

EXHIBIT B

BY-LAWS OF
CONCORD OAKS HOMEOWNERS' ASSOCIATION

ARTICLE I
PURPOSES AND POWERS

The Association shall be responsible for the general management and supervision 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.

ARTICLE II
OFFICERS

2.01 Registered Office. The Association shall have and continuously maintain in this State 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.

2.02 Principal Office. The principal office of the Association shall be maintained in Palatine, Illinois.

ARTICLE III
MEMBER

3.01 Voting Members. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to an assessment by the Association. Ownership of such Lot shall be the sole qualification of membership. Nothing herein contained shall be interpreted to exclude Declarant from membership while it or its successors in interest, if any, owns one or more Lots. Voting rights with regard to each Member are set forth in Section 3.02 hereof.

3.02 Classes of Membership. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all those Owners as defined in Section 3.01, provided that the Declarant shall not be a Class A Member until the Transfer Date. Class A Members shall be entitled to one vote for each Lot in which they hold the interest required for membership by Section 3.01. When more than one person holds such interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. All Members holding any interest in a single Lot shall together be entitled to cast only one vote for the Lot.

Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to three (3) votes for each Lot in which it holds the interest required for membership by Section 3.01; provided that the Class B membership shall cease and be converted to Class A membership on the Transfer Date.

3.03 Meetings.

(a) Quorum: Procedure. Meetings of the Members shall be held at the principal office of the Association or at such other place in Lake 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 3.02 above shall constitute a quorum. Unless otherwise expressly provided herein or in the Declaration, 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) Initial and Annual Meeting. The initial meeting of the Members shall be held at such time as may be designated upon thirty (30) days written notice given by the Declarant, provided that such initial meeting shall be held no later than the first to happen of (i) one hundred and twenty (120) -days after the date the Declarant has sold and delivered its deed for at least seventy-five percent (75%) of the Lots or (ii) three (3) years from the date of the recording of this Declaration. For purposes of Section 3.03(b), the term "Lot" shall include all platted lots contained within the Property and the Additional Parcel. Thereafter, there shall be an annual meeting of the Members on the first Tuesday of May of each succeeding year, at 7:30 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 succeeding such date which is not a legal holiday.

(c) Special Meetings. 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 purposes. Said meetings shall be called by written notice, authorized by a majority of the Board or by the Members having one-half (1/2) of the total votes entitled to be cast by Class A Members as provided in Section 3.02 above, 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.

3.04 Notices of Meeting. 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 Unit of the Owner with respect to which such voting right appertains, if no address has been given to the Board. The notices required herein shall state the specific purpose and the nature of the business for which the meeting is called. At any meeting, no business may be transacted other than that specified in the notice.

3.05 Proxies. At any meeting of 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

4.01 Board of Directors. The direction and administration of the Property in accordance with the provisions of the Declaration shall be vested in the Board of Directors, consisting of five (5) persons who shall be elected in the manner hereinafter provided, except for the first Board of Directors appointed by the Declarant (or its designee) which shall be three (3) in number. 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 that the terms of at least two-fifths (2/5) of the persons on the Board shall expire annually. Each member of the Board, with the exception of the Board members initially appointed by the declarant (or its designee) shall be one of the Owners (including the Declarant); provided, however, that in the event an Owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, then any director or officer of such corporation, part- ner of such partnership, individual trustee or beneficiary of such trust, or manager of such legal entity, shall

be eligible to serve as a member of the Board and provided further that in the event a member of the Board has entered into a contract to sell his Dwelling Unit and vacates the Dwelling Unit prior to the consummation of that trans- action, such member shall no longer be eligible to serve on the Board and his term of office shall be deemed terminated.

4.02 Determination of Board to be Binding. All matters of dispute or disagreement between Owners 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 subject, however, to the jurisdiction of any applicable court of law.

