

MASTER DEED AND DECLARATION OF  
HORIZONTAL PROPERTY REGIME

## THE VILLAGE AT WATTERSON WOODS, VILLAGE II

THIS MASTER DEED AND DECLARATION (hereinafter referred to as "Master Deed"), made and entered into in the County of Jefferson, State of Kentucky, on this 7th day of August, 1981, by THE RYLAND GROUP, INC., a Maryland Corporation, Successor In Interest and Rights of VILLAGE ASSOCIATES, a Kentucky General Partnership, composed of Codman Company of Kentucky, a Kentucky Corporation and KPT Development Company, Inc., a Kentucky Corporation, Sole Partners, (hereinafter referred to as the "Grantor"):

W I T N E S S E T H:

THAT WHEREAS, the Grantor is the Owner in Fee Simple Absolute of land and premises with improvements, easements, rights-of-way and appurtenances thereto belonging, situated, lying and being in Jefferson County, Kentucky (which land and premises together with certain buildings and improvements heretofore constructed and under construction thereon, easements, rights-of-way and appurtenances thereto is hereinafter referred to as the "Property"), which land and premises is more particularly described as being situated and located in Jefferson County, Kentucky, to-wit:

BEING LOT 503, WATTERSON WOODS SUBDIVISION, SECTION 5, a Plat of which is of record in Plat and Subdivision Book 33, Page 73, in the Office of the Clerk of the County Court of Jefferson County, Kentucky, as corrected by instrument of record in Deed Book 5105, Page 301, in the said Office.

BEING a part of the same property acquired by the Grantor by Deed dated January 8, 1981, of record in Deed Book 5208, Page 642, and rerecorded in Deed Book 5247, Page 84, in the said Office; and,

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, Sections 381.805 through 381.910 of the Kentucky Revised Statutes, as amended, (hereinafter referred to as the "Act") which shall be known as "THE VILLAGE AT WATTERSON WOODS, VILLAGE II" (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 ASSOCIATION OF CO-OWNERS OF THE VILLAGE AT WATTERSON WOODS, VILLAGE II (hereinafter referred to as the "Association"); said Association to consist of all the Co-Owners as defined herein, each of whose membership shall automatically arise with 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, the By-Laws which are attached hereto as Exhibit "A" and made a part hereof, The Village at Watterson Woods Restrictions, and the Articles of Incorporation of the Village Community Corporation.

NOW, THEREFORE:

FIRST: The Grantor does hereby declare, establish and create THE VILLAGE AT WATTERSON WOODS, VILLAGE II, 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, the attached By-Laws, the Plans recorded in the Office of the County Court Clerk of

Jefferson County, Kentucky, in Apartment Ownership Book

25, Pages 28 through 46, in Clerk's File 222,

which Plans are hereby incorporated by reference herein and made a part hereof, The Village at Watterson Woods Restrictions, and the Articles of Incorporation of the Village Community Corporation (hereinafter referred to as the "VCC").

SECOND: The Property is being submitted herewith in its entirety. The improvements shall consist of four (4) buildings containing 40 single-family 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 as built are shown on the recorded plans aforesaid. Each Unit will be capable of individual utilization; having its own exit to the Common Elements of the Condominium. Each of the Units, as more particularly described herein, is hereby declared to be held in Fee Simple and may be retained, occupied, conveyed, transferred, encumbered, inherited or devised in the same manner as any other parcel of real property, independent of the other individual Units, by or to one or more owners (hereinafter 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 is hereby divided in the manner and to the extent described herein and in the Recorded Plans into (a) Units; (b) General Common Elements; and, (c) Limited Common Elements.

(a) Units: "Unit" means an apartment as shown on the floor plans hereinabove described, each of which is capable of individual utilization, with its own exit to the Common Elements of the Condominium. The lower vertical boundary of any such Unit is a horizontal plane (or planes), the elevation of which coincides with the elevation of the top of the cement slab of the basement floor 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 ceiling joists 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 cement basement walls in the basement and for all floors other than the basement the dry wall, and the plenums, windows and doors thereof, extended to intersect the upper and lower vertical boundaries of the Unit. Mechanical equipment and appurtenances located within or contiguous with any one Unit and designed to serve only that Unit, such as appliances, range hoods, electrical receptacles and outlets, air conditioning compressors and other air conditioning apparatus, including concrete slabs upon which such air conditioning equipment rests,

fixtures, and the like, shall be considered part of the Unit as shall all fireplaces, all interior surfaces of all interior structural walls, floors and ceilings consisting of, interior and as appropriate, wallpaper, paint, plaster, stucco, carpeting and tiles. All pipes, wires, conduits or other public utility lines or installations constituting a part of the overall system designed for the service of one or more than one particular Unit, and any structural members or portion of any Unit or Building, and any other property of any kind, including fixtures and appliances within any Unit, which are not removable without jeopardizing the soundness, safety or usefulness of the remainder of the building, shall be deemed to be part of the General Common Elements as hereinafter described and shall not be a part of any 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, main walls, structural interior walls and partitions, exterior steps, beams, pipes, watermains, wires, conduits, public utility lines and meters (now owned by the utility suppliers) and other service installations regardless of location, columns, girders, supports, service rooms; (iii) the central service systems for distribution of power, light, water, including but not limited to any compressors, water storage tanks, pipes,

ducts, flues, chutes, gutters, exterior downspouts, exhaust shafts, interior downspouts, conduits, cable and wire outlets and other utility lines; (iv) the parking areas, streets, curbs, roads, walkways, paths, trees, shrubbery, gardens, 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-Owner shall bring any action for partition or division of the whole or any part thereof except as otherwise provided by law.

(c) Limited Common Elements: The Limited Common Elements consist of those so designated on the floor plans 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 chimneys, flues, terraces, patios or decks. These Limited Common Elements are reserved for the use and benefit of the Co-Owners of the Units to which they are adjacent or to which they are declared to be appurtenant by appropriate designation in the floor plans or such other 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 By-Laws and the Association, in the expenses of operating and maintaining the General and Limited Common Elements; except insofar as the By-Laws 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 these 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 and the Co-Owners in residence and to their tenants in residence of all other Villages at WATTERSON WOODS Condominium developments. The use of the General and Limited Common Elements shall be governed by the By-Laws, the Restrictions and the Rules and Regulations as adopted from time to time by the Village Community Corporation.

Tabulated below, according to Unit designations and their respective percentage of ownership, corresponding to and reflected in the floor plans, are all of the As-Built and To-Be-Built Units in THE VILLAGE AT WATTERSON WOODS, VILLAGE II:

<u>UNIT</u>	<u>BUILDING</u>	<u>% OWNERSHIP</u>	<u>UNIT</u>	<u>BUILDING</u>	<u>% OWNERSHIP</u>
1	A	2.59%	1	B	2.59%
2	A	2.26%	2	B	2.26%
3	A	2.62%	3	B	2.62%
4	A	2.41%	4	B	2.41%
5	A	2.62%	5	B	2.62%
6	A	2.41%	6	B	2.41%
7	A	2.62%	7	B	2.62%
8	A	2.26%	8	B	2.26%
9	A	2.62%	9	B	2.62%
10	A	2.59%	10	B	2.59%

<u>UNIT</u>	<u>BUILDING</u>	<u>% OWNERSHIP</u>	<u>UNIT</u>	<u>BUILDING</u>	<u>% OWNERSHIP</u>
1	C	2.59%	1	D	2.59%
2	C	2.26%	2	D	2.26%
3	C	2.62%	3	D	2.62%
4	C	2.41%	4	D	2.41%
5	C	2.62%	5	D	2.62%
6	C	2.41%	6	D	2.41%
7	C	2.62%	7	D	2.62%
8	C	2.26%	8	D	2.26%
9	C	2.62%	9	D	2.62%
10	C	2.59%	10	D	2.59%

The percentage of the undivided interest in the General and Limited Common Elements shall not be changed except with the unanimous consent of all of the Co-Owners expressed in an amendment to this Master Deed duly recorded.

