

# *The Falls at Old Henry*



**Council of Co-Owners**

## **By-Laws**

**December 2017**

## **April 2012 Summary of changes from previous 2007 By-Laws:**

### **Material Changes:**

- 1. Board member term of office changed from 1 year to 2 years**
- 2. Board members staggering of terms to keep annual elections to half the board**
- 3. Annual meeting change from June to November in line with our fiscal year**
- 4. Commit board to keep expenses in line with assessments(Balanced Budget)**
- 5. Requirement for the board to know, when such a vote requiring exists, the number of members that have a first mortgage and who that mortgage holder is in order to conform with the 2009 section 12 Freddie Mac amendment in the Master Deed.**
- 6. Requirement to have unit owner provide declaraiton of insurance to Property Manager.**

### **Formatting, Consistency, and clarification changes:**

- 1. Alignment to and cross reference of the current master deed where exists**
- 2. Inclusion of a cover page, index, these changes**
- 3. Streamlining to refer to master deed sections and including brief descriptions**
- 4. Added detail in the definitions of accounting reports, board process, audit and tax processes, banking rules, and managing agent rules**
- 5. More detailed definition of responsibilities of the board, the officers and the unit owners**

### **2013 changes**

- 1. Revision based on state law changes of the budget approval process**
- 2. Board member term of office changed from 2 years to 3 years**

### **2017 Changes**

- 1. Inclusion of board member participation requirements**
- 2. Clarification of several topics without changing intent**
- 3. Clarification of several topics to conform to state law or regulation**
- 4. Revision of annual meeting minimum quorum from 51% to 30%**
- 5. Definition around electronic e-mail communications as a tool for the board to transact business**

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**BY-LAWS  
OF  
THE FALLS AT OLD HENRY CONDOMINIUMS COUNCIL, INC.  
v. 0.07**

**WITNESS WHEREAS**, the original Bylaws of The Falls at Old Henry Condominiums Council, Inc., were adopted by the Board of said Council administering the condominium development known as The Falls at Old Henry Condominiums effective December, 2007; and

**WHEREAS**, the Board has determined to amend and restate the Bylaws as authorized which shall be set forth hereafter, which therefore supersedes and replaces for all purposes said original By-Laws effective April, 2012

**NOW, THEREFORE**, the Amended and Restated By-Laws are set forth as follows;’

These By-Laws of the Falls at Old Henry Condominiums Council Inc (“**By-Laws**”), shall apply to the above named condominium association, (“**Association**”), located in Jefferson County, Kentucky, as described in and created by the Master Deed and Declaration of Condominium Property Regime of The Falls at Old Henry Condominiums (“**Master Deed**” or as abbreviated “**MD**”), recorded in the Office of the County Clerk of Jefferson County Kentucky, and to all present and future owners, tenants, and occupants of any units of the Regime and all other persons who shall at any time use the Regime.

**ARTICLE 1**

**DEFINITIONS**

1.1 The “**Regime**” shall refer to the real property improvements constructed on the property under the Kentucky Horizontal Property Law as defined in the preamble to the Master Deed.

1.2 The “**Articles** “ shall refer to The Articles of Incorporation of The Falls at Old Henry Condominium Council, Inc, which may be amended from time to time.

1.3 The “**By-Laws**” shall refer to these By-Laws of the Falls at Old Henry Condominium Council Inc.

1.4 The “**Rules and Regulations**” shall refer to the Rules and Regulations of The Falls at Old Henry Condominium Council, Inc.

1.5 The “**Council**” shall refer to all of Unit Owners acting as a group as defined by the Master Deed § 1.1.

1.6 “**Unit**” is defined as the enclosed space consisting of one or more rooms having direct access to the common elements, as defined further by the Master Deed § 1.4.

1.7 A “**Unit Owner**” shall refer to all of the owners of a unit in the Regime as defined further by the Master Deed § 1.4.

1.8 The “**Board**” shall refer to the elected Board of Directors of the Council as defined by the Master Deed § 1.7.

1.9 “**Director**” shall refer to any Unit Owner that has been elected to the Board of Directors and whose term of office is current as defined by the elected term.

1.10 “**Common Elements**” shall refer to all of the elements of the regime including the land and buildings with the exception of the Units, as further defined by the Master Deed § 1.2.

1.11 “**Common Expenses**” shall refer to the total cost of all of the expenses in support of the common elements of the Regime as further defined by the Master Deed § 1.5.

1.12 “**Property Manager**” shall refer to the professional managing agent employed by for that purpose by the Board.

