

BYLAWS OF
ATRIUM AT STONYBROOK
COUNCIL OF CO-OWNERS, INC.

TABLE OF CONTENTS

	<u>Page</u>
I. GENERAL PROVISIONS	
I.1 Identification	1
I.2 Definitions	1
I.3 Purposes of Council	1
I.4 Office	2
I.5 Fiscal Year	2
I.6 Members' Qualifications	2
II. MEMBERS' MEETINGS	
II.1 Annual Meetings	2
II.2 Special Meetings	3
II.3 Notice of All Meetings	3
II.4 Quorum	4
II.5 Voting Rights	4
II.6 Designation of Voting Representative	4
II.7 Proxies	6
II.8 Adjourned Meetings	6
II.9 Order of Business	6
II.10 Proviso	7
III. BOARD OF DIRECTORS	
III.1 (a) Management of Affairs	7
(b) Interim Management of Affairs	8
III.2 Election of Directors	8
III.3 Removal of Directors	9
III.4 Term of Directors	9
III.5 Organization Meeting	9
III.6 Regular Meetings of Directors	9
III.7 Special Meetings of Directors	10
III.8 Waiver of Notice of Directors' Meetings	10
III.9 Quorum of Directors	11
III.10 Adjourned Meetings of Directors	11
III.11 Joinder in Meeting by Approval of Minutes	11
III.12 Presiding Officer at Directors' Meetings	11
III.13 Order of Business at Directors' Meetings	12
III.14 Directors' Fees	12
III.15 Liability of Board of Director	12
III.16 Proviso	13

IV.	POWERS AND DUTIES OF THE BOARD OF DIRECTORS	
IV.1	Powers and Duties of the Board of Directors	14
IV.2	Assessments	15
IV.3	Disbursements	15
IV.4	Maintenance	15
IV.5	Insurance	15
IV.6	Reconstruction and Improvements	15
IV.7	Rules and Regulations	15
IV.8	Management Contract	16
IV.9	Enforcement	16
IV.10	Purchase Apartments	16
V.	OFFICERS	
V.1	Executive Officers	16
V.2	President	17
V.3	Vice-President	17
V.4	Secretary	18
V.5	Treasurer	18
V.6		
V.7	Compensation	18
VI.	FISCAL MANAGEMENT	
VI.1	Fiscal Management	19
VI.2	Accounts	19
VI.3	Budget	19
VI.4	Assessments and Special Assessments	20
VI.5	Reserve Payments	22
VI.6	Acceleration of Assessment Installments upon Default	22
VI.7	Depository	23
VI.8	Audit	23
VI.9	Fidelity Bonds	23
VI.10	Rights of Mortgagees	23
VI.11	Proviso	23
VII.	PARLIAMENTARY RULES	
VII.1	Roberts' Rules of Order	24
VII.	AMENDMENTS	
VIII.1	(a) Notice of Amendment to Bylaws	
	(b) Approval	
	(c) Prohibitions	
	(d) Repeal	

IX. DISSOLUTION

IX.1 Vote by Membership

X. MISCELLANEOUS

- X.1 Invalidity
- X.2 Waiver
- X.3 Captions
- X.4 Gender
- X.5 Notices

BYLAWS OF
ATRIUM AT STONYBROOK
COUNCIL OF CO-OWNERS, INC.

ARTICLE I

General Provisions

I.1 Identification. These are the Bylaws of Atrium at Stonybrook Council of Co-Owners, Inc., hereinafter called the "Council".

I.2 Definitions. Except as otherwise defined herein, or unless the context clearly demands otherwise, the following terms shall have the respective meanings given such terms in the Kentucky Horizontal Property Law, KRS 381.805 to 381.910, as amended (hereinafter called "the Act"): "Unit", "Condominium", "Condominium Project", "General Common Elements", "Limited Common Elements", and "Council of Co-Owners".

I.3 Purposes of Council. The Council has been organized and these Bylaws have been adopted by the Board of Directors of the Council pursuant to the Act for the purpose of administering a condominium project in Jefferson County, Kentucky, known as Atrium at Stonybrook (hereinafter sometimes called "the project").