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



automatically cease. Other than as an incident to a lawful transfer of title to a Unit, membership in the Association shall be non-transferrable and any attempted transfer shall be null and void.

SIXTH: The above Paragraph notwithstanding, the administration of the Condominium, including the adoption and amendment of the By-Laws, adoption and amendment of the Project Rules, assessment of Common Expenses and any and all other matters relating to the governing of the Condominium Project, shall be vested in the Developer until One Hundred Twenty (120) Days after Seventy-Five Percent (75%) of the Units in the Condominium have been sold and closed, or until the Developer elects to surrender this power to the Unit Owners or until February 11, 1985, whichever shall first occur. Until that time, the Developer shall constitute the Council of Co-Owners and the Board of Administration, and shall possess the irrevocable proxy of the Unit Owners.

SEVENTH: In the event that the building is partially or totally destroyed and is then rebuilt in substantially the same location, and as a result of such rebuilding any portion of the General or Limited Common Elements encroaches upon the Units or any of them, or vice-versa, or any of the Units encroach upon another Unit, a valid easement for such encroachment and for the maintenance thereof, so long as it shall stand, shall and does exist. Easements are hereby reserved through each of the Units and or Limited Common Elements for the benefit of other Units or Public Utilities as may be required for emergency repairs, structural

BOOK 5247 PAGE 392

repairs, utility lines, plumbing and for heating, air conditioning and ventilation ducts in the locations as presently installed in the Unit with rights of ingress or egress or as subsequently approved in writing by the Council of Co-Owners in accordance with procedures set forth in the By-Laws, or as approved by the Co-Owner of the burdened Unit and any mortgagee having a security interest therein. The rights accorded to the easements reserved herein shall be exercised only in a reasonable manner.

EIGHTH: 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.

NINTH: Each Co-Owner shall comply with the provisions of this Master Deed, the By-Laws, Restrictions, decisions and resolutions of the VCC or its representatives, as lawfully amended from time to time, 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 or for any other legal or equitable relief maintainable by the Association, or, in a proper case, by an aggrieved Co-Owner.

TENTH: All present or future owners, tenants, future tenants, or any other person who might use the facilities of the Condominium in any manner are subject to the provisions of this Master Deed and that the mere acquisition or

BOOK 5247 PAGE 392

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

ELEVENTH: The VCC shall establish and pay into a Maintenance Fund all Common Expense Collections from the Unit Owners, assessed for and attributable to current expenses and shall pay from such fund all current Common Expenses of the Condominium. Grantor shall deposit an amount equal to Two (2) Months' Common Expense Assessments for each Unit into a Maintenance Fund to be held by the Association and transferred to the VCC upon closing of the Unit.

TWELFTH: The VCC shall establish a Replacement Reserve Fund and pay into the said fund monthly that portion of Common Expense Assessments collected from the Unit Owners attributable to the Capital Replacement Reserves.

THIRTEENTH: 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 VCC which became due prior to his acquisition of title, it being understood, however, that the above shall not be construed to prevent the VCC from filing and claiming liens for such assessments and enforcing same as provided by law, but that such assessment liens, including any and all late charges, penalties, or attorneys' fees, which may be due by reason of such assessment having not been paid as provided for herein or in the By-Laws, shall be subordinate to such mortgage or security interest.

5247 PAGE 394

FOURTEENTH: 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 VCC against the latter for its 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 managing agent or VCC as the case may be, setting forth the amount of the unpaid assessments, if any, against the grantor due the VCC 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 VCC against the Grantor in excess of the amount therein set forth.

FIFTEENTH: Any assessments of the Council or the Board, whether the same are regular or special assessments, shall be a personal obligation of the Unit Owner at the time the assessment becomes due and payable, and no Owner may exempt himself from liability therefor by waiver of the use or enjoyment of any of the General or Limited Common Elements or by the abandonment of his Unit; it being provided, however, that the personal obligation for delinquent assessments shall not pass to successors in title or interest unless assumed by them, and said assessments shall constitute a lien on the Unit to which they are assessed which may be enforced or foreclosed in the same manner as mortgages under Kentucky State Law. In the event any assessment shall be unpaid when due and

remain unpaid for a period of Ten (10) Days from the due date, the Board shall assess a "late charge" or "penalty" of Ten Percent (10%) of the amount overdue. In the event such assessment shall remain unpaid after Thirty (30) Days from the due date, the entire assessment for the Twelve (12) Months next following shall immediately become due and payable in full without demand and the Board may commence collection of the same. Attorneys' fees of the Board shall be recoverable on any delinquent assessment. No Owner may exempt himself from liability for his assessments by a waiver of the use or enjoyment of any of the Common Elements or abandonment of his Unit.

SIXTEENTH: The dedication of the Condominium to the Plan of Ownership herein described shall not be revoked, nor shall the Condominium be removed from the Plan of Ownership, or any of the provisions herein amended (except as provided in Paragraph TWENTY-FIRST hereof) unless all of the Co-Owners and holders of all of the deeds of trust, mortgages, or other security interests covering the Units and all other parties having any security interest in any Unit unanimously agree to revocation, amendment or removal of the Condominium from the Plan by duly recorded instruments, except as provided in those portions of Article V of the By-Laws that deal with destruction of the Units, or by operation of law; it being provided, however, that no unilateral action may be taken under the provisions hereof which would operate as a detriment to any of the other VILLAGE AT WATTERSON WOODS Condominiums.

SEVENTEENTH: The submission of the Property is subject to all covenants, conditions, easements, and restrictions, now recorded or hereafter placed on record.

EIGHTEENTH: The agent for service of process shall be the President of the VCC.

NINETEENTH: The Village Community Corporation, a Not-For-Profit Corporation organized and existing under the laws of the Commonwealth of Kentucky (referred to in this Master Deed and elsewhere as "VCC"), shall be the governing body of this Condominium and any other Villages at WATTERSON WOODS Condominiums. (See Exhibit "B" attached hereto, being the Articles of Incorporation.) The organization of the VCC shall be that the Association of Co-Owners of each condominium shall elect one (1) representative for each 15 units (in the event of a fraction left over, one (1) additional representative if the fraction is 8/15ths or greater) to serve on the VCC as provided in Exhibit "B" attached. The powers and authority of the VCC are more specifically described and set out elsewhere herein and in the By-Laws, the Restrictions, and the Articles of Incorporation. The Co-Owners, by virtue of this Master Deed are automatically members of the VCC and such membership cannot be cancelled or revoked without the consent of the entire VCC.

TWENTIETH: Nothing contained herein shall be deemed or construed to dedicate to private or public use or to create a general scheme of development in or to vest rights and/or benefits with respect to any other property

owned or hereafter acquired by the Grantor, its successors and assigns.

TWENTY-FIRST: The Grantor does hereby reserve unto itself, its successors and assigns, the right to modify or amend this Master Deed as may be necessary for the completion of this Condominium project and to adjust for technical or mathematical errors, and for filing the Final As-Built plans and matters related thereto for the present proposed buildings as indicated in item FOURTH hereof so long as Grantor owns more than Twenty-Five Percent (25%) of the Units or until the 11th day of February, 1985, whichever shall first occur, and by acceptance of a deed to a Unit, the Owner does thereby grant unto the Developer a Power-of-Attorney for this purpose.

TWENTY-SECOND: The Grantor does further reserve unto itself, its successors and assigns, the right to grant such easements as may be necessary or appropriate to fulfill the objectives of this Master Deed and to provide for adequate facilities, utilities and other services and to promote a harmonious relationship between this Condominium and other Villages, and by acceptance of a deed to a Unit, the Unit Owner does thereby grant unto the Developer a Power-of-Attorney for this purpose.

TWENTY-THIRD: It is intended that this Master Deed be in full compliance with the Act, and should any section, paragraph, sentence, phrase or word be construed by a court of competent jurisdiction to be in conflict therewith,

then such conflicting portions shall be deemed void and severed from this instrument, and all remaining terms to be valid so as to give effect to the Regime hereby created.