4.03 Election of Board Members. At the initial meeting of the Members and at all subsequent annual meetings of the Members there shall be elected a Board of Directors. In all elections for members of the Board of Directors, each Member shall be entitled to vote on a non-cumulative 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. The initial Board of Directors designated by the Declarant pursuant to Section 4.01 hereof shall serve for a period commencing on the date the Declaration is executed and ending upon the qualification of the directors elected at the initial meeting of Members held as provided in Section 3.03(b) hereof. Members of the Board elected at the initial meeting shall serve until the first annual meeting. Five (5) Board Members shall be elected at the initial meeting for a term of one (1) year. Upon the expiration of the terms of office of the Board members so elected at the initial meeting and thereafter, successors shall be elected for a term of two (2) years each. Notwithstanding the aforesaid election procedure, the Declarant or its designee may appoint a Board which shall have the same powers and authority as given to the Board generally, as provided hereinafter, and such appointed Board shall function until such time as the initial meeting of the Members is held.

4.04 Compensation. 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.

4.05 Vacancies in Board. Vacancies in the Board, other than as a result of removal pursuant to Paragraph 4.07 hereof, including vacancies due to any increase in the number of persons on the Board, shall be filled by the remaining members of the Board or by the Members present at the next annual meeting or at a special meeting of the Members called for such purpose.

4.06 Election of Officers. The Board shall elect from among its members 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, a Secretary who will keep the minutes of all meetings of the Members and of the Board who shall, in general, perform all the duties incident to the office of Secretary, and 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.

4.07 Removal of Board Members. 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.

4.08 Meeting of Board. 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 of the Board 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 without other notice than the By-Law immediately after, and at the same place, or other 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, delivered personally or by mail or telegram. Any member 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.

4.09 Execution of Investments. 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

5.01 General Powers of the Board. Without limiting the general powers which may be provided by law, the Declaration or these By-Laws, the Board shall have the following general powers and duties:

- (a) to elect the officers of the Association as hereinabove provided;
- (b) to administer the affairs of the Association and the Common Area;
- (c) subject to Section 5.04(b) below, to engage the services of a manager or managing agent who shall manage and operate the Common Area including, but not limited to the maintenance of storm water management areas, related structures and wetlands;
- (d) to formulate policies for the Administration, management and operation of the Common Area;
- (e) to adopt administrative rules and regulations governing the administration, management, operation and use of the Common Area, and to amend such rules and regulations from time to time;
- (f) to provide for the maintenance, repair and replacement of the Common Area and payments therefor, and to approve payment vouchers or to delegate such approval to the officers or the manager or managing agent;
- (g) to provide for the designation, hiring and removal of employees and other personnel, including accountants and legal counsel, and to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management and operation of the Common Area and to delegate any such powers to the manager or managing agent (and any such employees or other personnel as may be the employees of the managing agent);
- (h) to estimate the amount of the annual budget, and to provide the manner of assessing and collecting from the Owners of such lots which have been occupied for residential purposes, their respective shares of such estimated expenses, as hereinafter provided; and
- (i) to exercise all other powers and duties vested in or delegated to the Association, and not specifically reserved to the Owners by the Articles of incorporation, the Declaration or these By-Laws.

5.02 Capital Additions and Improvements. The Board's powers hereinabove enumerated shall be limited in that the Board shall have no authority to acquire and pay for out of the maintenance fund any structural alterations, capital additions or capital improvements to the Common Area (other than for purposes of replacing or restoring portions of the Common Area, subject to all the provisions of the Declaration) or to those portions of the Dwelling Units

as set forth in Section 5.01 of the Declaration having a total cost in excess of Five Thousand Dollars (55,000.00), without in each case the prior approval of the owners holding two-thirds (2/3) of the total votes.

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

5.04 Rules and Regulations: Management

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

(b) Management. The Declarant or the Board shall engage the initial management organization under contracts expiring not later than ninety (90) days after the date the initial meeting of Members is held. Thereafter, the Board may engage the services of an agent to manage the Property to the extent deemed advisable by the Board provided however, that if the Association, Declarant or Board shall enter into an agreement or agreements for the professional management of the Property before the Transfer Date, such agreement or agreements shall be terminable by the Association without cause at any time after the Transfer Date and shall not require the payment of any penalty by the Association and shall not require advance notice of termination of more than ninety (90) days. Any management fees incurred pursuant to this Section 5.04(b) shall be paid from the assessments collected pursuant to Article VI hereof.

(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.

