

BY-LAWS OF PARK FOREST COOPERATIVE IV

ARTICLE I. NAME AND LOCATION OF CORPORATION

The name of the Corporation is Park Forest Cooperative IV. Its principal office is located in Park Forest, Illinois, hereinafter referred to as the Cooperative.

ARTICLE II. DEFINITIONS

For purposes of these By-Laws, the following terms are defined as follows:

- A. "Annual Meeting," means the meeting of the Members of Record held each year in April to elect by ballot a Board of Directors and conduct such other business of the Cooperative.
- B. "Authorized Representative of the Member of Record," means a person who manages the legal affairs of the Member of Record because of illness, incapacity or death, such as the executor of an estate.
- C. "Board of Directors," means those Members of Record elected to establish Cooperative policy, enforce the By-Laws, terms and conditions of the Occupancy Agreement, and other Cooperative rules and regulations.
- D. "By-Laws," means the rules and administrative provisions adopted by the Cooperative for its internal governance.
- E. "Carrying Charges," means the amount the Member of Record agrees to pay the Cooperative as estimated by its Board of Directors to meet its annual expenses pertaining to the Cooperative, the community or other facilities which the Member(s) of Record is entitled to utilize.
- F. "Commission," means an advisory group established by the Board of Directors for purposes of making recommendations to the Board for possible implementation.
- G. "Cooperative," means the Park Forest Cooperative IV.
- H. "Dwelling Unit," means the residence that the Cooperative lets to the Member(s) of Record by virtue of the Occupancy Agreement.
- I. "Fair Market Value," means the formula used to determine the value of a Dwelling Unit if the Cooperative exercises its right of first refusal to purchase the Dwelling Unit as outlined in Article X.
- J. "Improvements and Betterments," means enhancements made to the interior or exterior of the Dwelling Unit by the Member of Record that have been made with the prior written approval of the Cooperative.
- K. "Member of Interest," means an approved temporary guest of a Member of Record with no voting rights.
- L. "Member(s) of Record," means those individuals identified in the Occupancy Agreement and Membership Certificate as the shareholder of the Cooperative stock.
- M. "Membership," means a person approved by the Board of Directors that is eligible for stock ownership in the Cooperative.
- N. "Membership Certificate," means the certificate identifying the specific Member granting them all rights and privileges of Membership in the Cooperative subject to the conditions of the Articles of Incorporation and By-Laws as amended from time to time.
- O. "Membership Price," means the amount paid by the Member of Record to the Cooperative for the right to occupy a Dwelling Unit.
- P. "Occupancy Agreement," means the contract between the Member(s) of Record and the Cooperative stating the relative rights and duties that must be complied with in order to reside in a Dwelling Unit of the Cooperative.
- Q. "Officer," means a Member of Record elected by the Board of Directors to manage the daily operations of the Cooperative, i.e., the President, Secretary, or Treasurer.
- R. "Option Value," means the price the Cooperative will pay a Member of Record to purchase their Membership.
- S. "Organization Meeting," means the first meeting of a newly elected Board of Directors held for purposes of electing the Directors to various Offices.
- T. "Retiring Member," means a Member of Record who is relinquishing their Membership in the Cooperative.
- U. "Service Fee," means the amount of money necessary to resell the Membership and Occupancy Agreements in Dwelling Units.

- V. "Special Meeting of the Board of Directors," means a meeting called by the President of the Board of Directors or upon receipt of the written request of at least three (3) Directors upon three (3) days notice to each Director that identifies the time, place and purpose of the meeting.
- W. "Special Meeting of the Members of Record," means a meeting called by the President of the Board of Directors at the direction of a resolution by the Board of Directors or upon a petition signed by twenty percent (20%) of the Members of Record being presented to the Secretary of the Board.
- X. "Speculative Purposes," means the buying or selling of a Dwelling Unit with the expectation of profiting from price fluctuations.
- Y. "Transfer Fee," means the fee that the Cooperative shall be entitled to in order to compensate it for the transfer of a Membership.

ARTICLE III. PURPOSE

The purpose of this Cooperative is to:

1. Provide its stockholders (hereinafter referred to as Member(s) of Record with housing and community facilities, if any, on a non-profit basis consistent with the provisions set forth in its Articles of Incorporation;
2. Enable the financing of the purpose and/or construction of such housing to be obtained;
3. To acquire any real estate, interest or rights herein or pertinent thereto and any and all personal property in connection therewith; and
4. To acquire on a non-profit basis any real or personal property the use of which or the income or benefits derived from which shall further any or all the objectives of the Cooperative.

ARTICLE IV. MEMBERSHIP

Section 1. Eligibility. Any person approved by the Board of Directors shall be eligible for stock ownership (hereinafter referred to as Membership) provided that he or she executes an Occupancy Agreement in the usual form employed by the Cooperative covering a specific Dwelling Unit in the Cooperative known as Park Forest Cooperative IV, located in Park Forest, Illinois (hereinafter referred to as the Cooperative).

Section 2. Application for Membership. Application for Membership shall be presented in person in a form prescribed by the Board of Directors, and all such applications shall be acted upon within a reasonable amount of time by the Board of Directors.

Section 3. Members of Record. The Members of Record shall consist of such persons as have been approved for Membership by the Board of Directors and who have paid for their Membership Certificates.

Section 4. Member of Interest. In the event that a Member of Record has a guest residing in their Dwelling Unit for a period of thirty (30) days or longer, the Member of Record shall request the permission of the Cooperative for the guest to reside in their Dwelling Unit. Upon approval of such request by the Board of Directors, the approved guest shall be considered a Member of Interest and have the right to request emergency maintenance service to the Dwelling Unit on behalf of the Member of Record. However, the Member of Interest shall have no voting rights unless they are formally recognized as the Authorized Representative of the Member of Record under the proxy provisions of these By-Laws.

