

MASTER DEED AND DECLARATION

OF

HORIZONTAL PROPERTY REGIME

TOWNEHOUSES OF MEADOWTHORPE

A Condominium Project

THIS MASTER DEED AND DECLARATION (hereinafter referred to as "Master Deed"), made and entered into in Lexington, Fayette County, Kentucky, this 5th day of November, 1979, by Norwood Cowgill, Jr. of Apartment 16, 1435 Forbes Road, Lexington, Kentucky 40505, (hereinafter referred to as the "Grantor");

W I T N E S S E T H:

WHEREAS, the Grantor is the owner of the following described tract of land along with the improvements, easements, rights of way and appurtenances thereunto belonging, situated, lying and being in the Lexington-Fayette Urban County, in the State of Kentucky, which said land along with all of its appurtenances are hereinafter referred to as the "Property", and which land is more particularly described as follows, to-wit:

Beginning at a point in the east property line of Forbes Road, said point being a corner to Brittingham, and said point being S 07° 15' E 330 feet from the south property line of Meadowthorpe Avenue; thence along the east property line of Forbes Road S 07° 15' E 270 feet to a new corner with H. R. Taylor; thence with H. R. Taylor for a new line N 82° 45' E 400 feet to the line of American Suppliers, Inc.; thence with the line of American Suppliers, Inc. N 07° 15' W 270 feet to the line of the aforesaid Brittingham; thence with Brittingham S 82° 45' W 400 feet to the beginning, and being a portion of Block E of the Meadowthorpe Community Business Center as shown by plat of record in Plat Book 4, Page 149, in the Fayette County Court Clerk's Office; said property being known and designated as 1435 Forbes Road, Lexington, Kentucky; and

Being the same property conveyed to Norwood Cowgill, Jr. by Daniel N. Brock, et al., by deed dated March 6, 1978 and of record in the Fayette County Court Clerk's Office at Deed Book 1193, Page 90.

WHEREAS, it is the express desire and intention of the Grantor to submit the said Property to a horizontal property regime pursuant to the Horizontal Property Law, Chapter 381 of the Kentucky Revised Statutes (hereinafter referred to as the "Act") and other applicable law, which shall be known as "Townehouses of Meadowthorpe, A Condominium Project" (hereinafter sometimes referred to as the "Condominium"); and

WHEREAS, the Grantor desires to provide for the administration of the said horizontal property regime by the Council of Co-Owners of Townehouses of Meadowthorpe (hereinafter referred to as the "Council"), said council to consist of all the Co-Owners as defined herein, each of whose membership shall automatically arise with the ownership of a Unit, as defined herein, in the Condominium and cease with the termination of such ownership, all in accordance with the provisions of this Master Deed and the Bylaws attached hereto as "Exhibit A" and made a part hereof;

NOW, THEREFORE,

FIRST: The Grantor does hereby, pursuant to the powers vested in him as owner of the above described property and the powers vested in him by the above mentioned statutes, now declare, establish and create Townehouses of Meadowthorpe, a Condominium Project, as a horizontal property regime pursuant to the Act and does hereby submit the Property to said Condominium in accordance with the terms and conditions of this Master Deed and the attached Bylaws and the Site Plan recorded in the office of the Fayette County Court Clerk, in the Fayette County Courthouse, Lexington, Kentucky, in Condominium Plat Book _____, Page _____, through _____, and such amended Plans as may hereafter be recorded, all of which said Plans are hereby incorporated by reference herein and made a part hereof;

PROVIDED, HOWEVER, the Grantor reserves unto himself, his successors and assigns, the right to make adjustments in the Plans filed as indicated above, provided such adjustments shall not in any way change the percentage of ownership of any conveyee who has prior to such adjustments taken title to a Unit and the accompanying fractional part of the common area and limited common area, and provided, further, that such adjustments will not increase the density of the Condominium.

SECOND: The Property is submitted herewith in its entirety. The present and planned improvements consist of 3 buildings containing 36 dwelling units, or apartments, as more particularly described hereinafter in paragraph THIRD (and hereinafter referred to as "Units"). The areas of the Property and of the buildings are shown on the recorded Plan. The legal description of each Unit shall consist of its Apartment Number as reflected in the recorded Plan followed by the words "Townhouses of Meadowthorpe Condominium Apartment Horizontal Property Regime". Each Unit is capable of individual utilization; having its own exit to the common elements of the Condominium Project. Each of the Units, as more particularly described herein, is hereby declared to be in fee simple and may be retained, occupied, conveyed, transferred, encumbered, inherited or devised in the same manner as any other parcel of real estate independent of the other individual Units, by or to one or more owners (herein referred to as "Co-Owners"), each Co-Owner being a person, corporation, trust or any other legal entity, or any combination thereof, which obtains a particular and unique property right in the Unit or Units and an undivided interest in the General and Limited Common Elements as defined hereinafter in paragraph THIRD, all of the above in accordance with the provisions of the Act and subject to the conditions herein set forth.

THIRD. The Condominium Project is hereby divided in the manner and to the extent described herein and in the recorded Plan into (a) Condominium Units; and (b) General Common Elements; and (c) Limited Common Elements.

(a) Units. "Unit" means an apartment shown on the plan hereinabove described, each of which is capable of individual utilization, each with its own exit to the common elements of the Condominium Project. The lower vertical boundary of any such Unit is a horizontal plane (or planes), the elevation of which coincides with the elevation of the upper surface of the unfinished surface of the floors or subfloors thereof, extended to intersect the lateral or perimetrical boundaries thereof. The upper vertical boundary of any such Unit is a horizontal plane (or planes), the elevation of which coincides with the lower surface of the unfinished ceiling thereof, extended to intersect the lateral or perimetrical boundaries thereof. The lateral or perimetrical boundaries of any such Unit are vertical planes which coincide with the unexposed surfaces of the perimeter walls of the Unit, to include the perimeter dry wall, plenums, windows and doors thereof, extended to intersect the upper and lower vertical boundaries of the Unit. Mechanical equipment and appurtenances located within any one Unit or located without said Unit but designated and designed to serve only that Unit, such as appliances, range hoods, electrical receptacles and outlets, air-conditioning compressors and other airconditioning apparatus, fixtures and the like, shall be considered part of the Unit, as shall all decorated interiors, all surfaces of interior structural walls, floors and ceilings consisting of, inter alia and as appropriate, wallpaper, paint, plaster, flooring, carpeting and tile. All pipes, wires, conduits or other public utility lines or installations constituting a part of the Unit and serving only the Unit, and any structural members or any other property of any kind, including fixtures and appliances within any Unit, which are removable without jeopardizing the soundness, safety or usefulness of the remainder of the building within which the Unit is situated shall be considered part of the Unit.

(b) General Common Elements. The General Common Elements shall consist of those areas and facilities which are not Units as

hereinabove defined or Limited Common Elements as hereinbelow defined, including, but not limited to: (i) the Property as hereinabove defined; (ii) the foundations, roofs, slabs, perimeter walls, bearing walls, and structural interior walls and partitions, beams, entrance ways, pipes, watermains, wires, conduits, air ducts, public utility lines and meters, and other service installations, regardless of location, columns, girders, supports and service building, all of which foregoing may be used by more than one Unit; (iii) any central service system used for distribution of power, light, gas and water, pipes, ducts, flues, exhaust vents, vented ducts, conduits, cable and wire outlets and other utility lines which are used for more than one Unit; and (iv) the parking areas, streets, curbs, roads, walkways, paths, trees, shrubbery, lawn areas, exterior lighting and devices of common use or necessary to the existence, upkeep, use and safety of the buildings and other Condominium property.