I.4 Office. The initial office of the Council shall be located at 163 Sears Avenue, Louisville, Kentucky, or such other office as the Board of Directors may determine from time to time.

I.5 Fiscal Year. The fiscal year of the Council shall be the calendar year.

I.6 Members' Qualifications. The members of the Council shall consist of all of the record owners of units in Atrium at Stonybrook. Any person, on becoming a record owner of a unit, shall automatically become a member of the Council and be subject to these Bylaws, and such membership shall terminate without any formal action by the Council when such person ceases to be a record owner of a unit, but such termination shall not relieve or release such former owner from any liability or obligation incurred or arising during the period of his membership or impair any rights and remedies which the Council or others may have against such former owner arising out of or connected with his membership.

ARTICLE II

Members' Meetings

II.1 Annual Meetings. The annual meeting of the membership shall be held at the office the Council, or such other place designated by the Board of Directors, at 10:00 A.M., Eastern Standard Time, on the 15th day of January each

year for the purpose of electing directors and transacting any and all other business authorized to be transacted by the members; provided, however, that, if that day is a legal holiday or a Sunday, the meeting shall be held at the same hour on the next normal business day that is not a holiday

II.2 Special Meetings. Special meetings of the membership shall be held whenever called by the president or the Board of Directors. A special meeting must be called upon receipt of a written request of members entitled to cast one-third or more of the votes of the entire membership.

II.3 Notice of All Meetings. Notice of all meetings stating the time and place and purpose for which the meeting is called shall be given by the president, vice-president, or secretary. Such notice shall be given in writing to each member at such member's address as it appears in the books of the Council and shall be personally delivered or mailed not less than ten (10) days nor more than sixty (60) days prior to the date of the meeting. Any member may waive notice of any and all meetings in writing before or after such meetings, and such waiver shall be deemed equivalent to the giving of notice. The managing agent employed by the Board of Directors pursuant to Section 4.9 hereof shall also receive notice of all meetings in the same manner as members and shall be entitled to attend such meetings or to designate a representative to attend such

meetings on his or its behalf. All mortgagees requesting to be notified of the holding of such meetings shall be sent notices thereof. All mortgagees shall, in any case, be notified of all meetings at which the making of material amendments or additions to or deletions from any part of the Master Deed or Bylaws of the Council is to be considered.

II.4 Quorum. A quorum at members' meetings shall consist of persons entitled to cast a majority of the votes of the entire membership. The acts approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the members, except when approval by a greater number of members is required by the Master Deed of Atrium at Stonybrook (hereinafter called the "Master Deed") or by these Bylaws.

II.5 Voting Rights. Voting shall be on the basis of one vote per unit unless provided otherwise by statute. The vote of each unit shall be indivisible, and no member or group of members shall be permitted to cast a fraction of the vote to which his unit is entitled

II.6 Designation of Voting Representative. If a unit is owned by one person, his right to vote shall be established by the record title to his unit. If a unit is owned by husband and wife, either owner (but not both) shall be entitled to vote and to be counted for purposes of a quorum, but, if both are present at a meeting and cannot agree on how to cast a vote on any subject, they shall lose

their right to vote on that subject at that meeting. If a unit is owned by more than one person (other than husband and wife), or is under lease, the person entitled to cast the vote for the unit shall be designated by a certificate signed by all of the record owners of the unit and filed with the secretary of the Council. If a unit is owned by a corporation, the person entitled to cast the vote for the unit shall be designated by a certificate signed by the president or vice-president and attested by the secretary or assistant secretary of the corporation and filed with the secretary of the Council. If a unit is owned by a trust or estate, the person entitled to cast the vote for the unit shall be designated by a certificate signed by the trustee or personal representative and filed with the secretary of the Council. If a unit is owned by a partnership, whether general or limited, or a joint venture, the certificate designating voting members shall be signed by all partners or joint adventurers, as the case may be. Such certificates shall be valid until revoked or superseded by a subsequent certificate or until a change in the record ownership of the unit concerned. A certificate designating the person entitled to cast the vote of a unit may be revoked by any owner of that unit. If such a certificate is not on file, the vote of such owners shall not be considered in determining the requirement for a quorum or for any other purpose.