## ARTICLE II

### MEMBERSHIP & VOTING RIGHTS

**2.1 Membership (MD§6.1).** The Unit Owner of any unit upon acquiring title thereto shall automatically become a “**Member**” of the Council and shall remain a Member thereof until such time as ownership of such unit ceases for any reason, at which time membership in the Council shall automatically cease.

**2.2 Voting Qualification (MD§6.2).** Each Member shall be entitled to one vote for each Unit owned.

If more than one Member owns a Unit, their one vote shall be exercised as they determine amongst themselves, but no vote may be split and if the Members of a Unit cannot agree amongst themselves as to the vote, no vote shall be allowed. The vote or other signature as the case may be, of one Member per unit will be sufficient to cast the vote for all of the Members of that unit without the necessity of obtaining a proxy or other authorization.

An executor, administrator, guardian or trustee may vote in person or by proxy at any meeting of the Council the vote for any unit owned or controlled in such capacity, whether or not the unit shall have been transferred in the Councils’ record of ownership, provided that they shall first present evidence satisfactory to the President of the Board of Directors of ownership or control of such unit in such capacity, and provided that the assessments and other obligations to the Association have been paid in full for all fees and assessments due prior to the month of the meeting. (MD§7.9)

## ARTICLE III

### BOARD OF DIRECTORS

**3.1 Responsibilities (MD§6.4,§9.1,§9.2,§9.3).** Administration of the Regime and the affairs of the Association is the responsibility of the Council and will be conducted by a Board of Directors, which shall be elected by the Council. The Board shall have all powers necessary for

the administration of the affairs of the Council and may do all such acts and things therefore as are not by law, the Master Deed, or these By-Laws directed to be exercised or done only by the Unit Owners.

**3.2 Qualifications.** All Directors of the Board shall be Members, except in the event a Member is a legal entity other than an individual, any officer, director, shareholder, partner, beneficiary or trustee of such other entity shall be eligible to serve as a Director of the Board. If there is more than one Member of a unit only one of the Members will be permitted to serve on the Board at any given time. Builders or developers solely providing construction of units are not eligible for board membership even though they may temporarily own units until they are sold.

**3.3 Compensation.** Directors and Officers of the Board shall serve without compensation unless otherwise authorized by a majority vote of the total vote of the Council at a regular or special meeting of the Association, but may be reimbursed for reasonable expenses incurred as a result of acting on behalf of the Board with prior board approval.

**3.4 Insurance.** The Council will purchase and pay for Directors' and Officers' Errors and Omissions Insurance (**MD§8.3**). Where such Director may handle the funds of the Association, the Council will purchase and pay for Fidelity insurance(**MD§8.2**). The board will pay for such insurance premiums as a common expense of the Association(**MD§8.4**).

**3.5 Number of the Board.** The Board is initially composed of seven (7) Directors, which may be changed from time to time by the Board, but at no time can be less than three (3) Directors and at no time can be more than Nine (9) Directors. The Board is strongly recommended to always contain an odd number of members.

The Board in a majority vote of the entire Board, or a majority written member vote at a full association meeting can increase or decrease the number of Directors on the board. Decreasing the number of members on the board can only eliminate vacancy caused by a board resignation or removal of a board member that does not meet participation requirements. The board may operate above the decreases board member target until such vacancy occurs.

The Board in a majority vote of all Directors can increase the Directors of the Board and elect a Member to fill the vacancies thus created at any regular or special meeting of the Board. Such election is for a period until the next annual meeting at which point that position must be elected by the Council or eliminated as a decrease in the number of the Board.

The Council, in a majority written vote of the Council, can increase the Directors of the Board within the maximum number of the board (§3.5) and elect a Member to fill the vacancies thus created at any regular or special meeting of the Council. Such election is for a period until the next annual meeting at which point that position must be elected by the Council or eliminated as a decrease in the number of Directors.

**3.6 Other Participants.** The Board may, by majority vote of the Board or with a majority written vote of the council, include additional non-voting participants to the Board that may be a Unit Owner, or Agent in the employ of the Association. Such participants shall receive notice of each board meeting, but do not count for determination of quorum and may not vote in any

Board Votes, and may not participate except as the Board allows. Property Manager and Legal Counsel shall be authorized, without vote of the Board required, to be non-voting participants to the Board and shall be invited to all board meetings of relevance to their participation.

**3.7 Nominations.** All nominations to the Board shall be submitted to the secretary at least ten (10) days before said election, provided, however, that the Board shall permit at the annual meeting nominations from the floor. All nominations shall have a reasonable opportunity to communicate their qualifications to the members and solicit votes.