The General Common Elements shall be owned in common by all of the Co-Owners. The General Common Elements shall remain undivided and no Co-Owners shall bring any action for partition or division of the whole or any part thereof.

(c) Limited Common Elements. The Limited Common Elements consist of those so designated on the recorded Plan and such others as are agreed upon by a majority of the Co-Owners to be reserved for the exclusive use of a certain Unit or certain number of Units to include restrictive parking spaces (if any), terraces, patios or court yards. These Limited Common Elements are reserved for the use and benefit of the owners of the Units to which they are adjacent or to which they are declared to be appurtenant by appropriate designation in the Plan or such other plans as shall be agreed upon by a majority of the Co-Owners to be reserved for the exclusive use of a certain Unit or number of Units. Each Limited Common Element is owned in common by all of the Co-Owners but restricted to the exclusive use and benefit of the Unit or Units to which it is declared to be appurtenant.

FOURTH: Each Co-Owner shall have an undivided ownership interest in the General and Limited Common Elements and shall share, as assessed in accordance with the provisions of the Bylaws, in the expenses of operating and maintaining the General and Limited Common

Elements, except insofar as the Bylaws require the Co-Owner of a Unit, to which the use and enjoyment of Limited Common Elements are reserved, to be responsible for the normal maintenance of those particular Limited Common Elements, in accordance with the percentage attributable to such Co-Owner's Unit, as hereinafter described.

The use of the General and Limited Common Elements shall be limited to the Co-Owners in residence and to their tenants in residence. The use of the General and Limited Common Elements shall be governed by the Bylaws and the rules and regulations as adopted from time to time by the Council.

Tabulated below, according to Unit designations and types corresponding to and reflected in the floor plan, are all of the Units in the Condominium:

<u>Unit Designation</u>	<u>Unit Type</u>
1-4, 7-10, 13-24, 27-30, 33-36	Type "A"
5,6,11,12,25,26,31 and 32	Type "B"

The percentage of valuation of each of the Units, including its proportionate share of the valuation of the General and Limited Common Elements (which percentage is sometimes referred to in this Master Deed and the Bylaws as the "individual percentage interest") is listed below by Unit Type:

<u>Unit Type</u>	<u>Individual Percentage Interest</u>
Type "A"	(each) 2.82296 percent
Type "B"	(each) 2.61963

FIFTH: The administration of the Condominium shall be by the Council through the Board in accordance with the provisions of this Master Deed and with the provisions of the Bylaws. All of the Co-Owners shall together constitute the Council. Every Co-Owner or group of Co-Owners of a Unit shall automatically be a member of the Council and shall remain a member of the Council until such time as his or her ownership ceases for any reason, at which time his or her membership in the Council shall automatically cease. Other than as

an incident to a lawful transfer of title to a Unit, membership in the Council shall be non-transferable, and any attempted transfer shall be null and void.

SIXTH. In the event that any building is partially or totally destroyed and is then rebuilt in substantially the same location and form, and as a result of such building or rebuilding any portion of the General and Limited Common Elements encroaches upon the Units, or any of them, or vice versa, or any of the Units encroaches upon another Unit, a valid easement for such encroachment and for the maintenance thereof, so long as it stands, shall and does exist. Easements are hereby reserved through each of the Units for the benefit of other Units as may be required for structural repairs, utility lines, and for heating, air-conditioning and ventilating ducts in the locations as presently installed, or to be installed, under the Plan, in the Unit or as subsequently approved in writing by the Council of Co-Owners in accordance with procedures set forth in the Bylaws, the Co-Owner of the burdened Unit and any mortgagee having a security interest therein.

SEVENTH. The undivided interest in the General and Limited Common Elements shall not be separated from the Unit to which it appertains and shall be deemed conveyed or encumbered with the Unit even though such interest may not be expressly mentioned or described in the conveyance or other instrument.

EIGHTH. Each Co-Owner shall comply with the provisions of this Master Deed and the Bylaws, as same may be lawfully amended from time to time, the decisions and resolutions of the Board and of the Council or their representatives; and failure to comply with any such provision, decision or resolution shall be grounds for an action to recover sums due, for damages or for injunctive relief.

NINTH. All present or future owners, tenants, future tenants or any other person who might use the facilities of the project in any manner are subject to the provisions of this Master Deed, and the mere acquisition or rental of any of the Units of the Condo-

minium or the mere act of occupancy of any of said Units shall signify that the provisions of this Master Deed are accepted and ratified.

TENTH. A mortgagee or other purchaser of a Unit who obtains title by reason of foreclosure of a mortgage or other security interest covering a Unit, his successors or assigns, shall not be liable for assessments by the Council which became due prior to his acquisition of title, it being understood, however, that the above shall not be construed to prevent the Council from filing and claiming liens for such assessments and enforcing same as provided by law, and that such assessment liens shall be subordinate to such mortgage or security interest.

ELEVENTH. In a voluntary conveyance of a Unit the grantee of the Unit shall be jointly and severally liable with the Grantor for all unpaid assessments by the Council against the latter for his share of the common expenses up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the Grantor the amounts paid by the grantee therefor. However, any such grantee shall be entitled to a statement from the Secretary (as defined in the Bylaws) or Board, as the case may be, setting forth the amount of the unpaid assessments against the Grantor due the Council, and such grantee shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments made by the Council against the Grantor in excess of the amount therein set forth.

TWELFTH. The dedication of the Condominium as a horizontal property regime shall not be revoked, nor shall the Condominium be removed from this Master Deed and Declaration or any of the provisions herein amended (exclusive of the Bylaws incorporated herein by reference which may be amended as provided therein), unless all of the Co-Owners and holders of all the deeds of trust, mortgages, or other security interests covering the units, and all of the parties having any security interest in any Unit, unanimously agree to such revocation, removal or amendment by duly recorded in-

struments, except as provided in those portions of Article VI of the Bylaws that deal with the destruction of the Units.

THIRTEENTH. The submission of the Property is subject to all covenants, conditions, easements and restrictions now of record and that subsequently may be placed of record after approval by a duly authorized governmental authority.

FOURTEENTH. The provisions of this Master Deed are severable so that if any provision, condition, covenant or restriction thereof shall be invalid or void under any applicable federal, state or local law or ordinance, the remainder shall be unaffected thereby. In the event that any provision, condition, covenant or restriction thereof is, at the time of recording this Master Deed, void, voidable or unenforceable as being contrary to any applicable federal, state or local law or ordinance, the Grantor, its successors and assigns, and all persons claiming by, through or under this Master Deed, covenant and agree that any future amendments or supplements to the said laws having the effect of removing said invalidity, voidability or unenforceability, shall be deemed to apply retrospectively to this Master Deed thereby operating to validate the provisions of this instrument which otherwise might be invalid, and it is covenanted and agreed that any such amendments and supplements to the said laws shall have the effect herein declared as fully as if they had been in effect at the time of the execution of this instrument.

FIFTEENTH. Judith K. Cowgill, wife of Norwood Cowgill, Jr., executes and enters into this Master Deed for all purposes because of her interest in the property.

IN TESTIMONY WHEREOF, witness the name of the Grantor together with that of his wife affixed hereto, this 5th day of November, 1979.


NORWOOD COWGILL, JR.


JUDITH K. COWGILL

STATE OF KENTUCKY

COUNTY OF FAYETTE

The foregoing instrument was acknowledged before me this
5th day of November 1979 by Norwood Cowgill, Jr. and Judith K.
Cowgill, his wife.

My commission expires: October 13, 1983


NOTARY PUBLIC, STATE AT LARGE, KY.