5.05 Liability of the Board of Directors. 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. The Owners shall indemnify and hold harmless each of the members of the Board and each of the officers against all contractual liability to others arising out of contracts made by the Board or officers on behalf of the Owners unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration. The liability of any Owner arising out of any

such contract made by the Board or officers or out of the aforesaid indemnity in favor of the members of the Board or officers, to the extent not covered by insurance, shall be limited to his proportionate share of the total liability thereunder.

ARTICLE VI
ASSESSMENTS - MAINTENANCE FUND

6.01 Preparation of Estimated Budget. Each year on or before December 1, the Board, shall, if necessary, estimate the total amount necessary to pay the cost of wages, materials, taxes, insurance, services and supplies which will be required during the ensuing calendar year for the rendering of all services authorized by the Board, together with a reasonable amount considered by the Board to be necessary for a reserve for contingencies and replacements, and shall, if applicable, on or before December 15, notify each Owner in writing as to the amount of such estimate ("Estimated Cash Requirement"), with reasonable itemization thereof. The Estimated Cash Requirement, if any, shall be assessed equally among all of the Owners other than the Declarant as provided in Section 6.09 of the Declaration. On or before January 1 of the ensuing calendar year, and the first of each and every month of said year, each Owner, other than Declarant, shall be obligated to pay to the Board, or as it may direct, one-twelfth (1/12) of the assessment made pursuant to this Section 6.01. On or before the date of the annual meeting of each calendar year, the Board shall supply 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 (including amounts collected from Declarant) 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 of any assessment therein. No provision of this Declaration shall be construed to require the payment by the Association of real estate taxes on any Lot upon which a Dwelling Unit is constructed and a portion of the Common Area is located.

6.02 Extraordinary Expenditures. The Board shall build up and maintain a reasonable reserve fund for authorized capital expenditures, contingencies, replacements and deficits in the Association's operating account ("Extraordinary Expenditures") not originally included in the annual estimate. Extraordinary Expenditures which may become necessary during the year shall be charged against such reserve fund. If such reserve fund proves inadequate for any reason, including non-payment of any Owner's assessment, the Board may, at any time, levy a further assessment, which shall be divided prorata among the remaining installments for such

fiscal year and assessed equally among the Owners. In the event, however, that the Board determines that there exists a surplus in the reserve for Extraordinary Expenditures, the Board shall have the authority to transfer such funds into the operating account to fund any deficit in said account. The Board shall serve notice of further assessment on all such Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall become effective with the monthly maintenance payment which is due more than ten (10) days after the delivery or mailing of such notice of further assessment. All such Owners shall be obligated to pay the adjusted monthly amount. At the time of the closing of the sale of each Lot by the Declarant, the Owner shall pay an amount as determined by the Developer which shall be used and applied as a working capital fund in the manner herein provided.

6.03 Budget for First Year. When the first Board elected hereunder (or appointed by the Declarant) takes office, it shall determine the Estimated Cash Requirement, as hereinabove defined, for the period commencing on the first day of the month following the conveyance of the first Lot and ending on December 31 of the calendar year following said conveyance. The initial Estimated Cash Requirement, at the option of the Board, shall be divided among the remaining monthly installments of such calendar year and assessed equally to all Owners, other than the Declarant.

6.04 Failure to Prepare Annual Budget. The failure or delay of the Board to prepare or serve the annual or adjusted estimate on an Owner shall not constitute a waiver or release in any manner of such Owner's obligation to pay the maintenance costs and necessary reserves, as herein provided, whenever the same shall be determined, and, in the absence of any annual estimate or adjusted estimate, the Owner shall continue to pay the monthly maintenance charge, if any, at the then existing monthly rate established for the previous period until the monthly maintenance payment which is due more than ten (10) days after such new annual or adjusted estimate shall have been mailed or delivered.