**3.8 Voting.** Election of Directors shall be by written confidential ballot at annual meetings or any special meetings called for the purpose. Members of the Council are entitled to vote at such election shall have the right to cast, in person or by proxy, one vote for each unit owned for of such Directors positions to be elected at such election, but in no case shall vote for any candidate more than once.

The counting of the ballots shall be done by the Legal Counsel of the Board, or by Property Manager, or by two members of the Board not being elected at that meeting as chosen by vote or lot, or by two Unit Owners as volunteers not participating as potential Directors in such sequence of choice.

Each position available to be elected to the Board shall be filled at time of voting based upon the \ plurality of the vote. In the event that one or more positions cannot be decided as a result of an equal vote for two or more candidates, there shall be a second vote including only these candidates for the position in question. If such vote continues in equal proportion, the elected Board may choose, at their own discretion, to draw lots or to decrease or increase the size of the Board accordingly in order to resolve the issue, provided the size of the Board is within guidelines provided by these By-Laws.

**3.9 Term of Office.** Directors of the Board shall hold office for a period of three years and until their respective successors have been elected. It is the intent of this provision to insure continuity to the board to have no more than ½ of the board elected each year.. In the event that more than the scheduled number to the total Board will be elected, the term of the elected officers shall be set so that future elections maintain no more than ½ of the board elected each year, such designation to be made by the Board after the elections are completed by unanimous agreement, or if such agreement is not available, then by lot as executed by the Chair of such meeting.

**3.10 Resignations.** Any Director of the Board of Directors may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**3.11 Removal of Directors.** At any regular or special meeting duly called, or adjournment meeting, or if such majority of the Council consents to the actions by executing a writing signifying their approval, any one or more of the Directors of the Board may be removed with or without cause by vote of two thirds of all of the Members of the Council, in person or by proxy,



and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Council shall be given an opportunity to be heard at the meeting.

**3.12 Vacancies.** Vacancies occurring on the Board created as a result of the resignation or removal of a Director will be filled for the unexpired term by majority vote of all of the remaining Directors even if less than a quorum, at any meeting of the Board, or may be eliminated as a Board position as preceding in 3.4 Number of the Board. If there is no Director remaining, then by plurality vote of the members present at a meeting called for that purpose by any member, upon like notice and in like manner as provided for an annual election.

**3.13 Participation.** Board members must meet minimum annual participation each year to retain their board seat for the duration of their elected term. Board members that do not meet minimum annual participation may resign at any time, or will have their seat put up for election at the subsequent annual association meeting. Board members who have failed to meet minimum annual participation may not run for the board for a period of one year. Annual participation minimums include:

(a) Telephone or in-person attendance at at least 75% of the board meetings scheduled with advance notice during the course of a year.

(b) 100% response to any e-mails specifically requesting feedback/information or attendance at an impromptu meeting from board members. Note that actual feedback/information or attendance is not the requirement.

**3.14 Board Meetings.** Board meetings may be held in real time, including in-person, conference call, video, or other similar technologies, or via e-mail or similar constructs, allowing board members to participate through written electronic communications.

**3.15 Place of Meeting.** The Board of Directors will hold in-person meetings within the Commonwealth of Kentucky, at such place or places as they may from time to time determine. Electronic conference calling or similar technologies, or electronic e-mail or similar technologies may be used as an alternative to meeting in-person at the discretion of the board.

**3.16 Regular Meetings. Call and Notice.** The President of the Board with agreement of a majority of the Board of Directors may fix the times and places for the holding of its regular meetings, but at least two such meetings shall be held each year.

**3.17 Special Meetings. Call and Notice.** Special meeting of the Board of Directors may be held whenever called by direction of the President of the Association or by any Director, which notice will include the purpose of the meeting.

**3.18 Notice of Meeting.** Notice of regular or special in-person or conference call meetings of the Board shall be delivered to each Director in person, by telephone, leaving it at the unit in the Regime, sent by e-mail with confirmation of transmission, faxing it to known fax address with confirmed delivery, or sent by United States mail, postage prepaid, at least seven (7) days prior to the date of such meeting by the calling authority. Electronic meetings via e-mail or similar constructs must allow up to (7) days for board member communications to be considered within the meeting or question being raised.

If notice is given pursuant to the provisions of this section, the failure of any Director to receive actual notice of any meeting shall in no way invalidate such meeting or actions taken.

Such notice shall include the authority for the call thereof, the place, day and hour of such meeting, plus any additional information relevant to the called meeting.

**3.19 Waiver of Notice.** Before or at any meeting of the Board of Directors, any Director may in writing waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be waiver of notice of such meeting. If all the Directors are present at any meeting of the Board, at any time and place, or by unanimous written consent of all the Directors exists, no notice thereof shall be required and any business may be transacted at such meeting.