Section 5. Transfer of Membership.

- (a) Except as provided herein, Membership shall not be transferable. In all transfers of Membership the Cooperative shall be entitled to a fee it deems appropriate to compensate it for the processing of the transfer (hereinafter referred to as the Transfer Fee). The Board of Directors may provide for waiver of this Transfer Fee for any Member of Record transferring within the Cooperative.
- (b) No Member of Record shall be permitted to own more than one Membership in the Cooperative.
- (c) **Death of Member of Record.** If, upon the death of a Member of Record, his or her Membership to the Cooperative passes by will or in testate distribution to a member of his or her immediate family, such legatee or distribution may, by assuming in writing the terms of the Occupancy Agreement, within sixty (60) days after the Member of Record's death, and paying all amounts due thereunder, become a Member of Record of the Cooperative, however, not without the prior approval of the Cooperative. If the Member of Record dies and any obligation is not assumed in accordance with the foregoing, then the Cooperative shall have an option to purchase the

Membership and Occupancy Agreement from the deceased Member of Record's estate in the manner provided in paragraph (h) of this Section, with such written notice of the death being equivalent to notice of intention to withdraw Membership. If the Cooperative does not exercise such option, the provisions of paragraph (i) of this Section shall be applicable, the references to "Member of Record" therein to be construed as references to the legal representative of the deceased Member of Record.

- (d) **Marriage of a Member of Record.** In the event that a Member of Record marries, the Occupancy Agreement may be amended to include the spouse as a Member of Record, after providing the Cooperative with a copy of the marriage license.
- (e) **Minor Children of a Member of Record.** When a minor child of a Member of Record reaches majority age, the Member of Record may request that their Occupancy Agreement be amended to indicate that such minor child is now to be considered an additional Member of Record upon presentation of adequate documentation to the Cooperative verifying the birth date of the child.
- (f) **Divorce of Members of Record.** In the event of a divorce of a Member of Record, his or her Membership to the Cooperative shall pass in accordance with the final divorce decree with the Occupancy Agreement being amended accordingly. Until the final divorce decree is issued, the Cooperative shall honor any legal order, if any, precluding access to the Dwelling Unit by a Member of Record after providing a copy of any and all such orders to the Cooperative.
- (g) **Relinquishment of Membership by Non-Married Members of Record.** In the event that a non-married Member of Record moves permanently from the Dwelling Unit, the remaining Member(s) of Record shall provide formal documentation of such action to the Cooperative in order for the Occupancy Agreement to be amended by deleting the name of the out-going Member of Record.
- (h) **Option of Cooperative to Purchase.** If the Member of Record desires to leave the Cooperative, he or she shall notify the Cooperative in writing of such intention and the Cooperative shall have an option for a period of thirty (30) days commencing the first day following receipt of such notice, but not the obligation, to purchase the Membership, together with the Member's Occupancy Agreement at an amount to be determined by the Cooperative (which determination shall be conclusive and binding on the Member of Record) as representing:
 - (i) The Fair Market Value of the Membership and Occupancy Agreement as defined in Section 3, Article X, thereof.
 - (ii) Less, any "amounts due by the Member to the Cooperative" which include:
 - (1) Any amounts due the Cooperative from the Member of Record under the Occupancy Agreement;
 - (2) The cost or estimated cost of necessary repairs, maintenance or replacements which are required by the Occupancy Agreement and which the withdrawing Member of Record failed to effect; and

The total of the foregoing items (i) and (ii) above is hereinafter called "Option Value." The purchase by the Cooperative of the Membership and Occupancy Agreement will immediately terminate the Member of Record's rights and the Member(s) of Record shall forthwith vacate the premises.

The Cooperative shall have the right to retain the entire Membership price paid by the Member of Record to the Cooperative in any case where less than one year shall have elapsed between the commencement of such withdrawing Member of Record's occupancy of a Dwelling Unit of the Cooperative and the effective date of termination of such occupancy

Procedure Where Cooperative Does Not Exercise Option. If the Cooperative waives in writing its right to purchase the Membership and Occupancy Agreement under the foregoing option, or if the Cooperative fails to exercise such option within thirty (30) days, the Member of Record may sell his or her Membership to any person who has been duly approved by the Cooperative for Membership. When the prospective member has been approved for Membership and has executed the prescribed Occupancy Agreement, the Retiring Member shall be released of his or her obligations under their Occupancy Agreement, provided he or she has paid all "amounts due by the Member of Record to the Cooperative" (as defined in Section 5, (h) of this Article).

Section 6. Termination of Membership.