6.05 Books and Records. The Board shall keep full and correct books of account in chronological order of the receipts and expenditures affecting the Common Area, specifying and itemizing the maintenance and repair expenses of the Common Area and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for inspection by any Owner or any representative of an Owner duly authorized in writing or any holder, insurer or guarantor of a first mortgage secured by any portion of the Property at such reasonable time or times during normal business hours as may be requested by such Owner or his representative or such holder, insurer or guarantor. Upon ten (10) days notice to the Board, any Owner shall be furnished a statement of his account, setting forth the amount of any unpaid assessment or other charges due and owing from such Owner. In addition, the Board shall provide for the preceding fiscal year upon the written request of any holder, insurer or

guarantor of a first mortgage secured by any portion of the Property any annual audited or unaudited financial statements which are prepared and distributed by the Association to the Owners at the end of each of its respective fiscal years, provided, however, that in the event an audited financial statement is not available, 51% or more of the First Mortgagees (by number) shall upon request, be entitled to have such an audited statement prepared at their expense.

6.06 Status of Collected Funds. All funds collected hereunder shall be held and expended for the purposes designated herein, and (except for such special assessments as may be levied hereunder against less than all the Owners and for such adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held in trust for the benefit, use and account of all the Owners, other than the Declarant. 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.

6.07 Remedies for Failure to Pay Assessments. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the due date at the rate then 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 property, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such 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 the Owner involved when payable and may be foreclosed by an action brought in the name of the Board as in the case of foreclosure of liens against the real estate. Unless otherwise provided in the Declaration, the members 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 the same. The lien of the assessments provided for herein shall be subordinate to the lien of any first or prior recorded mortgage now or hereafter placed on the Lots provided, however, that such prior recorded mortgage shall be subject to the lien of all unpaid assessments with respect to such Lot which became due and payable subsequent to the date the holder of said mortgage takes possession of the Lot, accepts a conveyance of any interest in the Lot or has a receiver appointed in a suit to foreclose his lien.

6.08 Exempt Lots. With regard to any Lots upon which Dwelling Units are being constructed or have been completed and title has not been conveyed by Declarant, the assessment respecting any such Lot shall be limited to the aggregate amount of actual operating expenses from time to time required to be paid with respect to such Lot, provided, however, that in the event Declarant enters into a lease or installment contract for any Lot, then

Declarant shall be responsible for the payment of assessments on those Lots on the same basis as any other Owner as provided in Section 6.01 hereof. Actual operating expenses shall mean those ordinary expenses attributable only to the period in question covering the maintenance and operation of the Property and shall not include capital expenditures, amounts set aside as a reserve for contingencies or replacements, prepaid items or inventory items to the extent attributable to subsequent periods. Until such time as the Transfer Date has occurred, the assessments covering the Lots which have not been sold by the Declarant may be paid on a monthly basis or, at its option, paid to the Association at the close of each calendar year without interest.

6.09 Right to Collect Assessments. If the Board determines in its sole discretion that the amount deposited by the Owners at the time of closing of the sale from Developer is not sufficient, then the Board may exercise its right to collect assessments as provided herein.

6.10 Utilization of Assessments. Notwithstanding anything contained herein to the contrary, to the extent that the Association shall receive funds from the Village pursuant to the SSA Ordinance, if enacted, such funds shall be used to pay Common Area expenses before application of assessments received from Owners.

ARTICLE VII

COVENANTS AND RESTRICTIONS AS TO USE AND OCCUPANCY

All Owners shall maintain, occupy and use their Dwelling Units 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

8.01 Board Committees. The Board, by resolution adopted by a majority of the directors in office, may designate one (1) or more committees, each of which shall consist of one (1) or more directors; 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 director, of any responsibility imposed upon it or him by law.

8.02 Special Committees. 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 directors 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, and the President of the Association shall appoint the members thereof. Any member thereof may be removed whenever in the Board's judgment the best interests of the Association shall be served by such removal.

8.03 Term. Each member of the 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.

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

8.05 Vacancies. 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 appointments.

8.06 Quorum. 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.

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

ARTICLE IX

INTERIM PROCEDURE

Until the initial meeting of the Members, the Declarant (or its designee) may appoint the Board which 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 in accordance with the provisions of Section 12.03 of the Declaration. Such amendments shall be recorded in the Office of the Recorder of Lake County, Illinois.

ARTICLE XI
DEFINITION OF TERMS

The terms used in these By-Laws shall have the same definition as set forth in the Declaration to which these By-Laws are attached to the extent such terms are defined therein.