**3.20 Quorum; Adjournment of Meetings.** At or during any in-person or conference call meeting of the Board of Directors, except when otherwise provided by law or these Bylaws, a majority of all Directors constitutes a quorum, and the Board of Directors will act by a majority of those present at a meeting at which a quorum is present; but, in the absence of a quorum, the meeting may be adjourned by a majority of those present, without notice other than by announcement at the meeting. E-mail communications meetings of the board of directors, except when otherwise provided by law or these Bylaws, must include all directors. Communications from a majority of all of the board members is required in order to define a quorum.

**3.21 Board Transactions.** Business may be transacted at a Board meeting (or e-mail communication) provided such quorum as required to transact such business exists at the meeting, in person or by proxy. Decisions of the Board shall be voted upon by the Board, including Officers, who shall have one vote each in matters coming to the Board. All decisions of the Board are decided upon by simple majority.

**3.22 Meetings; Chair and Secretary.** At all meetings of the Board of Directors, the President of the Association will act as chair, and the Secretary of the Association as secretary, except that if either or both of them will be absent, a chair or secretary, or both, may be chosen at the meeting by majority vote. E-mail communication decisions are initiated by any officer of the board.

**3.23 Action without a Meeting.** The Directors are authorized to act without a formal meeting on any matter permitted by the Kentucky Revised Statutes by unanimous written consent to the specified act, which may be via e-mail.

## ARTICLE IV

### OFFICERS

**4.1 Executive Officers.** The executive Officers of the Corporation will be a President, Treasurer, and Secretary (“Officers”).

**4.2 Other Officers.** The Board of Directors may elect a general manager, vice presidents, assistant treasurers, assistant secretaries, and such other officers as they deem appropriate. The Board of Directors will prescribe the powers and duties of any other office of the Corporation.

**4.3 Combined Offices.** One person may hold more than one office, except that any combination of the offices of president, secretary and treasurer are not to be held by the same person.

**4.4 Nominations of Officers.** Any Director may nominate themselves or any other Director to be an Executive Officer at the Annual meeting of the Board. All nominations shall have a reasonable opportunity to communicate their qualifications to the other Directors and solicit votes.

**4.5 Terms of Office; Removal.** All Officers will be elected or appointed for a term expiring at the next annual election by a plurality of the Directors, but they will be subject to removal at the pleasure of the Board of Directors by affirmative vote of a two thirds majority of the whole Board of Directors, or by removal of a Director from the Council as provided for by Removal of Directors by Council.

**4.6 Resignations.** Any Officer of the Board may resign such officer status and resume status of board member at large at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**4.7 Vacancies.** Vacancies to the Officers of the Board may be filled by the Board at the next regular meeting or at a special meeting called thereof.

**4.8 Powers and Duties of the President.** The President will be the chief executive Officer of the Corporation, and, subject to the control of the Board of Directors, will have general charge of its business and supervision of its affairs.

The President, subject to the direction of the Board of Directors, may represent the Council or any two or more Unit Owners similarly situated as a class in any legal proceeding affecting the Council, the common elements, or more than one unit, and may participate in such proceedings without limiting the rights of any Unit Owners to participate individually.

The President will keep the Board of Directors fully informed and will freely consult with the Directors regarding the business of the Corporation, and will make due reports to them and to the members.

In addition to the powers and duties provided for in these Bylaws, the President will, when duly authorized, sign, acknowledge and deliver all contracts, orders, documents and instruments of a special nature. Subject to the Board of Directors' approval, the President will have such other powers and duties as are incident to the office and not inconsistent with these Bylaws or the directions of the Board of Directors, or as may at any time be assigned to the President by the Board of Directors.

**4.9 Powers and Duties of a Vice President.** If a vice president position is desired and filled, the vice president shall so serve in the absence of the President and shall also perform such other duties as may be assigned by the Board or the President.

**4.10 Powers and Duties of the Secretary.** The Secretary will enter into the minute book of the Corporation the minutes of all meetings of the members and the Board of Directors; and will have charge of all books and records pertaining to the office, and for the giving of all notices, and for the making of all statements and reports required of the Corporation or of the Secretary by law. The Secretary will perform such other duties as are incident to the Secretary's office, and will have such other powers and duties as may at any time be assigned to the Secretary by the Board of Directors or the President.

**4.11 Powers and Duties of the Treasurer.** The treasurer shall oversee the financial and records and books of account of the Council, and present such reports to the Board and the Council. Treasurer shall have overall responsibility for the financial policies of the association as transacted by the property management company.