TWENTY-FOURTH: It is the intention of the Grantor that 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.

IN TESTIMONY WHEREOF, Witness the signature of the Grantor by its duly authorized officer this 7th day of August, 1981.

THE RYLAND GROUP, INC.

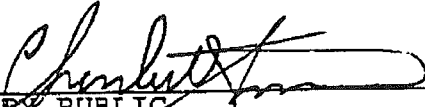
By: 

Richard G. Hermes, Vice President



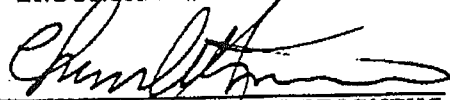
STATE OF KENTUCKY     )  
                              ) SS:  
COUNTY OF JEFFERSON )

The foregoing MASTER DEED was acknowledged before  
me by RICHARD G. HERMES as Vice President of THE RYLAND GROUP,  
INC., a Corporation, on behalf of the Corporation, this 7th  
day of August, 1981.

  
\_\_\_\_\_  
NOTARY PUBLIC  
STATE AT LARGE - KENTUCKY

My Commission Expires: July 7, 1982

THIS INSTRUMENT PREPARED BY:

  
\_\_\_\_\_  
MAPLE AND STINSON, ATTORNEYS  
100 Legal Arts Building  
200 South Seventh Street  
Louisville, Kentucky 40202  
502/585-3979

SURRENDER OF CONTROL  
OF THE VILLAGE AT WATTERSON WOODS, VILLAGE II  
TO THE ASSOCIATION OF CO-OWNERS

COMES NOW THE RYLAND GROUP, INC., a Maryland Corporation, successor in interest and rights of Village Associates, a Kentucky General Partnership, (hereinafter referred to as the "Grantor"):

WITNESSETH:

THAT WHEREAS, the Grantor has heretofore dedicated a certain property to a Horizontal Property Regime known as THE VILLAGE AT WATTERSON WOODS, VILLAGE II, by a certain Master Deed and Declaration dated August 7, 1981, of record in Deed Book 5247, Page 383, in the office of the Clerk of the County Court of Jefferson County, Kentucky, and as shown in Apartment Ownership Book 25, Pages 28 - 46, inclusive, and Clerk's File No. 232, all in the office aforesaid; and,

WHEREAS, the Grantor does desire to surrender control of the Association of Co-Owners of The Village at Watterson Woods, Village II for the administration of the affairs of the regime of the Co-Owners of the project:

NOW THEREFORE, pursuant to the provisions of the Master Deed the Grantor does hereby surrender control of the Association of the Co-Owners of the Village at Watterson Woods, Village II, it being provided, however, the Grantor does hereby reserve unto itself, its successors and assigns, the right to develop and construct the remainder of the units as provided for in the above mentioned Master Deed and the right to modify or amend this Master Deed as may be necessary

to adjust for technical or mathematical errors and for filing the final "As Built" plans and matters related thereto for the present proposed buildings as indicated in item FOURTH of the above mentioned Master Deed and by acceptance of the surrender of control or by acceptance of a deed to a unit the owner does hereby grant unto the Grantor a Power-of-Attorney for these purposes.

It is covenanted and agreed that The Ryland Group, or its successors or assigns, shall be responsible for and pay all costs of the maintenance and upkeep of the undeveloped tract of ground identified as Series II of The Village at Watterson Woods, Village II, and pay all State, County and Local Taxes on said undeveloped ground so long as it shall remain undeveloped; it being provided, however, that in the event said property shall be developed by The Ryland Group, or its successors or assigns, then the costs of maintenance and the taxes of said property after development shall become the responsibility of all of the unit owners of The Village at Watterson Woods, Village II, including the later developed units, to be paid from the monthly assessments on said units.

The within Surrender of Control of the Association of Co-Owners of The Village at Watterson Woods, Village II, shall be effective on the first day of January, 1982, at which time the unit owners of the aforementioned Village at Watterson Woods, Village II, shall be vested with the powers, rights, and responsibilities as provided in the aforementioned

BOOK 5273 PAGE 744

BOOK 5273 PAGE 744

Master Deed for administering the affairs of The Village at  
Watterson Woods, Village II.

IN TESTIMONY WHEREOF, Witness the signatures of The

THIS INSTRUMENT PREPARED BY:

MAPLE AND STINSON, ATTORNEYS  
100 Legal Arts Building  
Louisville, Kentucky 40202

Ryland Group, Inc., Grantor, by its duly authorized Officers  
this 25<sup>th</sup> day of January, 1982.

THE RYLAND GROUP, INC.  
a Maryland Corporation

By: Phillip D. Cook, Area Controller

By: John C. Hightshue, Sec. Treas.

STATE OF Ohio )  
COUNTY OF Columbiana ) SS:

The foregoing document was acknowledged before me  
this 25<sup>th</sup> day of January, 1982, by Phillip D. Cook  
as Area Controller of The Ryland Group, Inc., a  
Corporation, on behalf of said Corporation.

(seal)

My Commission Expires:

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) SS:

The foregoing document was acknowledged before me  
this \_\_\_\_\_ day of January, 1982 by \_\_\_\_\_  
as \_\_\_\_\_ of The Ryland Group, Inc., a  
Corporation, on behalf of said Corporation.

(seal)

My Commission Expires:

END OF DOCUMENT

Janet I. Brandt  
NOTARY PUBLIC,



JANET I. BRANDT  
Notary Public, State of Ohio  
My Commission Expires Sept. 17, 1986

NOTARY PUBLIC,

1982 FEB - 12 PM 12:09  
LODGED BY  
AND CORDED  
562 INC. TAX  
JANET I. BRANDT  
J. Williams

04991

FIRST AMENDMENT TO MASTER DEED  
VILLAGE AT WATTERSON WOODS, VILLAGE II

THIS AMENDMENT TO MASTER DEED is made and entered into this 16<sup>th</sup> day of November, 1981 by THE RYLAND GROUP, INC., a Maryland Corporation, "Grantor", AND DIANE KELTON, pursuant to Power of Attorney dated September 18, 1981, of record in Deed Book 5252, Page 786, in the office of the Clerk of the County Court of Jefferson County, Kentucky, JOYCE A. CUSHMAN, pursuant to Power of Attorney dated October 22, 1981 of record in Deed Book 5258, Page 242, in the office aforesaid, JANET S. TACKETT, pursuant to Power of Attorney dated October 27, 1981, of record in Deed Book 5258, Page 946, in the office aforesaid, LAWRENCE L. KIRZINGER, pursuant to Power of Attorney dated October 26, 1981 of record in Deed Book 5259, Page 227, in the office aforesaid, and STEPHEN A. CAMPBELL, pursuant to Power of Attorney dated October 30, 1981, of record in Deed Book 5260, Page 507, in the office aforesaid,

WITNESSETH:

THAT WHEREAS, on the 7th day of August, 1981, the Grantor did execute a certain Declaration of Horizontal Property Regime creating the Village at Watterson Woods, Village II, which is recorded in Deed Book 5247, Page 383, in the office of the Clerk aforesaid, the plans of which appear of record in Apartment Ownership Book 25, Pages 28 through 46, and in Clerk's File No. 282, all in the office aforesaid; and,

WHEREAS, the parties hereto are the owners of all of the units in the Condominium:

NOW THEREFORE, the aforescribed Master Deed is hereby amended by amending Page 8 of the Master Deed to read as follows:

SERIES I

<u>UNIT</u>	<u>BUILDING</u>	<u>% OWNERSHIP</u>	<u>UNIT</u>	<u>BUILDING</u>	<u>% OWNERSHIP</u>
1	A	2.59%	1	B	2.59%
2	A	2.26%	2	B	2.26%
3	A	2.62%	3	B	2.62%
4	A	2.41%	4	B	2.41%
5	A	2.62%	5	B	2.62%
6	A	2.41%	6	B	2.41%
7	A	2.62%	7	B	2.62%
8	A	2.26%	8	B	2.26%
9	A	2.62%	9	B	2.62%
10	A	2.59%	10	B	2.59%

SERIES II

<u>UNIT</u>	<u>BUILDING</u>	<u>% OWNERSHIP</u>	<u>UNIT</u>	<u>BUILDING</u>	<u>% OWNERSHIP</u>
1	C	2.59%	1	D	2.59%
2	C	2.26%	2	D	2.26%
3	C	2.62%	3	D	2.62%
4	C	2.41%	4	D	2.41%
5	C	2.62%	5	D	2.62%
6	C	2.41%	6	D	2.41%
7	C	2.62%	7	D	2.62%
8	C	2.26%	8	D	2.26%
9	C	2.62%	9	D	2.62%
10	C	2.59%	10	D	2.59%

The percentage of the undivided interest in the General and Limited Common Elements shall not be changed except with the unanimous consent of all of the Co-Owners expressed in an amendment to this Master Deed duly recorded.