- (a) In the event the Cooperative has, pursuant to the provisions of any Occupancy Agreement, terminated the rights of a Member of Record under said Occupancy Agreement and repossessed the Dwelling Unit, the Member of Record shall be required to deliver to the Cooperative within a period not to exceed ninety (90) days his/her Membership Certificate and Occupancy Agreement, both endorsed in such manner as may be required by the Cooperative. The Cooperative shall thereupon at its election either:
- (1) Proceed with reasonable diligence to effect a sale of the Member of Record's rights under such Membership and Occupancy Agreement to a purchaser and at a sales prices acceptable to the Cooperative; or
 - (2) Repurchase said Membership and Occupancy Agreement at its Option Value as determined by the Cooperative, but excluding the value of Improvements and Betterments.
- (b) The Retiring Member shall be entitled to receive the Option Value (if the Cooperative has exercised election (2) above), or the sales price (if the Cooperative has exercised election (1) above), but in either case less the following amounts (the determination of such amounts by the Cooperative to be conclusive):
- (1) "Any amounts due by the Member of Record to the Cooperative; and
 - (2) Legal and other expenses incurred by the Cooperative in connection with the default of such Member of Record and the transfer of his/her Membership. In the event the Retiring Member should fail for a period of ten (10) days after demand to deliver to the Cooperative his/her endorsed Membership Certificate, said Membership Certificate shall forthwith be deemed to be cancelled and may be reissued by the Cooperative to a new Member; and
 - (3) The cost or estimated cost of all deferred maintenance including painting, redecorating, floor finishing, and such repairs and replacements as are deemed necessary by the Cooperative to place the Dwelling Unit in suitable condition for another occupant.

Section 7. Determination of Notice. Notice of any document or payment sent in the United States mail by either the Cooperative or Member of Record shall be deemed to have been given on the date such notice is mailed, as established by the postmark.

ARTICLE V. OBLIGATIONS OF MEMBERS OF RECORD

Section 1. General Obligations. Members of Record shall be in compliance with the terms and conditions of these By-Laws, their Occupancy Agreement, Membership Certificate, and rules outlined in the *House and Grounds and Member Relations Manual*, and any amendment(s) that may be made to these documents/manuals from time to time. In addition, Members of Record shall ensure that others residing with him/her, guests of a Member of Record, invitees of the Member of Record, and subcontractors of the Member of Record also comply with the applicable rules and regulations of the Cooperative.

Section 2. Disputes. Disputes relating to complaints made by Members of Record and other matters shall be resolved through the use of administrative procedures developed by the Board of Directors. Should these administrative procedures fail to bring resolution to the dispute, the Village of Park Forest's Mediation Task Force may mediate the matter. Issues not resolved through the mediation process may be referred to binding arbitration for final resolution.

Section 3. Peaceable Possession.

- (a) Members of Record, others residing with him/her, guests of a Member of Record, invitees of the Member of Record, and subcontractors of the Member of Record shall not engage in any abuse or abusive and/or harassing behavior, either verbal or physical, or any form of intimidation or aggression directed at other Member(s) of Record, those residing with the Member of Record, guests of a Member of Record, invitees of a Member of Record, the Cooperative management and its employees, agents, or vendors.

- (b) No noxious or offensive activity shall be carried out in the Cooperative, nor shall anything be done therein, which may become an annoyance or nuisance to other Members of Record, their invitees, and guests.

Section 4. Use of Dwelling Units.

- (a) The Member of Record shall occupy its Dwelling Unit as a private dwelling for himself/herself and his/her immediate family, or other Member(s) of Record, only.
- (b)
 - (1) The Member of Record or designated parking area that will increase the Cooperative's insurance, or obstructs or interferes with the rights of other Members of Record.
 - (2) In the event that a Member of Record's actions cause the rate of insurance on the Cooperative to increase, the Member of Record shall become personally liable for the additional insurance premium.

Section 5. Effect of Fires. In the event of loss or damage by fire or other casualty to the Dwelling Unit that is caused by negligence of the Member of Record, guests of a Member of Record, or a subcontractor of a Member of Record, the Member of Record shall be responsible for paying the amount of the Cooperative's insurance deductible and any related cost incurred to repair any damages.

ARTICLE VI. MEETINGS

Section 1. Place of Meetings. Meetings of the Membership shall be held at the Cooperative's principal office or place of business of the Cooperative or at such other suitable place convenient to the Membership within the Village of Park Forest as may be designated by the Board of Directors.

Section 2. Annual Meeting of the Members of Record.

- (a) Meeting Date. The Annual Meeting of the Members of Record shall be held each year in April. At each Annual Meeting there shall be elected by ballot of the Members of Record, a Board of Directors in accordance with the requirements of Section 3 of Article VII of these By-Laws. The Members of Record may also transact such other business of the Cooperative as may properly come before them.
- (b) Quorum For Annual Meeting of the Members of Record. The presence, either in person or by proxy, of at least twenty percent (20%) of the Members of Record of the Cooperative shall be requisite for, and shall constitute a quorum for the transaction of business at the Annual Meeting of the Members of Record. If the number of Members of Record at the Annual Meeting drops below the quorum and the question of lack of quorum is raised, no business may thereafter be transacted.
- (c) Adjourned Annual Meeting of the Members of Record. If any Annual Meeting of the Members of Record cannot be organized because a quorum has not been established, the Members of Record who are present either in person or by proxy, may, except as otherwise provided in law, adjourn the Annual Meeting to a time not less than forty-eight (48) hours from the time the original meeting was called. The quorum requirement for the subsequent Annual Meeting shall be fifteen percent (15%) of the Members of Record of the Cooperative.
- (d) Voting at the Annual Meeting of the Members of Record. At every Annual Meeting of the Members of Record, each Member of Record present, either in person or by proxy, shall have the right to cast one vote on each question and never more than one vote. The vote of the majority of those present in person or by proxy, shall decide any question brought before the Annual Meeting, unless the question is one upon which, by express provision of statute or of the Articles of Incorporation or of these By-Laws, a different vote is required, in which case such express provision shall govern and control. No Member of Record shall be eligible to vote or to be elected to the Board of Directors who is shown on the books or management accounts of the Cooperative to be more than thirty (30) days delinquent in payments due the Cooperative under his/her Occupancy Agreement.
- (e) Proxies At the Annual Meeting of the Members of Record. A Member of Record may appoint as his or her proxy any other individual in his or her household eighteen (18) years of age or over or a Duly Authorized Representative of the Member of Record. Each household representative or Authorized Representative of the Member of Record must establish his or her identity prior to the time of the Annual Meeting in order to vote.