**4.12 Powers and duties of all board members.** Each board member that does not have a specific officer responsibility should target an aspect of the association where they can bring specific value, and manage that aspect on behalf of the association. While the list of available projects is open, some past examples have included managing the lawn care company, dealing with the association insurance, working with the builders/developers, managing the contact list, assorted maintenance of the common areas, and performing duties of social director for association functions.

## ARTICLE V

### ANNUAL MEETINGS

**5.1 Annual Meetings.** The membership shall meet each year as called the President of the Board, who will Chair such meeting, to elect the Board of Directors, vote if required by Kentucky Law on the annual budget, and to conduct such other business as shall properly come before it. The secretary shall keep the minutes of the meeting as well as a record of all transactions occurring thereat.

**5.2 Special Meetings.** Special meetings of the members may be called for any reasonable purposes either by the President of the Board who will Chair such meeting, or if the President is unable or unwilling to call such meeting, by a petition signed by at least ten (10) of the Members and chaired by either a Member elected by the petition thus signed, or by the Secretary, in the absence thereof. Special meetings as called will provide with such notice as required by these By-Laws, and the purpose for such meeting, and no business will be transacted at a special meeting except as stated in the notice.

**5.3 Place of Meeting.** Meetings of the Council shall be held in Jefferson County at a place convenient to all owners as designated by the Board as determined by the calling authority of the meeting.

**5.4 Notice of Meetings.** Authority for the called annual or special meeting, or with the help of Property Manager, will furnish written notice to each Member, of the annual or special meeting of the Association.

Such notices shall be delivered in person, leaving it at the unit in the Regime, sent by e-mail with confirmation of transmission, faxing it to known fax address with confirmed delivery, or sent by United States mail, postage prepaid, not less than 10 or more than 35 days before the date of the meeting.

If notice is given pursuant to the provisions of this section, the failure of any Member to receive actual notice of any meeting shall in no way invalidate such meeting or actions taken.

Such notice shall include the authority for the call thereof, the place, day and hour of such meeting, plus any additional information relevant to the called meeting.

**5.5 Waiver of Notice.** Any Member may, in writing, waive notice of any meeting of the Council, either before or after such meeting. The presence of any Member in person or by proxy at any meeting shall be deemed a waiver of any required notice to such Member unless at the opening of such meeting they should object to the holding of such meeting because of the failure to give notice in accordance with the provisions thereof.

**5.6 Quorum.** A quorum shall be more than 30% of all the Members, except for actions that require a different minimum quorum.

In the event that a quorum is not present, any action which may have been taken at the meeting had a quorum been present may be taken if within 30 days following such meeting, or an adjourned meeting held pursuant to Section 6.5 Adjournment at which a quorum is not present, a majority of the Council consents to the action by executing a writing signifying their approval.

**5.7 Transactions.** The acts of a majority of the Members present, in person or by proxy, at any meeting at which a quorum is present shall be the acts of the Council, except for actions that require a specific vote other than a majority.

Certain votes of the board (**MD§12.3,§12.5**), require a vote of 67% of the Members of the Council and 51% of the members who hold a first mortgage, hereby known as a “**67-51**” vote.

For such actions that require the 67-51 vote, such vote will be taken first as a vote of the members of the Council, and second as a vote of the Council Members with a Mortgage, and checked against a list maintained by the secretary of homeowners with a first mortgage.

Removal of a Director requires a two thirds vote of the Members of the Council, and is more fully defined in section 3.11 Removal of Directors in these By-Laws.

**5.8 Adjournment.** Any meeting of the Council may be adjourned to such place and time as may be determined by majority vote of the Members present, whether or not a quorum is present, without notice other than the announcement at such meeting. At such adjourned meeting a quorum must be present for any business to be transacted by the Council.

**5.9 Proxies and Pledge.** Members may vote by Proxy. The authority given by any Member in Proxy to another person to represent Member at meetings of the Council shall be in writing,

signed by such Member and filed with the Chair at the commencement of any meeting in which the vote of the proxy shall be exercised and shall expire upon adjournment thereof.

A new proxy needs to be submitted prior to each meeting in which it will be exercised. Such authority shall be revoked by the death or mental incapacity of such Member.

Voting rights transferred or pledged by mortgage, deed of trust or agreement of sale or lease of any unit or interest therein, a true copy of which is filed with the Board through the Secretary shall be exercised only by the person designated in such instrument until the written notice of release or other termination thereof is filed with the Board in like manner. The Board of Directors may impose additional, reasonable verification requirements, such as acknowledgment before a notary public.