Prepared By:
BROCK, BROCK & BASSY

By


Attorneys at Law

Suite 7-C

Citizens Bank Square
Lexington, Kentucky 40507

EXHIBIT "A"

TOWNEHOUSES OF MEADOWTHORPE

A Condominium Project

BYLAWS

ARTICLE I

PLAN OF OWNERSHIP

1. Condominium Submission. The Condominium Project known as "Townehouses of Meadowthorpe, A Condominium Project" (hereinafter called the "Condominium") located in Lexington, Fayette County, Kentucky, has been declared and constituted a Horizontal Property Regime by the Master Deed to which these Bylaws are appended as a part, and shall be governed by the said Master Deed and these Bylaws.

2. Bylaws Applicability. The provisions of these Bylaws are applicable to the Property described in the Master Deed including the land, buildings and all improvements and structures thereon, as well as all easements, rights of way and appurtenances thereunto belonging, and the use, occupancy, sale, lease or other transfer thereof. All owners of any freehold or leasehold interest, all occupants or users of the premises, and the guests, agents, and servants of any of them, are subject to the provisions of the Master Deed, these Bylaws and the applicable laws of the Commonwealth of Kentucky.

3. Personal Application. All present and future Co-owners, tenants, their guests, licensees, servants, agents, employees, and any other person or persons that shall be permitted to use the facilities of the Condominium, shall be subject to these Bylaws and to the rules and regulations issued by the Council of Co-Owners to govern the conduct of its members. Acquisition, rental or occupancy of any of the apartments (hereinafter referred to as "Units") in the Condominium shall constitute an acknowledgment that the said Co-Owner, tenant or occupant has accepted and ratified these Bylaws, the provisions of the Master Deed and the rules and regulations of the Council of Co-Owners and will comply with them.

ARTICLE II

COUNCIL OF CO-OWNERS

L. Constitution. There is hereby constituted the Council of Co-Owners of Townehouses of Meadowthorpe, A Condominium Project (hereinafter called the "Council") which shall be comprised of every person, firm, corporation, trust or other legal entity, or any combination thereof, which owns any Unit in the Condominium.

2. Voting. Voting at all meetings of the Council, in person or by proxy, shall be on a percentage basis with the Co-Owner of each Unit being entitled to vote the individual percentage interest allocated to his Unit in paragraph FOURTH of the Master Deed. Where a Unit is owned by more than one person, all the Co-Owners thereof shall be collectively entitled to the vote assigned to such Unit and such Co-Owners shall, in writing, designate an individual who shall be entitled to cast the vote or votes on behalf of the Co-owners of such Unit of which he is a part owner until such authorization shall have been changed in writing. No Co-Owner shall be eligible to vote or to be elected to the Board of Administration who is delinquent in payment of assessments for common expenses or other debts or obligations to the Council.

3. Majority of Co-Owners. "Majority of Co-Owners" means Co-Owners representing fifty-one percent (51%) or more of the total undivided percentage interests of the Condominium.

4. Duties. The Council shall be responsible for overall policy and administration of the Condominium, but, except as otherwise provided in these Bylaws or by statute, shall act by and through its elected Board of Administration.

5. Place of Meeting. Meetings of the Council shall be held at such place as may be designated by the Board of Administration and stated in the notice of the meeting,

6. Annual Meeting. The first annual meeting of the Council shall be held within one hundred eighty (180) days after eighty percent (80%) of the Units have been sold and the title to the same has been conveyed, or the 6th day of January, 1981, whichever shall first occur. Thereafter, the annual meeting shall be held on the 2nd Monday in January of

each succeeding year if not a legal holiday, and if a legal holiday, then on the next secular day following. At such meetings there shall be elected by ballot a Board of Administration in accordance with the requirements of these Bylaws. The Council may also transact such other business as may properly come before it.

7. Notice of Annual Meeting. Written notice of the annual meeting shall be served upon or mailed to (such mailing to be considered notice served) each Co-Owner entitled to vote thereat at least ten (10) days but not more than sixty (60) days prior to the meeting.

8. Special Meeting. A special meeting of the Council for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President of the Council, and shall be called by the President if so directed by resolution of the Board or upon a petition signed by Co-Owners representing thirty percent (30%) or more of the total percentage ownership of the Condominium and presented to the Secretary of the Council. Such petition shall state the purpose or purposes of the proposed special meeting. No business shall be transacted at a special meeting except as stated in the notice.

9. Notice of Special Meeting. Written notice of a special meeting, stating the time, place and object of such meeting and the specific action to be taken thereat, shall be served upon or mailed (such mailing to be considered notice served) to each Co-Owner entitled to vote thereat at least ten (10) days but not more than sixty (60) days before such meeting.

10. Voting Requirements. A Co-Owner shall be deemed to be in "good standing" and "entitled to vote" at any annual meeting or at any special meeting of the Council if, and only if, he shall not be delinquent in the payment of assessments made or levied against him and his Unit by the Board of Administration as hereinafter provided.

11. Proxies. At all meetings of the Council each Co-owner having the right to vote shall be entitled to vote in person or by proxy appointed by an instrument in writing subscribed by such Co-Owner for such meeting. Such proxy shall only be valid for such meeting or subsequent adjourned meetings thereof. Proxies must be filed with the Secretary of the Council at least two (2) days before the time appointed for each meeting in the notice. A Co-Owner may appoint any other Co-Owner or the Grantor as his proxy.

12. Quorum. Except for purposes specified by law to require a greater representation for the taking of any particular action at any meeting of the Council, fifty-one percent (51%) of the ownership interest in the condominium shall constitute a quorum and, once a quorum is established, departure of any Co-Owner or Co-Owners, present in person or by proxy, from the meeting shall not affect the right of the Co-Owners remaining present to conclude the conduct of any business which might regularly come before the meeting for consideration. If, however, such quorum shall not be present or represented at any meeting, the Co-Owners entitled to vote thereat, present in person or by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting originally called.

13. Council Action. When a quorum is present at any meeting, the vote of a majority in interest of the Co-Owners present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes, or of these Bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such question.

14. Order of Business. The order of business at all meetings of the Council of Co-Owners shall be as follows: (a) roll call; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) election of inspectors of election, if applicable; (g) election of board members, if applicable; (h) unfinished business; and (i) new business.

15. Dispensing with Vote. Whenever the vote of the Co-Owners at a meeting is required or permitted, by any provision of the statutes or of these Bylaws, to be taken, the meeting and vote of Co-Owners may be dispensed with if all the Co-Owners who would have been entitled to vote upon the action had such meeting been held shall consent in writing to such action being taken.

ARTICLE III

BOARD OF ADMINISTRATION

1. Powers and Duties. The affairs and business of the Condominium shall be managed by a Board of Administration (sometimes hereinafter referred to as the "Board") which may exercise such powers and perform such duties and lawful acts as are not required by statute or these Bylaws to be performed by the Council or others. The Board shall have the power and authority to adopt rules and regulations from time to time for the administration of the affairs of the Condominium and the enjoyment of its Co-Owners, provided that no rule or regulation shall be in conflict with the statutes or these Bylaws, and provided, further, that no rule or regulation shall be so construed as to impair in any manner the lien of any mortgagee or holder of a note secured by a mortgage, deed of trust or other security interest if said rule or regulation is enacted after the execution of said mortgage, deed of trust or other security interest.

2. Responsibility of the Board. It shall be the responsibility of the Board;

(a) To provide for the care, upkeep, protection, maintenance and improvement of the common elements and of the limited common elements of the Condominium, and in connection therewith, to enter into service, employment and other contracts incident thereto, and to employ, supervise and dismiss employees, agents and attorneys required therefor.

(b) To prepare for submission to the annual meeting of the Council a budget to facilitate the establishment of the amount to be assessed against the Co-Owners for common expenses.

(c) To obtain insurance as hereinafter provided.