- (f) Absentee Ballots at the Annual Meeting of the Members of Record.
 - (1) Absentee ballots must be distributed not less than ten (10) and no more than thirty (30) days before the date of the Annual Meeting of the Members of Record.
 - (2) The Board shall give the Members of Record not less than 21 days prior written notice of the deadline for inclusion of a candidate's name on the ballot.
 - (3) The deadline shall not be more than seven (7) days before the ballots are mailed or otherwise distributed to the Members of Record.
 - (4) Every absentee ballot must include the names of all candidates given to the Board of Directors or the Cooperative, timely written notification of their candidacy and must also give the person casting the ballot the opportunity to cast votes for candidates whose names do not appear on the ballot, i.e., "write-in candidates."
 - (5) A ballot received by the Cooperative after the close of voting shall not be counted;
 - (6) A Member of Record who submits a ballot by mail or other means of delivery as specified in the By-Laws may request and cast a ballot in person at the Annual Meeting of the Members of Record and therefore void any ballot previously submitted by such Member of Record.
 - (7) Absentee ballots shall be counted for purposes of establishing a quorum.
- (g) Order of Business at the Annual Meeting of Members of Record. The order of business at the Annual Meeting of Members of Record shall be as follows:
 - (1) Roll Call;
 - (2) Proof of Notice of Meeting or Waiver of Notice;
 - (3) Approval of minutes of preceding meeting;
 - (4) Reports of Officers;
 - (5) Reports of Commissions;
 - (6) Election of Inspectors of Election;
 - (7) Election of Directors;
 - (8) Unfinished business; and
 - (9) New business.

Section 3. Special Meetings of the Members of Record.

- (a) It shall be the duty of the President of the Board of Directors to call a Special Meeting of the Members of Record as directed by resolution of the Board of Directors or upon a petition signed by twenty percent (20%) of the Members of Record having been presented to the Secretary of the Board of Directors.
- (b) No business shall be transacted at a Special Meeting of the Members of Record except as stated in the notice unless by consent of four-fifths (4/5) of the Members of Record present, either in person or by proxy.
- (c) A Member of Record may appoint a proxy to participate and vote on behalf of the Member of Record at a Special Meeting of the Members of Record consistent with Section 2(e) of this Article.

Section 4. Notice of Annual or Special Meeting of the Members of Record. It shall be the duty of the Secretary of the Board of Directors to mail a notice of each Annual or Special Meeting of the Members of Record stating the purpose thereof as well as the time and place where it is to be held, to each Member of Record at his/her address as it appears on the Membership Certificate, or if no such address appears, at his/her last known address, at least five (5) days prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served for purposes of such meetings.

Section 5. Regular Meetings of the Board of Directors.

- (a) Regular meetings of the Board of Directors shall be held at such time and place as shall be determined, from time to time, by a majority of the Directors. At least two such meetings shall be held during each fiscal year.
- (b) Notice of regular meetings of the Board of Directors shall be given to each Director, personally, or by United States mail, telephone, or e-mail, at least seven (7) days prior to the day named for such meeting. Members of Record shall be notified of the date and time of

each regular meeting of the Board of Directors through the Cooperative's monthly newsletter or other methods used to communicate information to the Members of Record.

- (c) Attendance by a Director at any Regular Meeting of the Board of Directors shall be deemed a waiver by him/her of notice of the time and place thereof.
- (d) Quorum for Purposes of the Regular Meeting of the Board of Directors. At all regular meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, except as provided in Section 4 of Article VII, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any regular meeting of the Board of Directors, there be less than a quorum present, the majority of those Directors present may adjourn the meeting. At any such adjourned meeting, any business which might have been transacted at the regular meeting as originally called may not be transacted without further notice.

Section 6. Special Meetings of the Board of Directors.

- (a) Special Meetings of the Board of Directors may be called by the President, Vice-President or upon the written (email, handwritten or typed) request of at least three (3) Directors, on three (3) days notice to each Director, given personally or by United States mail, telephone, or e-mail. This notice shall state the time, place and the purpose of the meeting. This notice shall request that each Director confirm receipt of such notification. This requirement for notice of a Special Meeting of the Board of Directors shall not be waived.
- (b) A Special Meeting of the Board of Directors shall not be called if a quorum of the Board of Directors is not available to meet on the date and time specified in the notice.
- (c) The Secretary of the Board of Directors shall make written minutes of all Special Meetings of the Board of Directors.

Section 7. Rules for Conducting Cooperative Meetings. All Cooperative meetings shall be conducted according to *Robert's Rules of Order, Revised*, unless otherwise provided in these By-Laws.

ARTICLE VII DIRECTORS

Section 1. Number and Qualification. The affairs of the Cooperative shall be governed by a Board of Directors comprised of seven (7) persons. Increases or decreases in the number of Directors shall be taken upon an amendment to these By-Laws. A Director shall be a Member of Record (i) whose Application for Membership was duly approved by the Board of Directors prior to the election or appointment of the Director to the Board; and (ii) whose Carrying Charges shall not be delinquent and who shall otherwise be in good standing at the time of election or appointment to the Board. A Member of Record may not be a Director at the same time as another Member of Record residing in the same Dwelling Unit also serves as a Director. No Director shall be an employee of the Cooperative.