II.7 Proxies. Votes may be cast in person or by proxy. A proxy may be made by any person entitled to vote and shall be valid only for the particular meeting designated in the proxy and must be filed with the secretary before the appointed time of the meeting or any adjournment of the meeting.

II.8 Adjourned Meetings. If any meeting of members cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

II.9 Order of Business. The order of business at annual members' meetings, and as far as practical at other members' meetings, shall be:

- (a) Election of chairman of the meeting;
- (b) Calling of the roll and certifying of proxies;
- (c) Proof of notice of meeting or waiver of notice;
- (d) Reading and disposal of any unapproved minutes;
- (e) Reports of officers;
- (f) Reports of committees;
- (g) Election of inspectors of election;
- (h) Election of directors;
- (i) Unfinished business;
- (j) New business;

(k) Adjournment.

II.10 Proviso. Every provision contained in this Article II shall be subject to the following proviso: Until such time as the special meeting of the membership required by Section III.16 hereof is held, the affairs of the Council shall be conducted solely and entirely by the Board of Directors, and the proceedings of meetings of members of the Council, if any such meetings are held, shall have no effect.

ARTICLE III

Board of Directors

III.1 (a) Management of Affairs. The affairs of the Council shall be managed by a board of three (3) directors initially, and thereafter the exact number shall be determined by vote of a majority of the membership at each annual meeting of the Council; provided, however, that any increase or decrease in the number of directors shall not become effective until the next annual meeting of the Council after such increase or decrease is voted. Except as provided in Section III.16 hereof, each director shall be a unit owner or the spouse of a unit owner, or shall be a member of a partnership or officer or director of a corporation or trustee or beneficiary of a trust which is a unit owner.

(b) Interim Management of Affairs. The management of the condominium project, however, shall be under the exclusive direction and control of the Developer until thirty (30) days after ninety five (95%) percent of the total of seventy six (76) condominium units have been sold and transferred by the developers to individual purchasers and deeds have been delivered to ninety five (95%) percent of the individual condominium units or until six (6) years have elapsed after the recording date of the Master Deed, whichever event first occurs, at which time it shall be turned over to the owners of the condominium units.

III.2 Election of Directors. Except as provided in Section III.16 hereof, the election of directors shall be conducted in the following manner:

- (a) Election of directors shall be held at the annual members' meeting.
- (b) A nominating committee of two (2) members shall be appointed by the Board of Directors not less than thirty (30) days prior to the meeting at which directors are to be elected. The committee shall nominate one person for each director then serving. Additional nominations may be made from the floor at the meeting.
- (c) The election shall be by written ballot (unless dispensed by unanimous consent) and by a plurality of the votes cast, each person voting being entitled to cast his votes for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting.

- (d) Except as to vacancies provided by removal of directors by members, vacancies in the Board of Directors occurring between annual meetings of members shall be filled by vote of a majority of the remaining directors, whether or not such a majority constitutes a legal quorum of such Board. If such directors are unable to agree, such vacancy shall be filled by vote of the members at a special meeting.

III.3 Removal of Directors. Any director may be removed by concurrence of two-thirds of the votes of the entire membership at a special meeting of the members called for that purpose. The vacancy in the Board of Directors so created shall be filled by vote of a majority of the membership at the same meeting.

III.4 Term of Directors. The term of each director's service shall extend until the next annual meeting of the members and subsequently until his successor is duly elected and qualifies, or until he is removed in the manner provided in Section III.3 hereof.

III.5 Organization Meeting. The organization meeting of a newly-elected Board of Directors shall be held within ten (10) days of their election at such place and time as shall be fixed by the Directors at the meeting at which they were elected, and no further notice of the organization meeting shall be necessary.

III.6 Regular Meetings of Directors. The regular meetings of the Board of Directors may be held at such time

and place as shall be determined, from time to time, by vote of a majority of the Directors. Notice of regular meetings shall be given to each Director by the chairman of the Board if such an officer has been elected, or by the president, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting. If a manager or managing agent is employed by the Board of Directors pursuant to Section IV.9 hereof, such manager or managing agent shall receive notice of all meetings in the same manner as Directors and shall be entitled to attend such meetings or to designate a representative to attend such meetings on his or its behalf.