(d) To enforce the provisions of the Master Deed, these Bylaws and any amendments thereto, and such rules and regulations as the Board may issue from time to time, including the right to sue on behalf of the Council and the Condominium.

(e) To establish reasonable reserve funds for emergencies and unforeseen contingencies and the repair and replacement of common elements and limited common elements.

3. Management. The Condominium, by and through the Board, may, at its discretion, employ for the Council a professional management agent at a compensation to be established by the Board to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in Section 2 of this Article III.

4. Validity of Contracts. No contracts or other transaction between the Board and any other legal entity, and no act of the Board shall in any way be affected or invalidated by virtue of the fact that any of the officers or members of the Board are pecuniarily or otherwise interested in, or are directors or officer of, such other legal entity.

5. Number of Members of Board and Initial Selection of Board. The number of members of the Board who shall constitute the whole Board shall not be less than three (3) nor more than five (5). The initial Board shall be comprised of three (3) persons appointed by the Grantor named in the Master Deed. All Unit owners shall be notified as to whom the appointees are, and said appointees shall serve until the election of the Board takes place at the first annual meeting of the Council. The Grantor's appointees need not be residents of, nor owners of, any Unit, and the Grantor shall have the right in his sole discretion to replace such members of the Board and designate their successors if vacancies occur for any reason.

6. Election and Term of Office. At the first annual meeting of the Council, the number of members of the Board for the first year shall be set, and a complete Board shall be elected for a term of office of one (1) year. Board members shall hold office until their successors have been elected and hold their first meeting. Each Board member shall be elected for a term of one (1) year.

Notwithstanding anything contained in these Bylaws to the contrary, so long as the Grantor continues to be the owner of six (6) or more Units in the Condominium, he shall have the right to select a majority of the Board of Administration and to fill any vacancy occurring from the death, resignation, or removal, by Grantor or Council, of any Board member chosen by Grantor; and so long as the Grantor continues to be the owner of two (2) Units in the Condominium, he shall have the right to select one member of the Board and to fill any vacancy occurring from the death, resignation or removal, by Grantor or Council, of any such member. This last paragraph of Article III, Section 6, may not be changed except by unanimous vote of the Co-Owners.

7. Organization Meeting. The first meeting of a newly elected Board shall be held within ten (10) days of election at such place as shall be fixed by the Council at the meeting at which such Board was elected, and no notice shall be necessary to the newly elected Board in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

8. Regular Meeting. Regular meetings of the Board may be held at such time and place as shall be determined from time to time, by a majority of the Board, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board shall be given to each member, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

9. Special Meeting. Special meetings of the Board may be called by the President on three (3) days' notice to each member of the Board. Such notice shall be given personally or by mail, telephone or telegraph, and such notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least three (3) members of the Board.

10. Waiver of Notice. Before or at any meeting of the Board any member may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Board is present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

11. Board Quorum. At all meetings of the Board a majority of the Board shall constitute a quorum for the transaction of business, and the acts of the majority of the members present at a meeting at which a quorum is present shall be the acts of the Board. If at any meeting of the Board there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

12. Vacancies. Except as provided in Sections 5 and 6 of this Article III, vacancies on the Board caused by any reason other than removal of a member by a vote of the Council

shall be filled by vote of the majority of the remaining members, even though they may constitute less than a quorum of said Board; and each person so elected shall be a Board member until a successor is elected at the next annual meeting of the Council.

13. Removal of Board Members. At a regular or special meeting duly called, any Board member, except as provided in Article III, Sections 5 and 6 hereof, may be removed with or without cause by the affirmative vote of the majority of Co-Owners and a successor may then and there be elected to fill the vacancy thus created. Any Board member whose removal has been proposed by a Co-Owner or the Council shall be given an opportunity to be heard at the meeting. The term of any Board member who becomes more than sixty (60) days delinquent in payment of any assessments due the Council shall be automatically terminated, and the remaining members shall appoint his successor as provided in this Article.

14. Compensation. Board members, as such, may receive for their services such compensation as shall be determined by the Council from time to time. Members appointed by the Grantor shall serve without compensation, for their services on the Board. Nothing herein contained shall be construed to preclude any Board member from serving the Council in any other capacity and receiving additional compensation therefor.

15. Report of Board. The Board shall present at each annual meeting, and when called for by vote of the Council at any special meeting of the Council, a full and clear statement of the business and condition of the Condominium.

16. Fidelity Bonds. The Board may require that all officers, agents and employees of the Council handling or responsible for funds furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Council.

ARTICLE IV

OFFICERS

1. Designation. The principal officers of the Council shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by the Board. The Board may appoint assistant secretaries and such other officers as in its judgment may be necessary. With the exception of the President or Vice President, no officer need be

a member of the Board. Two or more offices may be held by the same person, with the exception of the President who shall not hold any other office.

2. Election of Officers. The officers of the Council shall be elected annually by the Board at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

3. Removal of Officers. The officers shall hold office until their respective successors are chosen and qualify in their stead. Any officer elected or appointed by the Board may be removed at any time by the affirmative vote of a majority of the whole Board. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by majority vote of the Board.

4. President. The President shall be the chief executive officer; he shall preside at meetings of the Council of Co-Owners and the Board and shall be an ex-officio member of all committees; he shall have general and active management of the business of the Condominium and shall see that all orders and resolutions of the Board are carried into effect.

5. Vice President. The Vice President shall, in the absence or disability of the President, perform the duties and exercise the power of the President, and shall perform such other duties as the Board shall prescribe. If neither the President nor the Vice President is able to act, the Board shall appoint a member of the Board to do so on an interim basis.

6. Secretary. The Secretary shall attend all sessions of the Board and all meetings of the Council and record all votes and the minutes of all proceedings in a book to be kept by him for that purpose and shall perform like duties for committees when required. He shall give, or cause to be given, notice of all meetings of the Council, the Board and committees and shall perform such other duties as may be prescribed by the Board or President. The Secretary shall compile and keep up to date at the principal office of the Council a complete list of the Co-Owners and their last known post office addresses. This list shall be open to inspection by all Co-Owners and other persons lawfully entitled to inspect the same at reasonable hours during regular business days. The Secretary shall also keep current and retain custody of the minute books of the Council containing the minutes of all annual and special meetings of the Council and all sessions of the Board including resolutions adopted thereat.

7. Treasurer. The Treasurer shall have the custody of all funds and securities and shall keep full and accurate records of receipts and disbursements and shall deposit all monies and other valuable effects in such depositories as may be designated by the Board. He shall disburse funds as ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and Board, at the regular meetings of the Board, or whenever they may require it, an account of all of his transactions as Treasurer and of the financial condition of the Condominium.

If required by the Board, he shall give a bond, the premium therefor to be considered a common expense, in such sum, and with such surety or sureties as shall be satisfactory to the Board, for the faithful performance of the duties of his office and for the restoration, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control.

8. Annual Accounting. All books and records shall be kept in accordance with good accounting practices on a fiscal-year basis beginning with the first day of January in each year and the same shall be audited annually by a person or persons to be selected by the Board. The report of such audit shall be made available to the Council.

9. Indemnification. Every Board member and every officer of the Council shall be indemnified by the Council, against all expenses and liabilities including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Board member or officer of the Council or any settlement thereof, whether or not he is a Board member or officer at the time such expenses are incurred, except in such cases wherein the Board member or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that, in the event of a settlement, the indemnification herein shall apply only when the Board approves such settlement and reimbursement as being for the best interest of the Council. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which each Board member or officer may be entitled.