Section 2. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Cooperative and may do all such acts and things as are not by law or these By-Laws directed to be exercised and done by the Members of Record. The powers of the Board of Directors shall include, but not be limited to the following:

- (a) Accept or reject all applications for Membership and admission to occupancy of a Dwelling Unit in the Cooperative, either directly or through an authorized representative of the Cooperative.
- (b) Establish monthly Carrying Charges as prescribed in the Occupancy Agreement, based on an annual operating budget formally adopted by the Board of Directors.
- (c) Authorize at their discretion, patronage refunds from residual receipts, if any, when and as reflected in the annual report;
- (d) Authorize at their discretion, retention of residual receipts in a reserve fund, if any, as reflected in the annual report;
- (e) Promulgate such rules and regulations pertaining to use and occupancy of the Dwelling Unit as may be deemed proper and which are consistent with these By-Laws, and the Articles of Incorporation; and
- (f) Delegate authority to the Cooperative's Management staff to perform certain day-to-day activities on behalf of the Board of Directors. However, regardless of such delegation, the

Board of Directors remains responsible for using reasonable diligence to insure that the Cooperative's Management staff is compliant with all contracts executed on behalf of the Cooperative, applicable laws, regulations, policies and procedures governing the administration of the Cooperative in the performance of any delegated activities.

Section 3. Election and Term of Office. The term of Directors shall be three (3) years except as provided in Section 4. of this Article. Directors shall hold office until their successors have been enacted and hold their first meeting.

Section 4. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Membership, shall be filled by vote of the majority of the remaining Directors in a manner to be determined by them, even though they may constitute less than a quorum. Each person so elected shall be a Director until a successor is elected by the Members of Record to fill the unexpired term at the next Annual Meeting.

Section 5. Removal of Directors. At any Special Meeting of the Members of Record, any one or more of the Directors may be removed with or without cause by the affirmative vote of not less than two thirds (2/3) of the vote of the Members of Record, whether voting in person or by proxy. Notice for the Special Meeting of the Members of Record, at which the Members of Record will be requested to vote on whether to remove a Director, shall state that a purpose of the meeting is to vote upon the removal of one or more Directors named in the notice. Only the Director or Directors named in the notice may be removed at any such meeting.

Section 6. Compensation.

- (a) No compensation shall be paid to Directors for their services as Directors.
- (b) No remuneration shall be paid to a Director for services performed by him/her for the Cooperative in any other capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Board of Directors before the services are undertaken. The specific scope of the task or service to be provided by the Director and the amount of compensation shall be identified in writing.
- (c) No remuneration or compensation for out-of-pocket expenses shall be paid to a Director without the approval of the Board of Directors and by providing copies of all receipts or other documentation needed to substantiate the expense.

Section 7. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election. No written notice of the Organization Meeting shall be necessary to the newly elected Directors in order to legally constitute such meeting. However, formal notice of this meeting shall be sent to any newly elected Director(s) not present at the Annual Meeting.

Section 8. Fidelity Bonds. The Board of Directors shall require that all Officers and employees of the Cooperative handling or responsible for corporate funds be provided with, adequate fidelity bonds. The Cooperative shall pay the premium on such bonds.

Section 9. Indemnification.

- (a) The members of the Board and the Officers of the Cooperative shall not be liable to the Members of Record, their agents, invitees and guests, for any mistake of judgment of any acts or omissions made in good faith as members or Officers. However, Directors and Officers may only be personally liable for gross negligence or actual fraud.
- (b) Every Director shall be indemnified by the Cooperative against all expenses and liabilities, including, but not limited to attorney's fees and costs, reasonably incurred by or imposed upon the Director in connection with any proceeding to which the Director may be made a party, or in which the Director may become involved by reason of the Director having been a Director of the Cooperative, or any settlement thereof, whether or not he/she is a Director at the time such expenses are incurred, except in cases wherein a court or tribunal makes a specific finding that the Director is found guilty of willful misfeasance or malfeasance in the performance of his/her duties.

- (c) In the event of a settlement, the indemnification herein shall apply only when the Board of Directors, after a consultation with the Cooperative's attorney or legal representative, approves such settlement and reimbursement as being in the best interest of the Cooperative. The foregoing rights of indemnification shall be in addition to, but not exclusive of, all of the rights to which such Director may also be entitled.

ARTICLE VIII. OFFICERS

Section 1. Designation. The principal Officers of the Cooperative shall be a President, one or more Vice Presidents, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board of Directors. In addition, Directors may appoint an Assistant Secretary and an Assistant Treasurer, and such other Officers as in their judgment may be necessary.

Section 2. Election of Officers. The Officers of the Cooperative shall be elected annually by the Board of Directors at the organization meeting and shall hold office at the pleasure of the Board.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, an Officer may be removed from their office with or without cause provided that such Officer is given the opportunity for a hearing upon request before the removal. A successor for any removed Officer may be elected at any regular meeting of the Board of Directors, or at any Special Meeting of the Board of Directors called for such purposes.

Section 4. President. The President shall be the chief executive officer of the Cooperative. He/she shall have all of the general powers and duties which are usually vested in the office of President of a Cooperative.

Section 5. Vice President. The Vice President shall take the place of the President and perform his/her duties whenever the President shall be absent or unable to act. The Vice President shall also perform such other duties as shall from time to time be imposed upon him/her by the Board of Directors.