**5.10 Rules of Order.** The rules contained in the Roberts Rules of Order revised shall govern the Council in all cases to which they are applicable and in which they are not inconsistent with these By-Laws, Rules and Regulations or the Master Deed.

## **ARTICLE VI**

### **ADMINISTRATION & POWERS OF THE BOARD**

**6.1 Accounting Principles.** Accounting controls shall be used in the preparation of all reporting which conform to established American Institute of Certified Public Accountants (AICPA) guidelines and principles, including that a separation of accounting duties exists where appropriate.

- a. The fiscal year of the Corporation will be a calendar year ending on December 31.
- b. The Association will operate on an accrual basis, as defined by generally accepted accounting principles.
- c. Accounting controls should conform with established American Institute of Certified Public Accountants (AICPA) guidelines and principles
- d. Cash accounts of the Association shall not be comingled with Reserve accounts
- e. No remuneration shall be accepted by the Managing Agent or by a Director, from vendors, independent contractors, or others providing goods or services of the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; anything of value received shall benefit the Association
- f. Any financial or other interest which a Council Member or Managing Agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors
- g. Financial reports shall be compiled on a monthly basis, within 30 days of the end of the month and include:
  - a. An Income statement reflecting all income and expense activity year to date and over the past 3 months, including a comparison to budget on a previous month and year to date basis.
  - b. A Balance sheet for the last three months
  - c. A delinquency report listing all owners who have been delinquent during the preceding three month period
  - d. A monthly Cash flow report reflecting the status of accounts receivable and accounts payable for the upcoming three months

- e. A cash disbursements report reflecting the payments of the Board since the last report.

**6.2 Audit.** The Treasurer and the Board will cause to conduct annually with the help of an accountant or accounting firm at the discretion of the Treasurer and approved by the Board, an audit of the books and financial records of the Council and report on such audit to the Board and the Council. The Council, by a majority vote, may require that the accounts of the Association be audited as a common expense by a public accountant.

**6.3 Tax Return.** The Treasurer and the Board will cause to prepare annually, with the help of an accountant or an accounting firm at the discretion of the Treasurer and approved by the Board, tax returns for the Council and have such tax returns filed in a timely fashion with all taxing authorities.

**6.4 Management (MD§6.4,§9.1,§9.2,§9.3).** The Board of Directors shall be responsible for the affairs of the Association and shall have all the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Master Deed, Articles, Master Deed, or these By-Laws directed to be done and exercised exclusively by the Unit owners.

The Board shall conduct management and maintenance of the Regime as a first-class condominium project and the adoption of any rules and regulations deemed necessary to provide for the beneficial, proper, and harmonious use and conduct of the Regime

**6.5 Banking.** All funds and money of the Corporation will be banked, handled and disbursed, and all bills, notes, checks and like obligations, and endorsements for deposit or collection, will be maintained with a federally insured institution and signed by such officers and other persons as the Board of Directors from time to time designates, who will account therefor to the treasurer as and when the treasurer requires. All money, funds, bills, notes, checks and other negotiable instruments coming to the Corporation will be collected and promptly deposited in the name of the Corporation in such depositories as the Board of Directors selects.

**6.6 Execution of Instruments.** All checks, drafts, notes, acceptances, conveyances, contracts and other instruments shall be signed on behalf of the Council by the President, the treasurer, or by the managing agent, except that those amounts or certificates in which the reserve or capital replacement funds are deposited shall require two signatures for withdrawal.

**6.7 Borrowing (MD§10.1).** The Board of Directors shall have the power to borrow money as authorized by Article 10 of the master deed. The Board shall also have the power to negotiate favorable and extended terms to the board for any services or contracts of the Council.

**6.8 Insurance (MD§8.1,§8.4,§8.5,§8.6,§8.7,§8.8,§8.9,§8.10, §8.11).** The Board shall purchase and maintain in effect contracts for insurance on the Regime as outlined in Article 8 of the Master Deed.

**6.9 Managing Agent.** The Board of administration will employ a professional managing agent to handle the operation of the Regime subject at all times to direction by the Board, with all the

administrative functions set forward specifically in this administration section except as excepted, and such other powers and duties, and at such compensation as the Board may establish.

The Board shall delegate to one of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the Managing Agent, which might arise between meetings of the Board of Directors.

The Management agreement must be terminable with 90 days notice, or for cause upon 30 days notice and run for a reasonable period of time of not more than one year. Any management contracts negotiated by the Board may be renewable by consent of the Board of Directors.