ARTICLE V

OPERATION OF THE PROPERTY

1. Common Expenses. Common expenses, in general, shall include, but not necessarily be limited to, the costs

of maintenance, repair or replacement of the common elements, garbage and trash collection, gas and electricity, water, sewer, utility service to the common elements, the expenses of administration and management, including, among other things, management fees, casualty and liability insurance premiums, the fees of the Insurance Trustee, service contracts and employee salaries. The common expenses may also include such amounts as the Board may deem proper for the operation and maintenance of the Condominium, including, without limitation, an amount for working capital, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the common expenses for any prior year. The common expenses may also include such amounts as may be required for the purchase or lease by the Board or its designee, corporate or otherwise, on behalf of all the Co-Owners, of any Unit in the Condominium whose owner has elected to sell or lease such Unit or of any Unit which is to be sold at a foreclosure or other judicial sale.

2. Determination of Common Expenses and Fixing of Common Charges. At each annual meeting the Council shall fix and determine the amount deemed necessary to provide for the costs of administration and common expenses in the then current year, and shall assess said amount against all Units in the Condominium in accordance with their individual percentage interests as set forth in paragraph FOURTH of the Master Deed. To assist the Council in determining such amount, the notice of the annual meeting mailed to Co-Owners shall be accompanied by the estimated budget. Until the first annual meeting, common charges shall be based on the budget to be prepared by the Grantor, and said budget is hereby fixed and assessed as a common charge on each Unit in accordance with the percentage interests stated in the Master Deed.

3. Notification of Common Charges. The Board shall advise all Co-Owners promptly, in writing, of the amount of common charges payable by each of them, respectively, and shall furnish copies of each budget on which such charges are based to all Co-Owners and to their mortgagees.

4. Lien for Common Charges. Each Co-Owner is obligated to pay the charges levied and assessed against his Unit for payment of common charges, and such amount shall constitute a lien against said Unit from the day of assessment until the date of full payment. At the option of the Board said amount shall be made payable in advance in monthly, quarterly or other convenient installments.

The lien hereinabove set forth shall be inferior only to general and special assessments for real estate taxes and mortgages or other encumbrances recorded prior to the date of assessment of said lien, or recorded after receipt of a written statement from the Board that the payments on said lien were current as of the recordation date of such mortgage instrument or other encumbrance.

5. Payment of Lien after Transfer. Upon the voluntary sale or conveyance of a Unit, there shall be paid or provided from the sales proceeds, or by the grantee, an amount sufficient to satisfy any unpaid portion of assessments due and payable as of the date of conveyance. Any purchaser or lender in connection with any such sale or conveyance shall be entitled to a statement furnished by the Board setting forth in detail the amount of any unpaid assessment owned by the seller, or borrower, and such purchaser or lender shall be entitled to rely on such statement and shall have no liability for, nor shall the Unit be encumbered with, an amount of unpaid assessments greater than that shown in said statement. Upon an involuntary sale through foreclosure of a deed of trust, mortgage or encumbrance having a preference, a purchaser thereunder shall not be liable for any installments of such lien as became due subsequent to the recording of such deed of trust, mortgage or encumbrance.

No Co-Owner shall be liable for the payment of any part of the common charges assessed against the Unit subsequent to a sale, transfer or other conveyance by him (made in accordance with the provisions of these Bylaws) of such Unit. In addition, any Co-Owner may, subject to the terms and conditions specified in these Bylaws, provided that his Unit is free and clear of liens and encumbrances other than a first mortgage held by an institutional lender or a vendor's lien and the statutory lien for unpaid common charges, convey his Unit to the Board, or its designee, corporate or otherwise, on behalf of all other Co-Owners, and in such event be exempt from common charges thereafter assessed.

6. Default in Payment of Lien. In the event of default in the payment of any one or more installments of the assessments established for the payment of common expenses, the Board of Administration may declare any remaining balance of said lien at once due and payable.

The Board shall have the right and duty to take all appropriate actions and steps to collect any assessments

which shall remain unpaid for a period of more than thirty (30) days from the due date thereof. The Board may institute a suit to recover a money judgment for the same, together with interest thereon at a rate not to exceed eight and one-half percent (8-1/2%) per annum and reasonable expenses of collection, including attorneys' fees, without foreclosing or waiving the lien hereinbefore provided.

7. Lien Enforcement. The lien for unpaid assessments may be enforced and foreclosed in such manner as may from time to time be provided by the laws of the Commonwealth of Kentucky for the foreclosure of mortgages.

In any action brought by the Board to foreclose a lien on a Unit because of unpaid charges the Co-Owner shall be required to pay a reasonable rental for the use of his Unit and the Board as plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same.

8. Restrictions on Use of Units, General and Limited Common Elements. To assist the Condominium in providing for congenial occupancy and the protection of the value of the Units it is necessary that the Board of Administration have the right and authority to exercise reasonable controls over the use of the Units. Violation of the following shall be deemed prohibited uses or nuisances:

(a) No Co-Owner or other occupant of the Condominium shall post or expose any advertisements or posters of any kind in or about the Condominium, except this restriction shall not apply to advertisements, signs or posters utilized by the Grantor or its agents in selling the Units.

(b) All Units shall be used for private residential purposes except for such temporary nonresidential uses as may be permitted by the Board from time to time. This provision shall not, however, be so construed as to prevent the Grantor from using any Unit for model or display purposes or so as to prohibit the leasing of Units owned by the Grantor.

(c) No clothing, laundry, rugs, bedding or wash shall be hung from or spread upon or from any patio, window or exterior portion of a Unit or in or upon any common element.

(d) No animal, other than common household pets, shall be kept or maintained in any Unit. Such pets

shall be kept clean and healthy and their excretions shall be cleaned up by residents who own or keep them. Common household pets shall not be kept, bred or maintained for commercial purposes in any Unit. Common household pets may not at any time be kept, tied, chained, leased or restrained in any way in such manner as to permit them to be outside the fenced courtyard.

(e) Co-Owners, residents and guests shall exercise extreme care to avoid unnecessary noise or the use of musical instruments, radios, television and amplifiers that may disturb other Co-Owners.

(f) No Co-Owner, resident or lessee shall install any wiring (including but not limited to electrical or telephone installation), radio or television antennae, machines or air-conditioning units, awnings, or the like, which protrude through, hang from or are erected upon the walls, roof or windows of the Condominium Project or are otherwise visible from the exterior of the Condominium Project, except as may be authorized by Board action.

(g) No trailer, boat, camper, bus, mobile home, unlicensed motor vehicle, junked or immobile vehicle or truck larger than a pick-up, or any other similar device or any other piece of equipment designated by the Board, shall be parked or permitted to stand within or upon any part of the limited or general common elements. Due to the unsightliness created and possible annoyance to other residents, no extensive work such as dismantling and repairing of motor vehicles or machinery of any type shall be permitted upon any part of the limited or general common elements.

(h) All Co-Owners, residents and lessees shall be responsible for the maintenance and repair of the storm door to their respective Units at their own expense. In the event such are not maintained or repaired promptly, the Board may authorize such repair and charge the Co-Owner for that Unit for the expense.

(i) No elements of the Condominium may be used for any unlawful, immoral, or improper purpose.

(j) No nuisances shall be allowed on the Condominium property, nor shall any use or practice be allowed which is a source of annoyance to its residents or which interferes with the peaceful possession or proper use of the Condominium by its residents.

(k) A Co-Owner shall not place or cause to be placed in the public walkways, parking lots or other common areas or common facilities, other than a courtyard to which such Co-

Owner has sole access, any furniture, packages or object of any kind. The public walkways shall be used for no purpose other than for normal transit through them.

(l) No pools, games or nets for such shall be permitted to stand on the limited or general common elements outside of the fenced courtyards, except as authorized by the Board.