Section 6. Secretary. The Secretary shall:

- (a) Keep the minutes of all meetings of the Board of Directors and minutes of all Special Meetings of the Members of Record of the Cooperative and Special Meetings of the Board of Directors;
- (b) Have custody of the seal of the Cooperative;
- (c) Have charge of the Membership transfer books and such other books and papers as the Board of Directors may direct; and
- (d) In general, perform all the duties incident to the office of Secretary.

Section 7. Treasurer. The Treasurer shall have the responsibility for corporate funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Cooperative. He/she shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Cooperative in such depositories as may from time to time be designated by the Board of Directors.

Section 8. Succession. In the temporary absence of the President and Vice President, the duties of the President shall be performed by others in the following order of succession: (1) Secretary, and (2) Treasurer.

Section 9. Commissions.

- (a) Each Commission approved by the Board of Directors shall have a mission statement and a statement of the specific activities that are to be performed. A Commission's activities may be expanded or reduced from time-to-time by the majority vote of the Board of Directors.
- (b) Commissions shall serve in an advisory capacity to the Board of Directors.

ARTICLE IX. DIRECTOR CONFLICTS OF INTEREST

Section 1. Disclosure. Immediately upon election or appointment to the Board of Directors, all Directors shall disclose any relevant interest which may pose actual or perceived conflict of interest

questions. Disclosure shall include any interest in any organizations or businesses which provide professional or other services to the Cooperative.

Section 2. Additional Disclosures. When any matter comes before the Board of Directors in which a Director has an interest, the interest shall be immediately disclosed to the Board.

Section 3. Determination of Interest. Whether a Director has an interest in a matter shall be determined by whether that person would derive an individual economic benefit, either directly or indirectly, from the decision of the Board.

Section 4. Voting. No Director shall vote on any matter in which he or she has an interest.

Section 5. Nonparticipation. The Board may, by majority vote, ask any Director who has an interest in a matter not to participate, or to leave the room in which discussion is carried on, provided however that the interested Director may participate in any discussion regarding his or her exclusion.

ARTICLE X. MEMBERSHIP AND OCCUPANCY AGREEMENTS

Section 1. Authorized Membership and Occupancy Agreements. The authorized Membership of the Cooperative shall consist of four hundred two (402) Memberships, and at no time more than that number outstanding.

Section 2. Membership Certificates. Each Membership Certificate shall state:

- (a) That the Cooperative is organized under the laws of the State of Illinois,
- (b) The name of the registered holder of the Membership represented thereby,
- (c) The Cooperative's lien rights as against such Membership as set forth in Section 7. of this Article, and
- (d) The preferences and restrictions applicable thereto, and shall be in such form as shall be approved by the Board of Directors. Membership Certificates shall be consecutively numbered, bound in one or more books, and shall be issued upon certification as to full payment. Every Membership Certificate shall be signed by the President or Vice President and shall be sealed with the corporate seal.

Section 3. Determination of Fair Market Value of Occupancy Agreements. The value of an Occupancy Agreement shall be the Fair Market Value of the Dwelling Unit (hereinafter "Fair Market Value") minus the amounts as provided hereinafter in this section. Fair Market Value shall be determined by an MAI appraiser retained by the Cooperative to establish the then-present market value of the Occupancy Agreement. Such opinion as to Fair Market Value shall be conclusive as to the valuation of the Occupancy Agreement. The Fair Market Value shall be reduced by the amount of the following:

- (a) Any and all amounts due by the Member of Record to the Cooperative;
- (b) Any and all Transfer Fees established by the Cooperative and any and all other usual and customary costs, expenses and prorated or prorable items, including any normal and customary Transfer Fees usually associated with any such transfer;
- (c) Any and all legal fees and other expenses incurred by the Cooperative in connection with transfer of the Membership and Occupancy Agreement;
- (d) Any and all fees and costs associated with the Cooperative's determination of Fair Market Value, including but not limited to costs and fees associated with the appraiser as provided herein; and
- (e) The cost or estimated cost of necessary repairs, maintenance or replacements which are required by the Occupancy Agreement and which the withdrawing Member of Record has failed to effect, unless the costs or estimated costs of deferred maintenance and repair are specifically considered in determining the Fair Market Value.

Section 4. Value of Improvements and Betterments.

- (a) With respect to Dwelling Units where a Member of Record had made Improvements or Betterments, the following provisions shall be applicable:

- (1) Such Improvements and Betterments shall become a part of the Dwelling Unit;
 - (2) The Member of Record is responsible for maintaining such Improvements and Betterments. Subsequently, the incoming Member of Record shall be responsible for maintaining any Improvements and Betterments in the Dwelling Units; and
 - (3) Such Improvements and Betterments shall have been made only with the prior written consent of the Cooperative.
- (b) The 'value' of the aforesaid Improvements and Betterments to said Dwelling Unit (herein referred to as 'value of Improvements and Betterments to the Dwelling Unit'), as of the time of the purchase by the incoming Member of Record, shall be the amount determined by the Retiring Member and incoming Member of Record. In no event shall repainting and redecorating be included as an Improvement or Betterment. The value of Improvements and Betterments to the Dwelling Unit (determined as aforesaid) is in addition to, and not a part of, the Fair Market Value of the Membership.
- (c) These provisions relating to the value of Improvements and Betterments to the Dwelling Unit:
- (1) Shall be applicable only for purposes of determining the price payable by the incoming Member of Record; and
 - (2) Shall not be applicable in cases of a default by a Member of Record and termination of his/her Occupancy Agreement.

Section 5. Non-Speculation on Sales of Memberships.