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

Except as herein modified and amended the aforescribed Master Deed is hereby ratified and confirmed in all respects not inconsistent with the foregoing amendment.

IN TESTIMONY WHEREOF, Witness the signatures of parties hereto the day and year first above mentioned.

THE RYLAND GROUP, INC.

BY: Matthew W. Prisky  
MATTHEW W. PRISBY,  
Vice President

BY: David C. Ervin  
DAVID C. ERVIN  
Assistant Secretary

Diane Kelton by David C. Ervin  
DIANE KELTON by  
THE RYLAND GROUP, INC., her  
Attorney-in-Fact

By: David C. Ervin  
David C. Ervin, Asst. Secretary

Joyce A. Cushman by David C. Ervin  
JOYCE A. CUSHMAN by  
THE RYLAND GROUP, INC., her  
Attorney-in-Fact

By: David C. Ervin  
David C. Ervin, Asst. Secretary

Janet S. Tackett by David C. Ervin  
JANET S. TACKETT by  
THE RYLAND GROUP, INC., her  
Attorney-in-Fact

By: David C. Ervin  
David C. Ervin, Asst. Secretary

Lawrence L. Kirzinger by David C. Ervin  
LAWRENCE L. KIRZINGER by  
THE RYLAND GROUP, INC., his  
Attorney-in-Fact

By: David C. Ervin  
David C. Ervin, Asst. Secretary

Stephen A. Campbell by David C. Ervin  
STEPHEN A. CAMPBELL by  
THE RYLAND GROUP, INC., his  
Attorney-in-Fact

By: David C. Ervin  
David C. Ervin, Asst. Secretary

REC-5262 MAR 24 1961

REC-5262 MAR 24 1961

STATE OF KENTUCKY )  
COUNTY OF JEFFERSON ) SS:

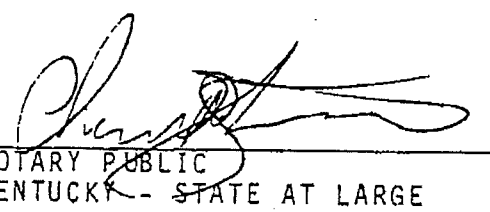
The foregoing document was acknowledged before me this 16th day of November, 1981, by Matthew W. Prisby as Vice President of The Ryland Group, Inc., a Corporation, on behalf of said Corporation.

  
NOTARY PUBLIC  
KENTUCKY - STATE AT LARGE

My Commission Expires: July 7, 1982.

STATE OF KENTUCKY )  
COUNTY OF JEFFERSON ) SS:

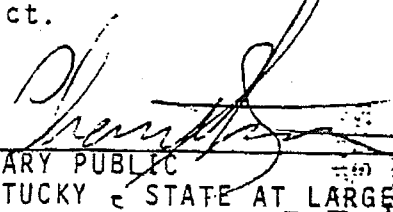
The foregoing document was acknowledged before me this 11th day of November, 1981, by David C. Ervin as Assistant Secretary of The Ryland Group, Inc., a Corporation, on behalf of said Corporation.

  
NOTARY PUBLIC  
KENTUCKY - STATE AT LARGE

My Commission Expires: July 7, 1982.

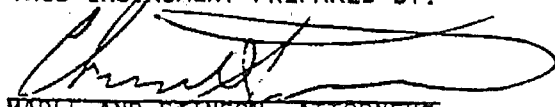
STATE OF KENTUCKY )  
COUNTY OF JEFFERSON ) SS:

The foregoing document was acknowledged before me this 11th day of November, 1981, by Diane Kelton, by Joyce A. Cushman, by Janet S. Tackett, by Lawrence L. Kirzinger and by Stephen A. Campbell, all by David C. Ervin as Assistant Secretary of The Ryland Group, Inc., a Corporation, on behalf of said Corporation, their Attorney-In-Fact.

  
NOTARY PUBLIC  
KENTUCKY - STATE AT LARGE

My Commission Expires: July 7, 1982.

THIS INSTRUMENT PREPARED BY:

  
MAPLE AND STINSON, ATTORNEYS  
100 Legal Arts Building  
Louisville, Kentucky 40202



SECONDAMENDMENT TO MASTER DEEDTHE VILLAGE AT WATTERSON WOODS, VILLAGE II

THIS AMENDMENT TO MASTER DEED is made and entered into this 22nd day of December, 1982, at Louisville, Kentucky, by PAUL D. CLEMENTS BUILDER, INC., a Kentucky corporation, Grantor,

WITNESSETH:

THAT WHEREAS, that on the 18th day of August, 1981, a certain Master Deed and Declaration of Horizontal Property Regime for The Village at Watterson Woods, Village II, was filed for record in Deed Book 5247, Page 383, in the office of the Clerk of the County Court of Jefferson County, Kentucky, together with plans which appear of record in Apartment Ownership Book 25, Pages 28 through 46, inclusive, and in Clerk's File Number 282, both in the office aforesaid, and as was amended by First Amendment to Master Deed dated November 16, 1981 of record in Deed Book 5262, Page 244, in the office aforesaid; and,

WHEREAS, the Grantor has completed the proposed Units 1 through 10, inclusive, in Building "D" and desires to file the final As-Built plans for said units and amend the Master Deed to provide for such:

NOW THEREFORE, the Grantor does herewith file the final As-Built plans as prescribed by law of Units 1 through 10, Building "D" of The Village at Watterson Woods, Village II, said plats being of record in Apartment Ownership Book 30, Pages 1 through 10, inclusive, and Clerk's File Number 340, all in the office aforesaid.

Except as herein modified and amended the aforesaid Master Deed and Declaration of Horizontal Property Regime is unchanged and continues in full force and effect.

IN TESTIMONY WHEREOF, Witness the signature of the Grantor  
by its duly authorized officer the day and year first above mentioned.

PAUL D. CLEMENTS BUILDER, INC.

BY: Paul D. Clements  
PAUL D. CLEMENTS, PRESIDENT

STATE OF KENTUCKY )  
COUNTY OF JEFFERSON ) SS:

The foregoing instrument was acknowledged before me this 22nd  
day of December, 1982 by Paul D. Clements as President of Paul D. Clements  
Builder, Inc., a corporation, on behalf of said corporation.

Elbert H. Hux  
NOTARY PUBLIC, STATE AT LARGE

My commission expires:

THIS INSTRUMENT PREPARED BY:

Maple and Stinson Attorneys  
Suite 100, 200 S. Seventh St.  
Louisville, Kentucky 40202  
Phone: 502-585-3979

CONTACT: 304  
APT. 6 11/10/82  
BOOK 30 PAGE 1-10  
FILE NO. 340

66223  
1983 JAN -3 PM 12:33  
OFFICE  
800  
Maple  
Stinson

THIRDAMENDMENT TO MASTER DEEDTHE VILLAGE AT WATTERSON WOODS, VILLAGE II

THIS AMENDMENT TO MASTER DEED is made and entered :  
this 4th day of February, 1986, by PAUL D. CLEMENTS BUILDER, INC.,  
a Kentucky Corporation, Grantor [as the Assignee of, and Suc-  
cessor in Interest to, The Ryland Group, Inc.].