(m) No gardens may be maintained in the limited or general common elements, except within the fenced courtyards.

(n) No compressor for central air-conditioning or heating may be installed for any Unit outside of the respective fenced courtyard for that Unit.

(o) No further improvements of any nature, (including, but not limited to, fencing, enclosures, temporary buildings or tents or trailers, decorative or recreative structures, landscaping, flowers, plantings, brick and concrete work and awnings) may be constructed, erected or placed outside the respective fenced courtyard for each Unit without the prior approval of the Council.

(p) No structural additions, alterations, or improvements may be made within any of the properties without the prior written approval of the Council.

(q) There are no fireplaces at the Condominium Project as built. Should a Co-Owner desire to install such, he shall first obtain the approval of the Board, and such installation shall be at his expense and subject to such other restrictions as the Board may impose, in its discretion. All vents through the roof shall also be at the Co-Owners expense and they shall protrude from the rear roof as other vents presently protrude.

In the use of the common elements of the Condominium, Co-Owners shall obey and abide by all valid laws, ordinances, and zoning and other governmental regulations affecting the same and all applicable rules and regulations adopted by the Board. The common elements shall be used only for the furnishing of the services and facilities for which they are reasonably suited and which are incident to the use and occupancy of the Units.

A Co-Owner shall grant a right of access to his Unit to any person authorized by the Board for the purpose of making inspections or for the purpose of correcting any condition originating in his Unit and threatening another Unit or a common element, or for the purpose of performing installations, alterations or repairs to the mechanical, plumbing or electrical services or other common elements in his Unit or elsewhere in the buildings, or to correct any condition which violates the provisions of any mortgage covering another Unit, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Co-Owner. In case of an emergency such right of entry shall be immediate whether the Co-Owner or occupant is present at the time or not.

Any owner of a Unit may lease said Unit provided that (i) a fully executed copy of said lease or renewal thereof shall be delivered to the Board within ten (10) days of execution; (ii) any such lease shall be consistent with the provisions of the Master Deed, these Bylaws, as the same may be amended from time to time, and with the rules and regulations of the Condominium as may be promulgated from time to time; and (iii) that the Board shall have the power to terminate such lease and/or to bring summary proceedings to evict the tenant in the name of the landlord thereunder in the event of a default by the tenant in the performance of such lease.

9. Abating and Enjoining Violations by Co-Owners. .
The violation of any rule or regulation adopted by the Board, or the breach of any provision of the Bylaws contained herein, or the breach of any provision of the Master Deed, shall give the Board the right, in addition to any other rights set forth in the Bylaws and by law: (a) to enter the Unit in which or as to which such violation or breach exists and to summarily abate and remove, at the expense of the Co-Owner at fault, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

10. Maintenance and Repair. Each Co-Owner shall be responsible for the care, upkeep, protection and maintenance of his Unit except to the extent that the obligation therefor is imposed on the Board by Article III, Section 2(a). His responsibility shall include, but shall not be limited to, the following: the interior walls, floors and ceilings, kitchen and bathroom fixtures, appliances and equipment, refrigerator and range, and those parts of the plumbing, lighting, heating and air-conditioning systems which are wholly contained within his Unit or which serve only his Unit and no other. Every Co-Owner must perform promptly all maintenance and repair work within his own Unit which, if omitted, would affect the Condominium in its entirety or in a part belonging to another Co-Owner or other Co-Owners, and every Co-Owner shall be expressly responsible for any damages and liabilities suffered by other Co-Owners or by the Council resulting from or caused by said Co-Owners' failure to maintain or repair as herein provided. Each Co-Owner shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with the other Co-owners.

The Co-Owner of any Unit shall, at his own expense, clean and maintain all windows of the Unit and shall, at his own expense, clean and maintain the glass surfaces of all glass entry doors of the Unit including the interior and exterior surfaces of any door leading to any terrace, patio or courtyard appurtenant to such Unit.

Each Co-Owner shall promptly report to the Council, or its agent, any defect or need for repairs, the responsibility for the remedying of which is the Council's. A Co-Owner shall promptly reimburse the Council for any expenditures incurred in repairing or replacing any common area and facility damaged through his fault or negligence.

Every Co-Owner shall be responsible for keeping all portions of the premises restricted to use of his particular Unit (including without limitation any parking space, terrace, or patio or courtyard pertinent to such Unit) free and clear of ice and snow, in good order and appearance.

11. Alterations, Additions and Improvements. Whenever in the judgment of the Board the Common Elements shall require additions, alterations or improvements costing in excess of Three Thousand Six Hundred Dollars (\$3600.00) and the making of such additions, alterations or improvements shall have been approved by a majority of Co-Owners and by those institutional holders of mortgages or other security interests representing first liens upon five (5) or more Units, the Board shall proceed with such additions, alterations or improvements and shall assess all Co-Owners for the cost thereof as a common charge. Any additions, alterations or improvements costing Three Thousand Six Hundred Dollars (\$3600.00) or less may be made by the Board without approval of the Co-Owners or any of the said mortgagees, and the cost thereof shall constitute part of the common expenses.

No Co-Owner shall make any alterations to any portion of the Condominium property which is to be maintained by the Council or remove any part or portion thereof; nor shall any Co-Owner make any additions thereto or do anything which would or might jeopardize the safety or soundness of the structure; nor shall any Co-Owner or occupant make any alteration to the water, gas, heating, electrical, plumbing systems, or make any structural addition, alteration or improvement in or to his Unit, without the prior written consent thereof of the Board. The Board shall have the obligation to answer any written request by a Co-Owner for approval of a proposed structural addition, alteration or improvement in such Co-Owner's Unit within thirty (30) days after such request. Any application to any municipal department or to

any other governmental authority for a permit to make an addition, alteration or improvement in or to any Unit shall be executed by the Board only, without however incurring any liability on the part of the Board, or any of them, to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom. All repairs and replacements shall be substantially similar to the original construction and installation. The provisions of this paragraph shall not apply to Units owned by the Grantor until such Units shall have been initially sold by the Grantor and conveyed by Grantor to the purchaser.'

ARTICLE VI

INSURANCE, DESTRUCTION, RESTORATION AND DISTRIBUTION

1. Authority. The Board shall obtain and maintain casualty and liability insurance under such terms and for such amounts as shall be deemed necessary by the Board, but in no event less than the amount required by Section 2 of this Article. The insurance premiums purchased by the Board shall be charged as items of common expenses. Such insurance coverage shall provide for the issuance of certificates of insurance and mortgage endorsements to all mortgagees of Units and to all owners of said Units. Such insurance coverage shall be written on the Condominium and shall provide for the insurance proceeds covering any loss in excess of Thirty Thousand Dollars (\$30,000.00) to be payable to the insurance Trustee named, as hereinafter provided, or to its successor, for the benefit of each Co-Owner and his mortgagee according to his individual percentage interest in the Condominium as set out in paragraph FOURTH of the Master Deed. Any such proceeds amounting to \$30,000.00 or less shall be payable to the Board for like benefit.

Provisions for such insurance shall be without prejudice to the right of each Co-Owner to insure his own Unit for his benefit, but such insurance shall not diminish the liability of the insurance carrier with whom contracts of insurance have been made by the Board on behalf of all Co-Owners. The Insurance Trustee at the time of the deposit of such policies and endorsements shall first acknowledge that the policies and any proceeds thereof will be held in accordance with the terms of the Master Deed and these Bylaws.

2. Coverage. The Condominium shall be insured, to the extent available, against casualty in a minimum amount equal to the maximum insurable replacement value (i.e. 100% of replacement cost) thereof (exclusive of excavations and foundations) as determined annually by the Board with assistance of the insurance company affording such coverage. The policy shall cover all the improvements on the Property except those made by a Co-Owner at his expense and shall contain "agreed amount" and "condominium replacement cost" endorsements. Such coverage shall be All Risk coverage.