- (a) The Cooperative shall observe the basic cooperative principle that purchase and sales of Memberships and Occupancy Agreements are not for Speculative Purposes and that investments in the Cooperative by Members of Record are for the purpose of securing a Dwelling Unit for their use and benefit. To this end, the policies established by the Cooperative shall be designed to discourage and avoid speculation both in the sale and resale of the Memberships and Occupancy Agreements which it acquires at an amount representing:
- (1) The amount paid by the Cooperative as the Option Value for such Membership and Occupancy Agreement (as provided in Section 5(b) of Article IV); PLUS
 - (2) Such amounts as the Cooperative may expend to pay the costs of any repairs made in a Dwelling Unit to facilitate its resale.
- (b) The Cooperative may establish from time to time the amount which it deems necessary as a Service Fee for resale of Membership and Occupancy Agreements in Dwelling Units. Such Service Fee shall be uniform in its application to all withdrawing Members of Record except that it may take into account varying prices and types of Dwelling Units. Such Service Fee shall be computed on a basis which is calculated to reimburse the Cooperative for its costs in handling resales generally without realizing profits from its operations.
- (c) The determination by the Cooperative shall be conclusive as to Service Fees and costs of repairs for the purpose set forth in subparagraphs (a) and (b).

Section 6. Lost Membership Certificates. The Board of Directors may direct a new Membership Certificate or Certificates to be issued in place of any Membership Certificate or Certificates previously issued by the Cooperative and alleged to have been lost or destroyed. When authorizing such issuance of a new Membership Certificate or Certificates, the Board of Directors may, in its discretion, and as a condition precedent to the issuance thereof, require the registered owner of such lost or destroyed Certificate or Certificates, or his/her legal representative, to advertise the same in such manner as the Board of Directors shall require and to give the Cooperative a bond in such sum as the Board of Directors may require as an indemnity against any claim that may be made against the Cooperative.

Section 7. Lien. The Cooperative shall have a lien on the outstanding Memberships and Occupancy Agreements in order to secure payment of such which shall be due or become due from the holders thereof for any reasons whatsoever, including (without limiting the generality of the foregoing) any amounts due by the Member to the Cooperative as determined under Section 5(h) of Article IV.

ARTICLE XI. GOVERNING LAW

The day-to-day business operations of the Cooperative shall be governed in accordance with Federal law to the extent applicable, the Illinois General Not-For-Profit Corporation Act of 1986 (805 ILCS 105) as amended from time to time, Section 18.5 of the Condominium Property Act of the State of Illinois (Public Act 93-0423), other State law to the extent applicable, the applicable ordinances of the Village of Park Forest, requirements of the Board of Health, the Cooperative By-Laws, Occupancy Agreement, and other governing documents of the Cooperative.

ARTICLE XII. AMENDMENT OF BY-LAWS

Section 1. Amendments. These By-Laws may only be amended at a regular meeting of the Board of Directors or Special Meeting of the Members of Record. The Members of Record shall be provided with the proposed By-Law amendment(s) via United States mail at least 30 days prior to the meeting held for purposes of voting to approve such amendment(s).

Section 2. Effect of Amendments. No amendment proposed or adopted by the Board of Directors, other than technical amendments made in order to comply with Federal or State law or regulation, shall take effect unless and until approved by the Members of Record.

ARTICLE XIII. CORPORATE SEAL

The Board of Directors shall provide a suitable corporate seal containing the name of the Cooperative. The seal shall be in the charge of the Secretary of the Board of Directors. If so directed by the Board of Directors, a duplicate of the seal may be kept and used by any principal Officer.

ARTICLE XIV. FISCAL MANAGEMENT

Section 1. Fiscal Year. The fiscal year of the Cooperative shall begin on the first (1st) day of January every year. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors.

Section 2. Books and Accounts. Books and accounts of the Cooperative shall be kept under the direction of the Treasurer and in accordance with the Uniform System of Accounting.

Section 3. Auditing. At the closing of each fiscal year, the books and records of the Cooperative shall be audited by a Certified Public Accountant, whose report will be prepared and certified in accordance with usual and customary accounting principles and procedures. Based on such reports, the Cooperative will furnish the Members of Record with a financial statement including the Cooperative balance sheet and operating statement for the fiscal year just completed and an operating budget for the current fiscal year. The above-required financial reports shall be mailed or otherwise delivered to each Member of Record within ninety (90) days after the close of the current fiscal year.

Section 4. Inspection of Books.

- (a) The Board of Directors of the Cooperative shall maintain the following records of the Cooperative and shall make them available for examination and copying by Members of Record at the Cooperative's principal place of business:
 - (1) Detailed and accurate records in chronological order of the receipts affecting the Cooperative by specifying and itemizing the maintenance and repair expenses of the common areas and any and all other expenses incurred, and copies of all contracts, leases or other agreements pursuant to which the Cooperative has any existing obligation;
 - (2) Copies of the recorded Declaration, By-Laws, and any amendments, Articles of Incorporation, Annual Reports and Rules and Regulations;
 - (3) The minutes of all meetings of the Board of Directors, which such minutes shall be maintained for not less than seven (7) years, ballots and proxies related thereto for the election held for the Board of Directors and for any and all other matters voted on by the Members of Record, which shall be maintained for not less than one year; and