WITNESSETH:

THAT WHEREAS, That on or about the 18th day of August, 1981, a certain Master Deed and Declaration of Horizontal Property Regime for THE VILLAGE AT WATTERSON WOODS, VILLAGE II, was filed for record in Deed Book 5247, Page 383, in the office of the Clerk of the County Court of Jefferson County, Kentucky, together with plans which appear of record in Apartment Ownership Book 25, Pages 28 through 46, inclusive, and in Clerk's File Number 282, both in the office aforesaid, and as the same were subsequently amended by First Amendment to Master Deed dated November 16, 1981, of record in Deed Book 5262, Page 244, in the office aforesaid, all as subsequently amended by Second Amendment to Master Deed dated December 22, 1982, of record in Deed Book 5328, Page 151, and by plats of record in Apartment Ownership Book 30, Pages 1 through 10, inclusive, and Clerk's File Number 340, all in the office aforesaid; and,

WHEREAS, The Grantor has completed the proposed Units 1 through 10, inclusive, in Building "C" and desires to file the final As-Built plans for the said units and amend the Master Deed to provide for the same and to make necessary adjustments to

percentage interests as permitted by the Master Deed, the Surrender of Control and as required by law:

NOW THEREFORE, The Grantor does hereby and herewith file the final As-Built plans as prescribed by law for Units 1 through 10, Building "C" of THE VILLAGE AT WATTERSON WOODS, VILLAGE II, said plats being of record in Apartment Ownership Book \_\_\_, Pages \_\_\_ through \_\_\_, inclusive, and Clerk's File Number \_\_\_, all in the office aforesaid.

FURTHER, Pursuant to the terms of the Master Deed, the terms of the documents of surrender of control and the provisions of law, the provisions of paragraph FOURTH of the Master Deed, as amended, regarding the Unit designations and their respective percentage of ownership, is hereby amended as follows to reflect the actual as built percentages based on size:

SERIES I

<u>UNIT</u>	<u>BUILDING</u>	<u>% OWNERSHIP</u>
1	A	2.78%
2	A	2.41%
3	A	2.81%
4	A	2.59%
5	A	2.81%
6	A	2.59%
7	A	2.81%
8	A	2.41%
9	A	2.81%
10	A	2.78%

<u>UNIT</u>	<u>BUILDING</u>	<u>% OWNERSHIP</u>
1	B	2.78%
2	B	2.41%
3	B	2.81%
4	B	2.59%
5	B	2.81%
6	B	2.59%
7	B	2.81%
8	B	2.41%
9	B	2.81%
10	B	2.78%

SERIES II

<u>UNIT</u>	<u>BUILDING</u>	<u>% OWNERSHIP</u>
1	C	1.87%
2	C	1.87%
3	C	2.02%
4	C	2.02%
5	C	2.02%
6	C	2.02%
7	C	2.02%
8	C	2.02%
9	C	1.87%
10	C	1.87%

<u>UNIT</u>	<u>BUILDING</u>	<u>% OWNERSHIP</u>
1	D	2.78%
2	D	2.41%
3	D	2.81%
4	D	2.59%
5	D	2.81%
6	D	2.59%
7	D	2.81%
8	D	2.41%
9	D	2.81%
10	D	2.78%

EXCEPT As herein modified and amended the aforesaid Master Deed and Declaration of Horizontal Property Regime is unchanged and continues in full force and affect.

IN TESTIMONY WHEREOF, Witness the signature of the Grantor by its duly authorized officer the day and year first above mentioned.

PAUL D. CLEMENTS BUILDER, INC.

by:

*Paul D. Clements, Pres.*  
PAUL D. CLEMENTS, President

STATE OF FLORIDA

COUNTY OF POLK

SS:

The foregoing instrument was acknowledged, subscribed and sworn to before me this 4 day of ~~January~~ <sup>FEBRUARY</sup>, 1986, by Paul D. Clements as President of Paul D. Clements Builder, Inc., a Kentucky Corporation, for and on behalf of the Corporation.

*Harry Sullivan*  
Notary Public  
Florida State at Large

My commission Expires:

Notary Public, State of Florida at Large  
My Commission Expires June 13, 1988

THIS INSTRUMENT PREPARED BY:

*[Signature]*  
MICHAEL L. MAPLE, ATTORNEY  
Suite 100, 200 South Seventh  
Louisville, Kentucky 40202  
(502) 585-3979

CONDOMINIUM  
OR  
APT. OWNERSHIP  
BOOK 35 PAGE 37  
FILE NO. 440

19047  
RECORDED BY *[Signature]*  
AND RETURN TO  
JIM "POP" MALONE, J.C.C.  
MAR 17 AM 10:50  
PAID \$ 12.00  
*[Signature]*

END OF DOCUMENT

FOURTH AMENDMENT TO BY-LAWS  
THE VILLAGE AT WATTERSON WOODS, VILLAGE II

The undersigned, being the owners of not less than 66 and 2/3% of the total ownership interest in THE VILLAGE AT WATTERSON WOODS, VILLAGE II, a horizontal property regime, duly organized and constituted pursuant to Kentucky Law by virtue of Declaration dated the 18th day of August, 1981, of record in Deed Book 5247, page 383, in the office of the Clerk of Jefferson County, Kentucky, do hereby amend the By-Laws for the said Condominium Regime, as the same appear of record as an Exhibit to the aforesaid Master Deed, all pursuant to the provisions of the said By-Laws.

WITNESSETH: THAT, WHEREAS, the Board of Directors of the Village Community Corporation have proposed amending the By-Laws of the Condominium Regime pursuant to the provisions of Article VI, of the By-Laws; and

WHEREAS, the required percentage of ownership have approved of the said proposed amendment:

NOW, THEREFORE, the By-Laws of the aforesaid Condominium Regime are hereby amended as follows:

The provisions of Article II, Section 3, of the said By-Laws are hereby amended to provide that quorum for the purpose of conducting association business at any regular or specially called meeting shall be 30% of the ownership interest of the Condominium.

Except as herein set forth the said By-Laws are hereby ratified and confirmed in all other degrees and respect.

APPROVED 2/16/92 - SIGNATURES ON FILE FOR REVIEW

IN TESTIMONY WHEREOF, Witness the signatures of the undersigned owners constituting not less than 66 and 2/3% of the ownership interests in the regime.

Date: 2-4-92  
 Owners of Unit 9358  
 Ownership %: 2.41

Dean M. Kelt

COMMONWEALTH OF KENTUCKY )  
 ) SS:  
 COUNTY OF JEFFERSON )

The foregoing instrument was acknowledged, subscribed and sworn to before me this 4th day of Feb, 1991, by Dean M. Kelt 1992

Kathy Kelt  
 Notary Public  
 Kentucky State at Large

My Commission Expires: 1-16-96

Date: 2/4/92  
 Owners of Unit 9383  
 Ownership %: 2.03

Larry Wilson

COMMONWEALTH OF KENTUCKY )  
 ) SS:  
 COUNTY OF JEFFERSON )

The foregoing instrument was acknowledged, subscribed and sworn to before me this 4th day of Feb, 1991, by Larry Wilson 1992

Kathy Kelt  
 Notary Public  
 Kentucky State at Large

My Commission Expires: 1-16-96



JUN 07 1979

FORTHE VILLAGE COMMUNITY CORPORATIONA NOT-FOR-PROFIT CORPORATION

KNOW ALL MEN BY THESE PRESENTS, MICHAEL L. MAPLE does hereby

form a Not-For-Profit Corporation under and pursuant to the Laws of the Commonwealth of Kentucky, and does hereby adopt the following Articles of Incorporation:

ARTICLE I

The name of this Corporation is "THE VILLAGE COMMUNITY CORPORATION.