Management agent is required to follow the financial policies as directed by the Treasurer, except that the property management company will follow the guidelines of the American Institute of Certified Public Accountants (AICPA) guidelines, and conform to all law of the state of Kentucky. Property manager will immediately notify the President and the whole Board of any irregularities in any financial policy or transaction.

**6.10 Budget and Assessments.** The Board shall estimate the Common Expenses of the Regime in creation of an annual budget, and define the Regular Assessments (**MD§7.2**) to Unit Owners based upon common interest(**MD§7.1, Exhibit A**) in the Regime and the Limited Common Element Assessments (**MD§7.4**) of the unit owner.

This budget and the resultant Assessment for each Unit Owner shall be communicated to the Unit Owners along with the notice of the Annual Council meeting, or with the notice of a special meeting of the Council called for the purpose of reviewing the budget and the resultant assessments (“**Budget Session**”). Where budget actions require approval of the association, unless revoked by a majority dissent of the Council at said meeting, the Board will proceed to levy and collect such assessments from each Unit Owner.

Assessments are typically collected in equal monthly amounts for the balance due by each Unit Owner in remainder of the fiscal year.

Please note that the membership, in order to address automated banking considerations, may remit payment payment of fees in excess of current automated fees as a single payment to be paid in the first three months of the year.

In the absence of a revised Assessment due to majority dissent, or in the absence of a revised Assessment, the monthly assessments for each unit for the previous year shall be levied and remain in effect until changed by the Board and without the majority dissent of the Council at the same Budget Session or at a special meeting of the Council called specifically for this purpose.

**6.11 Balanced Budget.** If the final Assessment approved by the Council does not cover the planned Common Expenses of the Regime, revisions to the assessment or the planned expenses must occur in order that the Common Expenses shall not exceed the annual planned Assessments for the fiscal year.



**6.12 Budget Revision.** In the event that the expenses will exceed the budget of the association in any fiscal year for any reason, including emergency spending or realization of expenses not contemplated at the time of the plan, a special assessment to the members as contemplated in Article 7 of the Master Deed may be necessary and shall be communicated to the Unit Owners along with notice of a special meeting of the Council for the purpose of reviewing the budget revision and the resultant assessments. The Council may decide to pay such an assessment in full or in periodic payments through the balance of the year as determined by the Board depending on the nature of the expense and the available cash position of the Association and in accordance with the Balanced Budget provision of these By-Laws.

**6.13 Special Assessments, Assignment.** The Board and its Managing agent have the authority to assign all special assessments, penalties, fines or fees to units for cause as specifically described in the Master Deed, these By-Laws or the Rules and Regulations to Units even where such assessment, penalty, fines or fees is due to a resident and not the Unit Owner of such unit.

**6.14 Delinquency & Enforcement (MD§7.3,§7.8,§7.9,§7.10, §7.11, §7.12,§7.13).** In the event of delinquency of an assessment pursuant to section 7 of the master deed, the rate of interest charged on the outstanding balance shall be ten (10) percent per annum incurred monthly.

**6.15 Contracts.** The Board shall establish and pay such contracts as needed in order to effect the operation of the Regime and considered within the common expenses approved by the Council. No contract may have a term in excess of three (3) years and must permit termination upon ninety (90) days written notice or thirty days (30) days written notice for cause unless approved by the Board.

**6.16 Rights of the Association.** With respect to the Common Areas or other Association responsibilities owned, and in accordance with the Articles of Incorporation, the Master Deed and these By-Laws, the Association shall have the right to contract with any person for the performance of various duties and functions.

Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or neighborhood and other home owners or residents associations, both within and without the properties. Such agreements shall require the consent of two-thirds (2/3) of the total votes of the Council.

**6.17 Committees.** The Board is authorized to create Committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present.

Such committees shall perform such duties and have such powers as may be provided in the resolution. Each committee shall be composed as required by law and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

Members of the committee may include any Unit Owner, and should include at least one Director.

A committee chair may be chosen by the President, and if not, by the Board, and if not, elected by the committee, who will report all findings and results to the Board and with the approval of the committee, take such actions as authorized by the Board.