III.7 Special Meetings of Directors. Special meetings of the Directors may be called by the chairman of the Board, if such an officer has been elected, or by the president, and must be called by the secretary at the written request of one-third of the Directors. Not less than three (3) days' notice of the meeting shall be given to each Director by the chairman of the Board, if such an officer has been elected, or by the president, personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting.

III.8 Waiver of Notice of Directors' Meetings. Any Director may waive notice of a meeting in writing before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice.

III.9 Quorum of Directors. A quorum at a Directors' meeting shall consist of a majority of the Directors then in office. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except when approval by a greater number of Directors is required by the Master Deed or by these Bylaws.

III.10 Adjourned Meetings of Directors. If, at any meeting of the Board of Directors, there should be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice.

III.11 Joinder in Meeting by Approval of Minutes. The joinder of a Director in the action of a meeting by signing and concurring in the minutes of that meeting shall constitute the presence of such Director for the purpose of determining a quorum.

III.12 Presiding Officer at Directors' Meetings. The presiding officer of a Directors' meeting shall be the chairman of the Board, if such an officer has been elected; and, if none, the president shall preside. In the absence of the presiding officer, a majority of the Directors present shall designate one of their number to preside.

III.13 Order of Business at Directors' Meetings.

The order of business at Directors' meetings shall be:

- (a) Calling of roll;
- (b) Proof of due notice of meeting;
- (c) Reading and disposal of any unapproved minutes;
- (d) Reports of officers and committees;
- (e) Election of officers;
- (f) Unfinished business;
- (g) New business;
- (h) Adjournment.

III.14 Directors' Fees. Directors' fees, if any, shall be determined by the members; provided, however, that this provision shall neither preclude the Board of Directors from employing a director at a compensation established by the Board as an employee of the Council nor preclude the contracting with a director at a compensation established by the Board of Directors for the management of the project pursuant to Section IV.9 hereof.

III.15 Liability of Board of Directors. The members of the Board of Directors shall not be liable to the unit owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The unit owners shall indemnify and hold harmless each member of the Board of Directors against all contractual liability to others arising out of

contracts made by the Board of Directors on behalf of the project. The liability of any unit owner arising out of any contract made by the Board of Directors or out of the indemnity in favor of the members of the Board of Directors shall be limited to such proportion of the total disability thereunder as his interest in the common elements bears to the interests of all the unit owners in the common elements. Every agreement made by the Board of Directors or by the managing agent or by the manager on behalf of the project shall provide that the members of the Board of Directors, or the managing agent, or the manager, as the case may be, are acting only as agents for the unit owners and shall have no personal liability thereunder (except as unit owners), and that each unit owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the common elements bears to the interests of all unit owners in the common elements.

III.16 Proviso. Every provision contained in this Article III shall be subject to the following proviso: Within thirty (30) days after the Developer has sold and transferred ninety five (95%) percent of the total of seventy six (76) units, or until six (6) years have elapsed after the date of recording the Master Deed, whichever event first occurs, the initial Board of Directors designated by the Developer in the Articles of Incorporation of the Council (or appointed by the Developer as hereinafter

provided in this Section) shall call a special meeting of the membership for the purpose of electing successors to the initial Board of Directors and transacting any and all other business authorized to be transacted by the members. Until such special meeting is held and a successor board of directors has been duly elected at such meeting, the Board of Directors shall consist of those persons designated by the Developer in the Articles of Incorporation of the Council, and in the event of vacancies the Developer shall fill the vacancies. Directors designated by the Developer in the Articles of Incorporation or to fill vacancies need not be unit owners. Provided, however, the Developer shall not have the right either before or after such special meeting to accept from the Council any leases of any part of the condominium project, or any franchises or licenses for the provision of services to the condominium project, and the Developer shall not have the right either before or after such special meeting to enter into any management agreement or other contracts which extend beyond the date of such special meeting. Existing contracts shall be honored if one (1) year or less remains before termination.