ARTICLE II

The objects and purposes for which this corporation is organized, and which the Corporation is vested with authority to carry on are as follows:

A. To promote, control, regulate, administer and conduct the affairs of The Village at Watterson Woods Condominiums, a group of Condominiums located and situated in the City of Jeffersontown, Jefferson County, Kentucky.

B. To do all things at any time allowed by law to such corporations, and all things necessary, proper or convenient in connection therewith that may now or hereafter be permitted by law, the same as a natural person might or could do, and the hereafter enumerations shall not be construed in limitation of the powers of this Corporation.

C. To own, hold, sell, lease, buy, operate, and control real, personal or mixed property in connection with the purposes for which this corporation is formed.

D. To contract and be contracted with or to subcontract in connection with the purposes for which this corporation is organized,

to contract for complete management services with any company or organization as it may deem appropriate including companies or organizations with which it has cross directorates, provided, however, any such contracts shall be arm-length.

E. To borrow money with or without security.

F. To be the exclusive and sole organization for the operation and control of The Village at Watterson Woods Condominiums, and in connection therewith, to manage and operate the affairs of the condominiums including, but not by limitation all recreational and mechanical equipment and to be responsible for the maintenance of the projects, and to that end, the establishment of annual budgets, assessment of fees, enforcement of liens and all other matters granted to the corporation by the Master Deed of the various Village at Watterson Woods Condominiums.

G. To sue and be sued.

#### ARTICLE III

This Corporation shall begin its Corporate existence as soon as these Articles are approved by the Secretary of State of Kentucky and its existence shall be perpetual until dissolved in accordance with law.

#### ARTICLE IV

The address of the Registered Office of this Corporation in Kentucky is 101 South Fifth Street, Suite 3620 First National Tower, Louisville, Kentucky 40202, and the name and address of the initial Registered Agent of this Corporation is Michael L. Maple, Attorney at Law, 101 South Fifth Street, Suite 3620 First National Tower, Louisville, Kentucky 40202.

#### ARTICLE V

The name of the Incorporator of this Corporation is: Michael L. Maple, Attorney at Law, 101 South Fifth Street, Suite 3620 First National Tower, Louisville, Kentucky 40202.

ARTICLE VI

The affairs of this Corporation shall be conducted and managed by a Board of Directors. The initial board shall be composed of three (3) members who shall serve until the First Annual meeting. At the first annual meeting the Grantor shall appoint a board of three directors who shall serve until the Directors for the Village at Watterson Woods Condominiums are elected. Thereafter, the affairs of this Corporation shall be directed by the Grantor's directors and the directors elected by the various Village at Watterson Woods Condominiums. The number of directors for each Village shall be as provided in the Master Deed of each Village which directors shall have one vote each on the Board of Directors. As additional Village at Watterson Woods Condominiums are created and their Boards of Administrations organized, elected directors shall automatically become members of the Board of Directors of this corporation with full voting power. The foregoing notwithstanding, it is provided that so long as Village Associates, a Kentucky General Partnership, its successors and assigns shall own five or more units in any of the Villages presently or hereafter existing, three directors, each of whom shall be entitled to four (4) votes each on the Board of Directors, shall be appointed by Village Associates, a partnership, which directors shall serve at the partnership's pleasure; provided, however, that in no event shall the three (3) members appointed to the Board of Directors herein provided, control the corporation beyond December 31, 1983. The initial Board of Directors who shall serve until the First Annual meeting shall be:

- |                                  |   |
|----------------------------------|---|
| (1) Charles W. Stinson, Attorney | 101 South Fifth Street<br>3620 First National Tower<br>Louisville, Kentucky 40202 |
| (2) Jay M. Grossman              | 211 Congress Street<br>Boston, Massachusetts                                      |

216 Young Drive  
Suite 4  
Lexington, Kentucky

Each Board of Directors upon being elected shall elect a President, Vice-President, Treasurer and Secretary, and such other Officers as the affairs of the Corporation may require, all of whom shall be a member of the Board. The Office of the Secretary and Treasurer may be held by the same person.

Each Board of Directors shall serve from the date of their installation at each annual meeting for a term of one year or until a successor has been duly elected or appointed.

ARTICLE VII

There is no limit as to the amount of indebtedness which this Corporation may incur.

ARTICLE VIII

The private property of the directors shall not be liable for the payment of the debts of this Corporation.

ARTICLE IX

At its first meeting the Board of Directors shall adopt By-Laws which shall govern this corporation and which shall provide for an annual meeting as required by law.

ARTICLE X

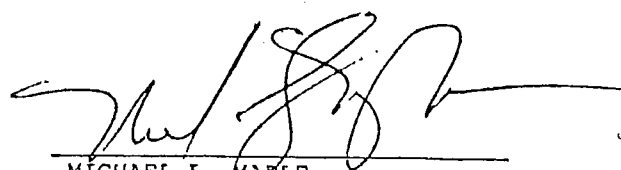
These Articles may be amended at any time by the vote of two thirds (2/3) of the members of the Board of Directors of the Corporation.

ARTICLE XI

This Corporation is organized on a non-stock basis. Each unit owner in each Village of the Village at Watterson Woods Condominiums by the terms of its Master Deed shall be a member of this corporation. The

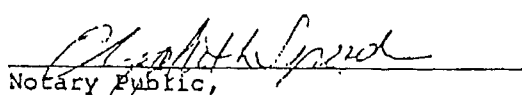
by way of limitation, all contract rights, lien rights, rights to collect maintenance fees and such property, both real and personal which it may purchase or which it may become entitled to, or which the various Village Condominiums may convey to it.

IN TESTIMONY WHEREOF, Witness the signature of the Incorporator this 11<sup>th</sup> day of May, 1979, at Louisville, Kentucky.

  
MICHAEL L. MAPLE

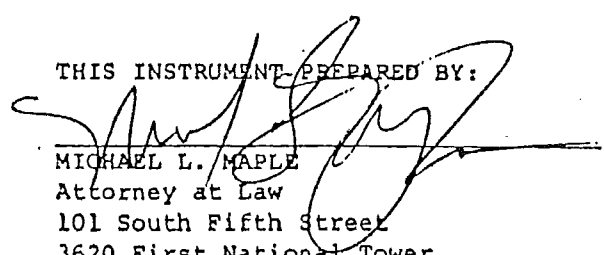
STATE OF KENTUCKY     )  
                                  ) SS.  
COUNTY OF JEFFERSON   )

The foregoing Articles of Incorporation were acknowledged before me by Michael L. Maple this 11<sup>th</sup> day of May, 1979.

  
Notary Public,  
Kentucky State at Large

My Commission expires: 2/8/83

THIS INSTRUMENT PREPARED BY:

  
MICHAEL L. MAPLE  
Attorney at Law  
101 South Fifth Street  
3620 First National Tower  
Louisville, Kentucky 40202

END OF DOCUMENT

## EXHIBIT "A"

THE VILLAGE AT WATTERSON WOODS, VILLAGE II  
BY-LAWS

---

ARTICLE IPLAN OF OWNERSHIP

1. Condominium Submission. The Condominium Project known as THE VILLAGE AT WATTERSON WOODS, VILLAGE II (hereinafter called the "Condominium") located in Jefferson County, Kentucky, has been declared and constituted a Horizontal Property Regime by the Master Deed to which these By-Laws are appended as a part, and shall be governed by the said Master Deed and these By-Laws.

2. By-Laws Applicability. The provisions of these By-Laws are applicable to the Property described in the Master Deed, including the land, the 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 agents and servants of any of them are subject to the provisions of the Master Deed, these By-Laws, and the applicable laws of the Commonwealth of Kentucky.

3. Personal Application. All present and future Co-Owners, tenants, future 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 By-Laws and to the Rules and Regulations issued by the Village Community Corporation (hereinafter called the "VCC") 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 By-Laws, the provisions of the Master Deed, the Restrictions, and the Rules and Regulations of the VCC and will comply with them.