- (4) Such other records as are available for inspection by members of a Not-For-Profit corporation pursuant to Section 107.75 of the Illinois General Not-For-Profit Corporation Act of 1986.
- (b) Except as otherwise provided in Subsection (e) of this Article, any Member of Record shall have the right to inspect, examine and make copies of the records described in Subsection (a) above, in person or by agent, at any reasonable time or times but only for a proper purpose. In order to exercise this right, a Member of Record must submit a written request to the Cooperative's Board or its authorized agent stating which particular records are sought to be examined and a proper purpose for the request.
- (c) Any Member of Record of the Cooperative shall have the right to inspect, examine and make copies of the records described in Subsection (b) through (e) of this provision, in person or by agent, at any reasonable time or times, at the Cooperative's principal office. In order to exercise this right a Member of Record must submit a written request to the Cooperative's Board of Directors or authorized agent stating with particularity the records sought to be examined.
- (d) Failure of the Cooperative's Board to make available all records requested by a Member of Record within thirty (30) days shall constitute a denial of the request.
- (e) The Cooperative shall charge the actual cost to the Cooperative of retrieving and making records available for inspection and examination to the requesting Member of Record. If the Member of Record requests copies of records requested under this Article, the actual cost to the Cooperative of reproducing the records shall also be charged by the Cooperative to the requesting Member of Record.
- (f) Notwithstanding the provisions of Subsection (a) above, unless otherwise directed by court order, the Cooperative shall not make the following records available for examination or copying by its Members of Record:
 - (1) Documents relating to appointment, employment, discipline or dismissal of Cooperative employees;
 - (2) Documents relating to actions pending against or on behalf of the Cooperative or its Board of Directors in a court or administrative tribunal;
 - (3) Documents relating to actions threatened against, or likely to be asserted on behalf of, the Cooperative or its Board of Directors in a court or administrative tribunal;
 - (4) Documents relating to common expenses or other charges owed by a Member of Record other than the requesting Member of Record; and
 - (5) Documents provided to the Cooperative in connection with the sale or transfer of a Membership by a Member of Record other than the requesting Member of Record.

Section 5. Execution of Cooperative Documents. With the prior authorization of the Board of Directors, all notes and contracts including Occupancy Agreements, shall be executed on behalf of the Cooperative by any principal Officer of the Cooperative.

ARTICLE XV. RESERVE ACCOUNTS

Section 1. General Operating Reserve.

- (a) The Board of Directors shall establish and maintain a General Operating Reserve (hereinafter GOR) for the Cooperative. The GOR is for emergency needs of the buildings and property.
- (b) The GOR will be in an amount equal to twenty five percent (25%) of the current annual Carrying Charges.
- (c) If the GOR falls below this amount, the deficit shall be chargeable to the Members and billed as determined by the Board of Directors.
- (d) The GOR shall remain in a special account and may be in the form of a cash deposit, invested in obligations of, or fully guaranteed as to principal by, the United States of America, and/or invested in annuities issued through an insurance company regulated under the laws of the State of Illinois and shall at all time be under the control of the Cooperative.
- (e) An affirmative vote of at least five (5) members of the Board of Directors shall be required to withdraw funds from the GOR.

- (f) The Cooperative's accountant shall annually review the adequacy of the GOR's funding and will make recommendations to the Board of Directors on the need to increase/decrease it funding amounts or retention of the status quo.
- (g) No more than 50% of the combined balances of the General Operating Reserve and the Capital Reserve Funds shall consist of annuity investments so described above (Section 1 (d)).

Section 2. Real Estate Tax and Property Insurance Accounts.

- (a) Unless required by virtue of any future mortgage or loan agreement, the Board of Directors shall establish and maintain a real estate tax and property insurance account to manage the Cooperative's real estate tax and property insurance escrows.
- (b) The real estate and property insurance accounts shall be funded monthly. Funding of these accounts will be based on the prior fiscal year's funding level plus an additional amount to be determined annually by the Board of Directors.
- (c) The real estate tax and property insurance accounts shall be maintained in a separate escrow account. Funds will be invested in a Short-Term U.S. Government Securities money market fund and shall at all times be under the control of the Cooperative or its delegated representative.
- (d) Any interest earned in the real estate tax and property insurance accounts shall be retained in the account for future use.
- (e) The Cooperative's accountant shall annually review the adequacy of the funding of the real estate tax and property insurance accounts and will make recommendations to the Board of Directors on the need to increase/decrease its funding amounts or retention of the status quo.

Section 3. Capital Improvement Reserve Fund.

- (a) The Board of Directors shall establish and maintain a Capital Improvement Reserve Fund for purposes of funding major replacement and repairs of the property elements.
- (b) The Board of Directors will approve an annual budget to fund each identified replacement and repair element. Upon final approval of the annual budget, the Board of Directors may shift funds between the identified replacement and repair elements. However, the cumulative amounts shifted to or from any identified replacement and repair element shall not exceed ten per cent (10%) of the previously approved budget. In no event shall funds budgeted for replacement and repair elements be used for unanticipated administrative expenses.
- (c) Any excess revenues over expenses that the Cooperative may earn during its fiscal year must be appropriated to the Capital Improvement Reserve Fund for use in funding replacement and repair elements in the following year. The money maintained in or allocated to the Capital Improvement Reserve Fund may be held in the form of a cash deposits, invested in obligations of, or fully guaranteed as to principal by, the United States of America, and/or invested in annuities issued through an insurance company regulated under the laws of the State of Illinois.
- (d) No more than 50% of the combined balances of the General Operating Reserve and the Capital Reserve Funds shall consist of annuity investments so described above (Section 1 (d)).

ARTICLE XVI. DISSOLUTION OF COOPERATIVE

- (a) Dissolution of the Cooperative shall occur upon the written consent of two-thirds (2/3) of the Members of Record entitled to vote.
- (b) Upon dissolution, the Cooperative's assets shall be distributed in accordance with the Illinois General Not-For-Profit Corporation Act of 1986, (805 ILCS 105) as amended from time to time.