ARTICLE IV

Powers and Duties of the Board of Directors

IV.1 Powers and Duties of the Board of Directors.

All of the powers and duties of the Council existing under

the Act, the Master Deed, and these Bylaws shall be exercised exclusively by the Board of Directors, its agents, contractors or employees, subject only to approval by unit owners when such is specifically required.

IV.2 Assessments. The Board shall make and collect assessments against members to defray the costs and expenses of the project in the manner provided by the Master Deed.

IV.3 Disbursements. The Board shall use the proceeds of assessments in the exercise of its powers and duties in the manner provided by the Master Deed.

IV.4 Maintenance. The Board shall maintain, repair, replace and operate the project in the manner provided by the Master Deed.

IV.5 Insurance. The Board shall purchase insurance upon the project and insurance for the protection of the Council and its members in the manner provided by the Master Deed.

IV.6 Reconstruction and Improvements. The Board shall reconstruct improvements after casualty and further improve the project in the manner provided by the Master Deed.

IV.7 Rules and Regulations. The Board shall make reasonable rules and regulations respecting the use of the project in the manner provided by the Master Deed. Rules and regulations of the Council, until amended, shall be as

set forth in the Master Deed and in the Schedule attached hereto and made a part of these Bylaws.

IV.8 Management Contract. The Board may employ to operate the project a professional managing agent at a compensation to be established by the Board and may delegate to such managing agent all powers and duties of the Board and the Council except such as are specifically required by the Master Deed or these Bylaws to have approval of the Board or the membership of the Council or the owners within a particular building or unit. Any management agreement must be terminable by the Council for cause upon thirty (30) days' written notice, and the term of any such agreement must not exceed one (1) year, renewable by agreement of the parties for successive one-year periods.

IV.9 Enforcement. The Board shall enforce by legal means the provisions of the Act, the Master Deed, the Bylaws and the rules and regulations for the use of the project.

IV.10 Purchase of Units. The Board, on behalf of the Council, may purchase units in the project, subject to the provisions of the Master Deed.

ARTICLE V

Officers

V.1 Executive Officers. The executive officers of the Council shall be a president, who shall be a

director; one vice-president; a treasurer and a secretary, all of whom shall be elected annually by the Board of Directors and who may be peremptorily removed by vote of the Directors at any meeting. Any person may hold two or more offices except that the president shall not be also the secretary or an assistant secretary. The Board of Directors from time to time shall elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Council. The Board of Directors shall have the power to elect an assistant secretary who shall perform the duties of the secretary when the secretary is absent.

V.2 President. The president shall be the chief executive officer of the Council. He shall have all of the powers and duties usually vested in the office of president of a nonstock, nonprofit corporation, including, but not limited to, the power to appoint committees from among the members from time to time, as he, in his discretion, may determine appropriate, to assist in the conduct of the affairs of the Council.

V.3 Vice-President. The vice-president, in the absence or disability of the president, shall exercise such other powers and perform such other duties as shall be prescribed by the Directors. If the Board of Directors shall elect more than one vice-president, the Board shall designate the order of seniority of such vice-presidents.

V.4 Secretary. The secretary shall keep the minutes of all proceedings of the Directors and the members. He shall attend to the giving and serving of all notices to the members and Directors and other notices required by law. He shall keep the records of the Council, except those of the treasurer, and shall perform all other duties incident to the office of secretary of a Council and as may be required by the Directors or the president.

V.5 Treasurer. The treasurer shall have custody of all property of the Council, including funds, securities and evidences of indebtedness. He shall keep the books of the Council in accordance with good accounting practices, including a "Book of Accounts" as required by and defined in KRS 381.865; and he shall perform all other duties incident to the office of treasurer.

V.6 The secretary and treasurer may be one person.

V.7 Compensation. The compensation, if any, of all officers and employees of the Council shall be fixed by the Directors; provided that the Board of Directors may delegate authority to fix the compensation of employees to the executive officers.

