretion of a majority of the members present at a meeting called, and if notice has been given, for that purpose.

Section 4: In the event of a vacancy in any office during that officer's term, the Board of Directors shall sit as a Nominating Committee and shall fill the vacancy in accordance with voting procedures contained in these By-Laws except, however, that such vacancies may be filled as they occur.

Section 5: The resignation of an officer or director shall be submitted to the President in writing, and the President shall present this resignation to the Board of Directors for action. The resignation of the President shall be submitted to the Secretary in writing, and the Secretary shall present this resignation to the Board of Directors for action.

Section 6: Vacancies of other than Officers on the Board of Directors shall be filled in the same manner as described in Sections 2, 3 and 5 of this Article.

ARTICLE V: MEETINGS

Section 1:

- a) There shall be an annual membership meeting held on the first Saturday in March.
- b) In addition to the annual meeting, the Board of Directors shall hold regular meetings on a bi-annual basis and special meeting shall be called at the discretion of the President.
- c) Notice of regular meetings of the Board of Directors need not specify the business to be transacted at such meetings; however, any and all information which may assist Board members in preparation for the meeting should be included with notice of the meeting.
- d) Regular meetings may be re-scheduled or canceled at the discretion of the President or the Board and, if re-scheduled, are not deemed special meetings.

Section 2:

- a) Special meetings of the Board of Directors may be called at any time upon request of the President or at least three (3) members of the Board of Directors.
- b) Such request must specify, but is not limited to, the purpose of the call and should be given at least five (5) days prior to the meeting date except, however; the five (5) day notice period may be waived in the event of emergency situations. Emergency situations are those critical to the day-to-day operation of the Association or as Determined by the President.

Section 3: A quorum at any Board meeting shall consist of any three (3) of the duly elected Board members currently in office.

Section 4: Any act of a majority of the directors present at a meeting at which a quorum is present shall be an act of the Board of Directors. An act of the Board of Directors shall be considered an act of the Association as a whole.

ARTICLE VI: BOARD OF DIRECTORS

Section 1: The Officers of the Association shall be a president, secretary and treasurer. No more than one office may be held by the same person.

Section 2: The President shall be the chief executive officer and shall direct the conduct of the business of this Association and shall also be Chairman of the Board of Directors. The President shall be the presiding officer at all meetings of the membership and the Board, and shall appoint all committees unless otherwise provided in these By-Laws.

Section 3: In the absence of the President, the Secretary shall perform the duties of the President.

Section 4: The Treasurer shall maintain records of all receipts, expenditures and deposits and balances in all accounts of the Association, and shall supervise the financial procedures of the Association.

Section 5: The Secretary shall keep written minutes of all membership and Board meetings, and shall maintain a record of attendance of all such meetings. The Secretary shall be responsible to see that notices of all meetings are sent as required by these By-Laws of the Association.

ARTICLE VII: DUTIES OF THE BOARD OF DIRECTORS

The Board of Directors shall have control and administrative responsibility for the operation, funds and property of the Association. Such responsibility may be delegated to Officers or committees, provided such delegation is consistent with the By-Laws of the Association.

ARTICLE VIII: INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 1: The Association shall and does hereby indemnify any officer or member of the Board of Directors who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he or she is or was a director or officer of the Association, or who is or was serving at the request of the Association on a committee, against expenses (including attorney's fees), judgment, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceedings, if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to the best interest of the Association, and with respect to any criminal action or proceeding had no reasonable cause to believe his or her conduct was unlawful. The order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonable believed to be in, or not opposed, to the best interest of the

Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe that his or her conduct was unlawful.

Section 2: The Association shall and does hereby indemnify any officer or director who was or is a party, or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he or she is or was a director or officer of the Association, or is or was serving at the request of the Association as a committee member, against expense (including attorney's fees) actually and reasonable incurred by him in connection with the defense or settlement of such action or suit, if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interest of the Association, and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Association, unless, and only to the extent that the Court in which such action or suit was brought shall determine upon application that , despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the Court shall deem proper.

Section 3: To the extent that a director or officer of the Association has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in Section 1 and 2 of this Article, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including Attorney's fees) actually and reasonably incurred by him or her in connection therewith.

Section 4: Any indemnification under Sections 1 and 2 of this Article (unless ordered by a Court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Sections 1 and 2 of this Article. Such determination shall be made (1) by the Board of Directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable, a quorum of disinterested directors so directs,, be independent legal counsel in a written opinion, or (3) by the members.

Section 5: Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding, as authorized by the Board of Directors in the specific case, upon receipt of an undertaking by or on behalf of the director, officer, employee or agent or repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by the Association as authorized in this Article.

Section 6: The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any By-Law, agreement, vote of members or disinterested directors, or otherwise, both as to action in his or her

official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director or officer, and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 7: The Association may purchase and maintain insurance on behalf of any person who is or was a director or officer of the Association or who is serving at the request of the Association as a committee member, against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify him or her against such liability under the provisions of this Article.


ARTICLE IX: AMENDMENTS

These By-Laws may be amended by a two-thirds vote of the membership present at any meeting.

ARTICLE X: ASSESSMENT OF FEES

The Association will assess fees on an annual basis and that dollar amount will be determined and adjusted accordingly by the Board of Directors.

Approved this 3rd day of March, 2007



President

Attest:


Secretary