Such coverage shall insure the buildings (including all of the Units and the bathroom, kitchen and laundry fixtures and equipment, together with all air conditioning, heating and other equipment, but not including furniture, furnishings or other personal property supplied or installed by Co-Owners) and other Condominium property. The Condominium shall be insured under a comprehensive general liability form for personal injury and property damage in such amounts and in such forms as shall be required by the Board, which, however, in no event shall be less than Three Hundred Thousand Dollars (\$300,000.00) with respect to any individual, and One Million Dollars (\$1,000,000.00) with respect to any one accident or occurrence, and Fifty Thousand Dollars (\$50,000.00) with respect to any claim for property damage (provided, however, that a comprehensive general liability policy with limits of One Million Dollars [\$1,000,000.00] for each occurrence, including personal injury and property damage, shall be adequate.) All liability insurance shall contain cross-liability endorsements to cover liabilities of the Council as a group, the Board and each individual Co-Owner. Workmen's Compensation insurance shall be obtained where necessary to meet the requirements of law. In addition to the foregoing, the Board shall obtain such additional insurance coverage as it may in its sole discretion deem advisable and appropriate, taking into consideration inflationary factors and other changes in value.

3. Limitations. Any insurance obtained pursuant to the requirements of this Article shall be subject to the following provisions.

(a) All policies shall be written with a company or companies licensed to do business in the Commonwealth of Kentucky and holding a rating of BBB or better in Best's Insurance Guide.

(b) In no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Article be brought into contribution with insurance purchased individually by any of the Co-Owners or their mortgagees, as

herein permitted, and any "no other insurance" or similar clause in any policy obtained by the Council pursuant to the requirements of this Article shall exclude such policies from consideration.

(c) All policies shall provide that such policies may not be cancelled or substantially modified without at least thirty (30) days' prior written notice to any and all insureds named thereon, including any and all mortgagees.

(d) All policies of casualty insurance shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore or repair damage or reconstruct in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Board (or any Insurance Trustee) or when in conflict with the provisions of these Bylaws or the provisions of Horizontal Property Law of Kentucky.

(e) All policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Co-Owners, the Council, the Board, the Managing Agent, if any, and their respective agents, employees or invitees.

(f) Each of the policies of insurance obtained by the Council shall contain provisions (i) that they may not be cancelled, invalidated or suspended on account of the conduct of one or more of the individual Co-Owners; (ii) that they may not be cancelled, invalidated or suspended on account of the conduct of any officer or employee of the Council without a prior demand in writing that the Council cure the conduct of such officer or employee with appropriate time to effect such cure; and (iii) if the Council fails to cure the conduct of an officer or employee within the allotted time, the policies may still not be cancelled or substantially modified without at least ten (10) days' prior written notice to all of the insured, including all mortgagees and Co-Owners.

4. Individual Policies. Any Co-Owner and any mortgagee may obtain additional insurance (including a "condominium unit-owner's endorsement" for improvements and betterments to a Unit made or acquired at the expense of the Co-Owner) at his own expense. Such insurance should contain the same waiver of subrogation provision as that set forth in Section 3(e) of this Article. The Grantor recommends that each Co-Owner in the project obtain, in addition to the insurance hereinabove provided to be obtained by the Board, a "Tenant's Homeowners Policy", or equivalent, to insure against loss or damage to personal property used or inci-

dental to the occupancy of the Unit, additional living expense, vandalism or malicious mischief, theft, personal liability and the like. Such policy should include a "condominium unit-owner's endorsement" covering losses to improvements and betterments to the condominium unit made or acquired at the expense of the Co-Owner.

No Co-Owner shall maintain insurance coverage which will tend to decrease the amount which the Council may realize under any insurance policy which it may have in force at any particular time; the Board may require that each Co-Owner shall file with the Council a copy of each individual policy of insurance purchased by the Co-Owner within thirty (30) days after its purchase; the Board may also require that each Co-Owner shall also notify the Council of all improvements made by him to his Unit having a value in excess of One Thousand Dollars (\$1,000.00).

5. Insurance Trustee. The Board shall from time to time designate a bank or trust company in the Commonwealth of Kentucky whose accounts or deposits are insured by an agency of the State or Federal Government as the Insurance Trustee.

All insurance policies purchased by the Board shall be for the benefit of the Council, each Co-Owner, and his mortgagee, as their respective interests may appear, and shall provide that all proceeds payable as a result of casualty losses shall be paid to the Insurance Trustee, except that if the net proceeds are Thirty Thousand Dollars (\$30,000.00) or less, they shall be payable directly to the Board. All policies shall provide that adjustment of loss shall be made by the Board or designee with the approval of the Insurance Trustee.

The Insurance Trustee shall not be liable for payment of premiums, nor for the renewal of the policies, nor for the sufficiency of coverage, nor for the form or content of the policies, nor for the failure to collect any insurance proceeds. The sole duty of the Insurance Trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes elsewhere stated herein, and for the benefit of the Council and the Co-Owners and their respective mortgagees, in shares equal to the aforementioned individual percentage interest of each Co-Owner, but such shares need not be set forth upon the records of the Insurance Trustee. Nor shall the Insurance Trustee have any obligation to inspect the property to determine whether a loss has been sustained or to file any claim or claims against any insurer or any other person.

6. Covenants for Benefit of Mortgagees. Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the Co-Owner entitled thereto, after first paying or making provision for the payment of the expenses of the Insurance Trustee, in the following manner:

(a) Proceeds are to be paid first to repair or restore damage or destruction as elsewhere provided herein. After defraying the cost of the repair or restoration, all remaining proceeds shall be payable jointly to the Co-Owners and mortgagees, if any, entitled thereto. This covenant is for the benefit of any mortgagee and may be enforced by him.

(b) If it is determined in the manner elsewhere provided herein that the damage for which the proceeds are paid shall not be repaired or reconstructed, then, and in that event, the project shall be deemed to be owned in common by the Co-Owners and shall be subject to an action for partition upon the suit of any Co-Owner or mortgagee, in which event the net proceeds of sale together with the net proceeds of any insurance shall be distributed pro rata to the Co-Owners after first paying off, out of the respective share of each Co-Owner, to the extent sufficient for that purpose, all liens, including mortgage liens, on the Unit of each Co-Owner. This is a covenant for the benefit of any mortgagee and may be enforced by him.

(c) In making distributions to Co-Owners and their mortgagees, the Insurance Trustee may rely upon a certificate of the Council or Board as to the names of the Co-Owners and their respective shares of the distribution. Upon the request of the Insurance Trustee, the Council or Board shall deliver such certificate forthwith. The Insurance Trustee shall not incur any liability to any Co-Owner, mortgagee or other person for any disbursements made by it pursuant to and in accordance with any such certificates or written authorizations.

(d) All insurance policies shall continue in force for ten (10) days following notice to the mortgagee of cancellation by either the company or the insured.

7. Reconstruction. If any part of the Condominium shall be damaged by casualty, the determination of whether or not to reconstruct or repair the same shall be made as follows:

(a) Where there is partial destruction, which shall be deemed to mean destruction which does not render two-thirds (2/3) or more of the Units of the entire Condominium untenable, there shall be compulsory reconstruction or repair.

(b) Where there is total destruction, which shall be deemed to mean destruction which does render more than two-thirds (2/3) of the Units of the entire Condominium untenable, reconstruction or repair shall not be compulsory unless at a meeting which shall be called within ninety (90) days after the occurrence of the casualty, or, if by such date, the insurance loss has not been finally adjusted, then within thirty (30) days thereafter, all of the Co-Owners unanimously vote in favor of such reconstruction or repair..