ARTICLE VI

Fiscal Management

VI.1 Fiscal Management. The provisions for fiscal management of the Council set forth in the Master Deed shall be supplemented by the following provisions:

VI.2 Accounts. The receipts and expenditures of the Council shall be credited and charged to accounts under the following classifications as shall be appropriate, all of which expenditures shall be common expenses:

- (a) "Current expenses", which shall include all receipts and expenditures within the year for which the budget is made, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves or to additional improvements. The balance in this fund at the end of each year, if any, shall be credited to each unit owner's assessment due the succeeding year.
- (b) "Reserve for deferred maintenance", which shall include funds for maintenance items that occur less frequently than annually.
- (c) "Reserve for capital expenditures", which shall include the funds to be used for capital expenditures for additional improvements or additional personal property that will be part of the common elements.

VI.3 Budget. The Board of Directors shall adopt a budget for each fiscal year that shall include the estimated funds required to defray the common expense and to provide and maintain funds for the foregoing accounts and reserves according to good accounting practices as follows:

- (a) "Current expenses", the amount of which shall not exceed by fifteen (15%) percent the amount budgeted for this account for the prior year.
- (b) "Reserve for deferred maintenance", the amount of which shall not exceed by ten (10%) percent the amount budgeted for this account for the prior year.
- (c) "Reserve for capital expenditures", the amount of which shall not exceed by ten (10%) percent the amount budgeted for this account for the prior year.

The amount for each budgeted item may be increased over the foregoing limitations when approved by unit owners entitled to cast not less than a majority of the votes of the entire membership of the Council.

Copies of the budget and proposed assessments shall be transmitted by the Board of Directors to each member at least thirty (30) days preceding the fiscal year for which said budget has been made, and, if the budget is subsequently amended, a copy of the amended budget shall be furnished to each member.

VI.4 Assessments and Special Assessments.

Assessments against the unit owners for their shares of the items of the budget shall be made for each fiscal year at least thirty (30) days preceding the beginning of such fiscal year. Such assessment shall be due in twelve (12) equal payments on the first day of each month of the said fiscal year. If an annual assessment is not made as

required, an assessment shall be presumed to have been made in the amount of the last prior assessment and monthly installments on such assessments shall be due upon each installment payment date until changed by an amended assessment. Should the annual assessment prove to be insufficient to meet either current expenses or the cost of deferred maintenance or capital expenditures, the budget and assessments may be amended at any time by the Board of Directors if the accounts of the amended budget do not exceed the limitations for the year. If any account would exceed such limitation upon amendment of the budget to meet such increased current expenses or deferred maintenance or capital expenditures, the budget shall not be amended except upon approval of the membership of the Council as required by Section VI.3 hereof of such amendments to the budget and of a special assessment to meet such increases. The unpaid assessment for the remaining portion of the calendar year during which the special assessment is made shall be due upon the dates on which the regular assessment is due, and the special assessment shall be paid in equal payments on the payment dates of the annual assessment during the remainder of that calendar year. The first payment of a monthly installment by a unit owner shall be due on the date of delivery of his deed, and shall be equal to that proportion of the installment payment for the month in which delivery of his deed occurs as the period between the date

of delivery of his deed and the last day of that month bears to the number of days in that month. The next payment of a monthly installment shall be due on the first monthly installment payment date falling after the date of delivery of his deed.

VI.5 Reserve Payments. The Board of Directors shall have the power to require a purchaser of a unit, at or prior to delivery to the purchaser of the deed to his unit, to make to the Board a reserve payment in an amount of at least \$100.00. All such reserve payments shall be used by the Board as a working capital fund for the initial months of operation of the project, and shall be credited to an account under the classification of "Current Expenses". As provided in Section VI.2(a) hereof, any amounts paid by unit owners as reserve payments that are not used during the first fiscal year of the Council shall be applied to reduce the assessments for current expenses for the succeeding year.

VI.6 Acceleration of Assessment Installments upon Default. If a unit owner shall be in default in the payment of an installment upon an assessment, the Board of Directors may accelerate the remaining installments of the assessment upon notice to the unit owner, and then the unpaid balance of the assessment shall become due upon the date stated in the notice, but not less than ten (10) days after delivery of the notice to the unit owner, or not less than twenty

(20) days after the mailing of such notice to him by registered or certified mail, whichever shall first occur.