**6.18 Rules and Regulations.** The Board has the authority to develop reasonable Rules and Regulations of the association, including fines and charges in regard thereto, which may be amended from time to time by the Board and communicated to the Unit Owners, including, but not limited to:

- a. Responsibilities of the Association
- b. Services provided by the Council and the Board
- c. Regime standards in design and construction, including landscape and natural areas
- d. Conditions for homeowner alteration of the common elements and the Unit
- e. Homeowner use of the Regime
- f. Homeowner Appeal process to obtain approval of variance

**6.19 Authority to manage the common elements of the Regime.** The Board shall have the authority to manage all of the common elements of the Regime including, but not limited to:

- a. The supervision of the immediate management and operation of the Regime
- b. Inspection, use, maintenance, repair, replacement and restoration of the common elements of the Regime and of any additions and alterations thereto
- c. The cleanliness and sanitary condition of the Regime, including landscaping and snow removal of the primary roadway
- d. Purchase, maintenance and replacement of any equipment and provide for all water and utility services required for the common elements
- e. Paying the cost of all services rendered to the Association or its members and not chargeable to owners
- f. Provisions at each unit to all water, sewer, electricity and other such utility services and utilities as the Board shall deem necessary either at the expense of such unit or as a common expense as determined by the Board
- g. Employment, supervision and dismissal of each such person as may be necessary for the maintenance and operation of the Regime
- h. Assignment and supervision of motor vehicle parking including the authority to make reasonable rules, fines and charges in regard thereto
- i. Supervision in regard to the use of the common elements
- j. Enforcement by legal means of the terms of these By-Laws, the Master Deed, and the Rules and Regulations
- k. Make available to any prospective purchaser of a residential unit, any owner of a residential unit, any first mortgagee, and the holders, insurers, and guarantors of a first mortgage on any Residential unit, current copies of the Master Deed, the Articles of Incorporation, the Bylaws, the Rules and Regulations, and all other books, records, and financial statements of the association.
- l. Permit utility suppliers to use portions of the Common Areas reasonably necessary to the ongoing development or operation of the Regime.
- m. Management of a Rules and Regulations including the authority to make reasonable rules, fines, and charges in regard thereto.

**ARTICLE VII**  
**UNIT OWNERS**

**7.1 Responsibility (MD§6.3).** The Unit owners and the Council as a whole, is responsible for the entire Regime.

**7.2 Assessments (MD§7.3, §7.6).** The remittance of all assessments shall be to the Property Manager of the Association, in advance, on the first day of each and every month.

**7.3 Record of Ownership.** Every Unit Owner shall promptly notify the board upon purchase or sale of a unit as defined by duly recording the deed, assignment, or other conveyance of such unit, or other evidence of title thereto.

Upon the purchase of a unit in this fashion, the Unit Owner should provide the Unit Owner Names and relevant contact information by phone, e-mail, and fax as available for each unit owner.

**7.4 Mortgage.** Upon written request by the board, a Unit Owner who mortgages their unit, or any interest therein, shall notify the board of directors of the name and address of mortgagee, and also of the release of such mortgage, and the secretary shall maintain all such information in the record of ownership of the Council.

**7.5 Unit Owner Insurance(MD§8.7).** Every Unit Owner shall obtain condominium owner's insurance upon its unit and upon the contents thereof as provided in section 8.7 of the Master Deed, and cause to be filed a copy of such declaration with the Board of Directors, and the secretary or managing agent shall maintain all such information in the record of the Council.

**7.6 Renters Insurance.** Every tenant that leases a unit from a Unit Owner shall obtain renters' insurance and file a copy of such declaration with the Board of Directors, and the secretary or managing agent shall maintain all such information in the record of the Council.

**7.7 Inspection of the Books (MD§6.5).** Every Unit Owner has a right to review the membership register, books of account, and minutes of meetings of the Council, the Board, and Committees.

Such information which shall be made available for inspection and copying by any Unit Owner or by a duly appointed representative at any reasonable time and for a purpose reasonably related to such Member interest as a member at the office of the Association or sat such other place as the Board shall prescribe.

**7.8 Disclosures (MD§6.6, §7.5, §7.14. §12.3).** In accord with the named provisions of the Master Deed, the Board will provide disclosures as defined in the Master Deed.

**ARTICLE VIII**

## **AMENDMENTS**

**8.1 Amendments.** These bylaws may be amended in any respect not inconsistent with the provisions of law or the Master Deed at any meeting of the Council provided thirty days written notice of the proposed amendments and of the meeting has been sent to each Unit Owner, by the vote of a majority of the percentage interest of the Council Members at a meeting in which a quorum is present, in person or by proxy.

**8.2 Interpretation.** The invalidity of any provision of these By-Laws, the Master Deed, or the Rules and Regulation shall not impair or affect in any manner the validity, enforceability or effect of the rest of these By-Laws, the Master Deed, or Rules and Regulations. If there are conflicts or inconsistencies between the provisions of Kentucky Law, the Articles of Incorporation, the Master Deed, these Bylaws, and the Rules and Regulations, the provisions of Kentucky Law, the Master Deed, the Articles of Incorporation, these By-Laws and the Rules and Regulations in that order shall prevail.