(c) Any such reconstruction or repair shall be substantially in accordance with the original plans and specifications under which the Condominium was originally constructed with the proceeds of insurance available for that purpose, if any.

(d) Encroachments upon or in favor of Units which may be created as a result of such reconstruction or repair shall not constitute a claim or basis for action by the Co-Owner upon whose property such encroachment exists, provided that such reconstruction was substantially in accordance with the plans and specifications under which the Condominium was originally constructed. Such encroachments shall be allowed to continue in existence for so long as the buildings stand.

(e) The Insurance Trustee may rely upon a certificate of the Council or the Board which certifies whether or not the damaged property is to be reconstructed or repaired. The Council or the Board, upon request of the Insurance Trustee, shall deliver such certificate as soon as possible.

If the damage is only to those parts of one Unit for which the responsibility of maintenance and repair is borne by the Co-Owner, then the Co-Owner shall be responsible for reconstruction and repair after casualty. In all other instances the responsibility of reconstruction and repair after casualty shall be that of the Council.

8. Assessments if Insurance is Inadequate. Immediately after a casualty causing damage to property for which the Council has the responsibility of maintenance and repair

the Board shall obtain reliable and detailed estimates of the cost to place the damaged property in as good a condition as it was before the casualty. Such costs may include professional fees and premiums for such bonds as the Board desires. If the proceeds of insurance are not sufficient to defray such estimated costs, a special assessment shall be made against all the Co-Owners in proportion to their aforementioned individual percentage interests in sufficient amounts to provide funds to pay the estimated costs. If at any time during reconstruction and repair, or upon completion of reconstruction or repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against all the Co-Owners in proportion to their individual percentage interests in sufficient amounts to provide funds for the payment of such costs.

9. Disbursements. Any and all disbursements of funds, whether such funds consist of insurance proceeds, special assessments, sales proceeds, or any combination thereof, to be made by the Insurance Trustee for any purpose whatsoever, shall be made pursuant to and in accordance with a certificate of the Council or the Board.

10. Notice to Mortgagees. The Board shall notify (a) the mortgagee whenever damage to the Unit covered by the mortgage exceeds One Thousand Dollars (\$1,000.00) or (b) mortgagees of all Units whenever damage to Common Elements exceeds Ten Thousand Dollars (\$10,000.00).

ARTICLE VII

MORTGAGES

1. "Mortgagee" and "Mortgage". As used in this title and generally in the Master Deed and Bylaws, the term "mortgagee" includes the holder of a note secured by a mortgage or other security interest encumbering a Unit and recorded among the land records of Lexington, Fayette County, Kentucky; and the term "mortgage" includes any vendor's lien, mortgage or other security interest recorded among the said land records.

2. Notice to Board. A Co-Owner who mortgages his Unit shall notify the Board through the Secretary of the Council of the name and address of his mortgagee, if any; and the Board shall maintain such information in a book entitled "Mortgagees of Units."

3. Notice of Unpaid Common Charges. The Board whenever so requested in writing by a mortgagee, title company or at-

torney shall promptly report any then unpaid common charges due from, or any other default by, the Co-Owner of the mortgaged Unit.

4. Notice of Default. The Board, when giving notice to a Co-Owner of a default in paying common charges or other default, shall send a copy of such notice to each mortgagee whose name and address has theretofore been furnished to the Board. In the event that such default is not cured within thirty (30) days, the Board shall so advise the mortgagee in writing.

5. Examination of Books. Each Co-Owner and each mortgagee shall be permitted to examine the Books of Account of the Condominium at reasonable times on business days, but no more often than once a month.

ARTICLE VIII

NOTICE

1. Manner of Notice. Whenever any notice is required to be given under the provisions of applicable statutes or of the Master Deed or these Bylaws to any mortgagee, member or Co-Owner, it shall not be construed to require personal notice, but such notice may be given in writing, by mail, by depositing the same in a post office or letter box, in a post-paid sealed wrapper, addressed to such mortgagee, member or Co-Owner at such address as appears on the books of the Condominium, and such notice shall be deemed to be given at the time when the same shall be thus mailed.

2. Waiver of Notice. When any notice is required to be given under the provisions of the statutes, the Master Deed or of these Bylaws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE IX

AMENDMENT OF BYLAWS

These Bylaws may be amended by the affirmative vote of Co-Owners representing at least a fifty-one percent (51%) of the total individual percentage interest of the Condominium at any regular or special meeting of the Council; provided, however, that all mortgagees shall be given thirty (30) days

written notice of all proposed amendments and that no amendments affecting express rights of mortgagee shall be valid unless approved in writing by all mortgagees; and provided, further, so long as the Grantor owns two (2) Units or more in the Condominium, the second paragraph of Article III, Section 6, shall not be amended without the Grantor's written consent. No amendments to the Bylaws shall become effective until recorded among the land records of Fayette County, Kentucky.

ARTICLE X

COMPLIANCE, CONFLICT AND MISCELLANEOUS PROVISIONS

1. Compliance. These Bylaws are set forth in compliance with the requirements of the Horizontal Property Law of the Commonwealth of Kentucky (hereinafter referred to as the "Act").

2. Conflict. These Bylaws are subordinate and subject to all provisions of the Master Deed and to the provisions of the Act. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as they are defined to have in the Master Deed or the Act. In the event of any conflict between these Bylaws and the Master Deed, the provisions of the Master Deed shall control; and in the event of any conflict between the Master Deed and the Act, the provisions of the Act shall control.

3. Severability. If any provisions of these Bylaws or any section, sentence, clause, phrase or word, or the application thereof in any circumstance is held invalid, the validity of the remainder of these Bylaws shall not be affected thereby, and to this end the provisions hereof are declared to be severable.

4. Waiver. No restriction, condition, obligation or provision of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

5. Captions. The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws.

6. Gender, etc. Whenever in these Bylaws the context so requires, the singular number shall include the plural and

the converse; and the use of any gender shall be deemed to include all genders.

ARTICLE XI

DEFINITIONS

1. Master Deed. "Master Deed" as used herein means that a certain Master Deed and Declaration to which these By-laws are appended, made the 5th day of November 1979, by Norwood Cowgill, Jr., for the purpose of submitting the property described therein to the Act and which Master Deed and Declaration is recorded among the land records of Lexington, Fayette County, Kentucky.

2. Other Definitions. Unless it is plainly evident from the context that a different meaning is intended, all other terms used herein shall have the same meaning as they have in the Master Deed or in the Act.

Rules & Regulations

- 1. Patio Fences are to be kept free of any nails & screws; Do not hang Satellite Dishes off of the fence or flower pots.**
- 2. DO NOT place any mattresses at dumpster. They must be carried to curve and then a call to 311 for pickup.**
- 3. DO NOT place any big items inside or outside of Dumpster. They must be carried to curve and then a call to 311 for pickup.**
- 4. DO NOT place TV's inside or outside of Dumpster or placed to the Curb. TV's contain elements that must be recycled and cannot be placed in a landfill.**
- 5. The HOA requests 'No Section 8' Tenants.**
- 6. No Fireworks can be set off on Townhouses of Meadowthorpe property.**
- 7. Swimming Pools can be set up on Patio for an additional \$30 per month and HOA Board Approval.**
- 8. All Hot Water Heater replacements must be communicated to Board so that the water usage can be monitored of leakage.**
- 9. Homeowner will be responsible to cover any water increase to monthly statement from leakage not handled/fixed/repaired timely.**
- 10. Copy of the Buyers Home Inspection must be given to Board.**
- 11.**
- 12.**