## ARTICLE II

### ASSOCIATION OF CO-OWNERS

1. Constitution. There is hereby constituted the Association of Co-Owners of The Village at Watterson Woods, Village II (hereinafter called the "Association"), which shall be comprised of every person, firm, corporation, trust or other legal entity, or any combination thereof, which owns any Unit in this Condominium.

2. Voting. Voting at all meetings of the Association, 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 of 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 be elected to the Board of Administration who is more than Sixty (60) Days delinquent in payment of assessments for Common Expenses or other debts or obligations to the Association or the VCC.

3. Majority of Co-Owners. "Majority of Co-Owners" means Co-Owners representing Fifty-One Percent (51%) or more of the total individual percentage interests of the Condominium.

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

5. Annual Meeting. The first Annual Meeting of the Association shall be held within One Hundred Eighty (180) Days after Seventy-Five Percent (75%) of the Units have been sold and title to the same has been conveyed, or the 11th day of February, 1985, whichever shall first occur. Thereafter, the Annual Meeting shall be held on the second Tuesday in February of each succeeding year, if not a legal holiday, and if a legal holiday, then on the next day following which is not a legal holiday. The Association may transact such business as may properly come before it.



Notice  
Annual  
Meeting

6. 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.

7. Special Meeting. A Special Meeting of the Association for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President of the Board of Administration, and shall be called by the President as directed by Resolution of the Board of Administration, upon a petition signed by Co-Owners representing Thirty Percent (30%) or more of the total percentage interest of the Condominium and presented to the Secretary of the Board of Administration or upon request of the VCC. 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.

8. 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.

9. 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 Association if, and only if, he shall have fully paid all assessments made or levied against him and his Unit by the VCC hereinafter provided, together with all interest, costs, attorneys' fees, penalties and other expenses, if any, properly chargeable to him and against his Unit, at least Three (3) Days prior to the date fixed for such Annual or Special Meeting.

10. Proxies. At all meetings of the Association, 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 Board of Administration 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. In no case may a Co-Owner, except the Grantor or its agent, cast more than one (1) vote by proxy in addition to his own vote.

11. Quorum. Except as may otherwise be provided herein or by statute, a Majority of Co-Owners shall constitute a quorum for conducting official business and adopting resolutions. If, however, such quorum shall not be present or represented at any meetings, the Co-Owners entitled to vote thereat, present in person or represented 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.

12. Association Action. When a quorum is present at any meeting, the vote of a majority of the total undivided percentage interest of the Co-Owners present in person or represented by proxy shall decide any question properly brought before such meeting, unless the question is one upon which, by express provision of the Statutes or of these By-Laws, a different vote is required, in which case such express provision shall govern and control the decision of such question, or unless the question is one governed by the VCC as elsewhere herein provided or provided in the Restrictions.

13. Order of Business. The order of business at all meetings of the Association 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 of Administration, if applicable; (h) Unfinished Business; and, (i) New Business.

14. 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 By-Laws, to be taken,

REC-5247 pg 406

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.

15. Powers and Duties of The Association. The Association shall have the power and duty to elect a Board of Administration which shall consist of a President and Secretary and such other offices as may be necessary and proper. The Board of Administration shall act to give advice or consent as may be proper or necessary to the Association and the VCC for the efficient and proper operation of the Condominium. The President shall be a member of the Board of Directors of the VCC and the Association shall elect one additional member to serve on the Board of Directors.

16. Removal of Officers. At a Regular or Special Meeting of the Association duly called, any Officer of the Board of Administration, except those appointed by the Grantor, 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 Officer whose removal has been proposed by a Co-Owner or the VCC shall be given an opportunity to be heard at the Meeting. The term of any Officer who becomes more than Sixty (60) Days delinquent in payment of any assessments or carrying charges due the VCC shall be automatically terminated and the remaining Officers shall appoint his successor.

REC-5247 pg 406

17. Report of Officers. The Officers of the Board of Administration shall present at each Annual Meeting of the Association, and when called for by vote of the Association at any Special Meeting of the Association, a full and clear statement of the business and condition of the Condominium.

18. Term and Election of Officers of the Board of Administration.

Officers of the Board of Administration shall be elected to One (1) Year terms and serve at the pleasure of the Association or until a successor has been duly elected.

19. Initial Board. The Initial Board of Administration shall be appointed by the Grantor and shall serve at its pleasure until their successors are appointed or until the First Annual Meeting of the Association. The initial appointed members are:

1. RICHARD G. HERMES
2. MICHAEL L. MAPLE
3. CHARLES W. STINSON

Notwithstanding anything contained in these By-Laws to the contrary, so long as the Grantor continues to be the owner of Nine (9) or more Units in the Condominium, it 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 of any Board member chosen by Grantor. This last paragraph of Article II, Section 19, may not be changed except by unanimous vote of the Co-Owners.

THE VILLAGE COMMUNITY CORPORATION

1. Constitution. The VILLAGE COMMUNITY CORPORATION (herein referred to as the "VCC"), as hereinafter defined, is a Not-For-Profit Corporation organized for the purpose of facilitating the operation, management and control of the Villages. The Directors of the VCC shall operate pursuant to the terms of the Act, the Master Deed, the Restrictions, the Articles of Incorporation and these By-Laws.

2. Powers and Duties of the VCC. The VCC shall be responsible for the overall policy and administration of the Condominium and pursuant thereto, the affairs and business of the Condominium shall be managed by the VCC. The VCC shall have the power and authority to adopt rules and regulations from time-to-time for the administration of the affairs of the Condominium, the operation and use of the Common Elements, and the enjoyment of its Co-Owners, provided that no rule or regulation shall be in conflict with the statutes or these By-Laws, 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.

3. Responsibilities of the VCC. It shall be the responsibility of the VCC:

- (a) To provide for the care, upkeep, protection, and maintenance and improvement of the Common Elements of the Condominium, and

in connection therewith, to enter into service, employment, management and other contracts incident thereto, and to employ, supervise and dismiss employees, agents and attorneys required therefor; it being provided, however, that any Management Contract shall be terminable for cause upon 30 days notice and may not exceed the term of One (1) Year.

(b) To prepare a budget to facilitate the establishment amount to be assessed against the Co-Owners for Common Expenses.

(c) To collect such assessments, deposit them in a bank, and utilize the same for administration of the Condominium.

(d) To obtain insurance as hereinafter provided.

(e) To enforce the provisions of the Master Deed, the Restrictions, these By-Laws and any amendments thereto, and such Rules and Regulations as the VCC may issue from time-to-time, including the right to sue on behalf of the Condominium.

(f) To establish reasonable Reserve Funds for emergencies and unforeseen contingencies and the repair and replacement of Common Elements.

(g) To make available to Unit Owners, prospective purchasers, holders of security interests, insurers and guarantors of first mortgages on any Unit, current copies of the Master Deed, By-Laws, Rules and Regulations and the most recent Annual Audited Financial Statement, if such is prepared for inspection, during normal business hours.

4. Management. The Condominium may employ a Professional Management Agent subject to the provisions of Paragraph 3(a) above at a compensation to be established by the VCC to perform such duties and services as the VCC shall authorize, including, but not limited to, the duties listed in Section 3 of this Article III. The VCC shall not enter

into a Management Agreement with a new managing agent without Thirty (30) Days' prior written notice to all mortgagees. In no event shall the VCC undertake self-management unless a majority of the mortgagees have given their prior written approval.

5. Validity of Contracts. No contracts or other transactions between the VCC and any other legal entity, and no act of the VCC shall in any way be affected or invalidated by virtue of the fact that any of the Officers or Members of the VCC are pecunarily or otherwise interested in, or are Directors or Officers of, such other legal entity; provided, however, that any such transaction shall be an arms length dealing. This provision shall apply to any contracts, including, but not by way of limitations, the Management Agent contracts.