VI.7 Depository. The depository of the Council shall be such bank or banks or federally-insured savings and loan association as shall be designated from time to time by the Board of Directors and in which the monies of the Council shall be deposited. Withdrawal of monies from such accounts shall be only by checks or other withdrawal orders signed by such persons as are authorized by the Board of Directors.

VI.8 Audit. A financial statement by a CPA shall be made annually, and a copy of the statement shall be furnished to each member not later than May 1st of the following year.

VI.9 Fidelity Bonds. Fidelity bonds may be required by the Board of Directors from all persons handling or responsible for Council funds. The amount of such bonds may be determined by the Directors. The premiums of such bonds shall be paid by the Council.

VI.10 Rights of Mortgagees. The holders of first mortgages on any units shall have the right to examine the books and records and may request the Council to furnish them with annual reports and other financial data.

VI.11 Proviso. Every provision contained in this Article VI shall be subject to the following proviso: Until such time as the special meeting of the membership required

by Section III.16 hereof is held, the initial Board of Directors shall be solely and entirely responsible for the fiscal affairs of the Council, and may prepare a budget in such form and manner as it deems advisable; may omit from such budget allowances for contingencies and reserves; may make assessments against the unit owners in such amount as the Board deems advisable; and may amend such assessments at any time it deems advisable.

ARTICLE VII

Parliamentary Rules

VII.1 Roberts' Rules of Order (latest edition) shall govern the conduct of the Council meetings when not in conflict with the Master Deed or these Bylaws.

ARTICLE VIII

Amendments

VIII.1 These Bylaws may be altered, amended or repealed in the following manner:

- (a) Notice of Amendment to Bylaws. Notice of the subject matter of the proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.
- (b) Approval. A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the members of the Council. Directors and members not present in person or by proxy at the meetings

considering the amendment may express their approval in writing, providing such approval is delivered to the secretary at or prior to the meeting. Except as elsewhere provided, such approvals must be not less than a majority of the votes of the entire membership of the Council.

- (c) Prohibitions. No amendment shall discriminate against any unit owner or against any unit or class or group of units unless the unit owners so affected shall consent.
- (d) Repeal. The repeal of these Bylaws in their entirety and their replacement by new bylaws shall be accomplished in the same manner as provided by this Section VIII for the amendment of these Bylaws.

ARTICLE IX

Dissolution

IX.1 Vote by Membership. The Council may dissolve and wind up its affairs at any time upon the appropriate action by the Board of Directors and the members in the manner provided in Chapter 273 and Chapter 381 of the Kentucky Revised Statutes, as amended.

ARTICLE X

Miscellaneous

X.1 Invalidity. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the remainder of these Bylaws.

X.2 Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

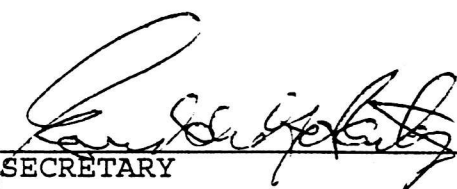
X.3 Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision hereof.

X.4 Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders, and the use of the singular shall be deemed to include the plural, whenever the context so requires.

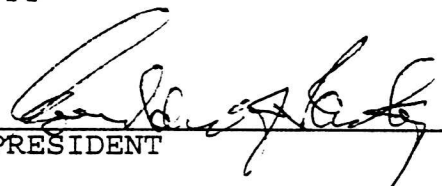
X.5 Notices. Except as otherwise required herein, all notices to the Council and the Board of Directors shall be delivered personally or sent by registered or certified mail in care of the manager or managing agent; all notices to any unit owner shall be delivered personally or sent by registered or certified mail to the unit or to such other address as may have been designated by him in writing from time to time to the Board of Directors; and all notices to mortgagees of units shall be delivered personally or sent by registered or certified mail to their respective addresses as designated by them in writing from time to time to the Board of Directors. All

notices sent by mail shall be deemed to have been given when mailed.

The foregoing Bylaws and any attached Rules and Regulations were adopted as the Bylaws and Rules and Regulations of Atrium at Stonybrook, this 19th day of October, 1995.


SECRETARY

Approved:


PRESIDENT

34/1