6. Removal of Directors. At a Regular or Special Meeting of the VCC duly called, any Director of the VCC, except those appointed by the Grantor, may be recommended for removal with or without cause by the affirmative vote of the majority of the Directors of the VCC. Upon such recommendation, a Special Meeting of the Association which such Director represents shall be called pursuant to the provisions of Article II, Section 16.

#### ARTICLE IV

##### 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, 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, service contracts and employee salaries. The Common Expenses may also include such amounts as the VCC 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 VCC 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 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 VCC shall fix and determine the amount deemed necessary to provide for the costs of administration and Common Expenses in the then current year for all of the Villages, and shall assess said amount against all Units in this Condominium and any other Villages in accordance with their individual percentage interests. To assist the VCC in determining such amount, the Notice of

the Annual Meeting mailed to Co-Owners shall be accompanied by the estimated budget prepared by the Management Agent or President of the VCC and approved by the Officers. Until the First Annual Meeting, Common Charges shall be based upon the budget to be prepared by the Grantor or the initial Management Agent employed by Grantor, and said budget is hereby fixed and assessed as a Common Charge on each Unit in accordance with its individual percentage interest.

3. Notification of Common Charges. The VCC 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, upon request, to their mortgagees.

4. Lien for Common Expenses. Each Co-Owner is obligated to pay the charges levied and assessed against his Unit for payment of Common Expenses, 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 VCC, said amount shall be made payable in advance, in monthly, quarterly, or other convenient installments.

The lien hereinabove set forth shall be junior only to general and special assessments for real estate taxes and Deeds of Trust, Mortgages, or other encumbrances recorded prior to the date of assessment of said lien, or recorded after receipt of a written statement from the VCC that the payments on said lien were current as of the recordation date

of such Deeds of Trust, Mortgage Instruments or other encumbrances.

5. Payment of Lien After Transfer. Upon the voluntary sale or conveyance of a Unit, there shall be paid or provided from the sale proceeds, or by the grantee, an amount sufficient to satisfy any unpaid portion of assessment 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 VCC, setting forth in detail the amount of any unpaid, if any, and 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 any 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 his Unit after a sale, transfer and delivery of Deed by him (made in accordance with the provisions of these By-Laws) of such Unit.

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 VCC may declare any remaining balance of said lien at once due and payable.

*See also  
Purchase not  
proper for  
unpaid for  
assessments*

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 VCC 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 VCC as a plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same.

8. Restrictions on Use of Units. To assist the Condominium in providing for congenial occupancy and the protection of the value of the Units it is necessary that the Council 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 resident of the Condominium shall post any advertisements or posters of any kind in or about the Condominium except as authorized by the VCC. This Restriction shall not apply to signs utilized by the Grantor, its agents, or any Unit Owner, in selling the Units.

(b) No clothing, laundry, rugs 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.

(c) No animal, other than common household pets, shall be kept or maintained in any Unit. Common household pets shall not be kept, bred or maintained for commercial purposes in any Unit. The VCC

shall have the right from time-to-time to adopt reasonable pet regulations and, in the event a household pet becomes a nuisance, to make the same retroactive.

(d) Co-Owners shall exercise extreme care to avoid unnecessary noise including the use of musical instruments, radios, televisions, amplifiers and other devices which may disturb other Co-Owners.

(e) No Co-Owner, resident or lessee shall install wiring for electrical or telephone installation, television antennae, machines, or air conditioning units, etc., which protrude through the walls or the roof of the project or is otherwise visible on the exterior of the project except as authorized in writing by the VCC.

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

(g) 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.

(h) A Co-Owner shall not place or cause to be placed in the walkways, parking lots or other Common Areas or Common Facilities, other than a patio to which such Co-Owner has sole access, any furniture, packages or objects of any kind. The public walkways shall be used for no purpose other than for normal transit through them.

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, the Restrictions and all applicable Rules and Regulations adopted by the VCC. 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 the Managing Agents and/or any other person authorized by the VCC 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 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 Deed of Trust or 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 is present at the time or not, provided such entry is made in a reasonable manner.

Any Owner of a Unit may lease said Unit provided that (i) any such lease shall be consistent with the provisions of the Master Deed, these By-Laws, as the same may be amended from time-to-time, and the Rules and Regulations of the Condominium as may be promulgated from time-to-time; and, (ii) that the VCC shall have the power to terminate such lease and/or bring summary proceedings to evict the tenant in the name of the Landlord thereunder, in the event of a default by the tenant in compliance with the provisions of this Article IV, Section 8.

9. Abating and Enjoining Violations by Co-Owners.

The violation of any Rule or Regulation adopted by the VCC or the breach of any provision of the By-Laws contained herein, or the breach of any provision of the Master Deed or the Restrictions, shall give the VCC the right, in addition to any other rights set forth in these By-Laws: (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 VCC 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.

*Right to  
Enter Unit  
to abate + remove  
Conditions*

10. Maintenance and Repair. Each Co-Owner shall be responsible for the care, upkeep, protection, maintenance and repair of his Unit, except to the extent that the obligation therefor is imposed on the VCC by Article III hereof. His responsibility shall include, but shall not be limited to, the following: the interior surfaces of the walls, windows, floors and ceilings; kitchen and bathroom fixtures, appliances and equipment; refrigerator and range, and those parts of plumbing, lighting, heating and air conditioning systems which are wholly contained within his own Unit, air conditioning compressors and items defined as his Unit, which, if omitted, would not affect the Condominium in its entirety or in a part belonging to other Co-Owners. In addition, each

*Maintenance &  
Repair by Owners*

Co-Owner shall be responsible for the care, upkeep, protection, maintenance and repair of the basement floors and the basement walls of his Unit, notwithstanding anything contained in these By-Laws, the Master Deed or the Recorded Plans of the Condominium designating the said floors and walls as Common Elements; it being provided, however, that with respect to the basement walls, that in the event a leak shall occur, it shall be the responsibility of the Co-Owner to repair the basement walls unless said leak can only be cured from the exterior of the Unit. Every Co-Owner shall be expressly responsible for any damages and liabilities suffered by other Co-Owners or by the VCC resulting from or caused by said Co-Owner's 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 deck, terrace or patio appurtenant to such Unit.

Each Co-Owner shall promptly report to the VCC or its agent any defect or need for repairs, the responsibility for the remedying of which is with the VCC. A Co-Owner shall promptly reimburse the VCC for any expenditures incurred in repairing or replacing any Common Facility damaged through his fault or negligence.



Every Co-Owner shall be responsible for the maintenance of the Limited Common Elements restricted to the use and enjoyment of a particular Unit (including, without limitation, any terrace or patio appurtenant to such Unit) and shall keep the same free and clear of ice and snow; in good order, condition, appearance and repair.

11. Alterations, Additions and Improvements. Whenever in the judgment of the VCC, the General Common Elements of any of the Villages shall require additions, alterations or improvements costing in excess of Five Thousand and No/100ths Dollars (\$5,000.00) and the same has been approved by those institutional holders of Mortgages or other security interests representing first liens upon Ten (10) or more Units in such Village, the VCC shall assess all Co-Owners for the cost thereof as a Common Charge. Any additions, alterations, or improvements costing Five Thousand and No/100ths Dollars (\$5,000.00) or less may be made by the VCC without approval of 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 VCC 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 make any alterations to the water, sewer, heating, electrical, plumbing or air conditioning systems, or make any structural addition, alteration

or improvement in or to his Unit, without the prior written consent thereto of the VCC. The Council 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, and failure to do so within the stipulated time shall constitute a consent by the VCC to the proposed addition, alteration or improvement. 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 VCC only, without, however, incurring any liability on the part of the VCC 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 V

#### INSURANCE, DESTRUCTION, RESTORATION AND DISTRIBUTION

1. Authority. The VCC shall obtain and maintain casualty and liability insurance under such terms and for such amounts as shall be deemed necessary by the VCC on all

of the Villages, but in no event less than the amount required by Section 2 of this Article. The insurance premiums for insurance purchased by the Board shall be charged as items of Common Expense. Such insurance coverage shall provide for the issuance of certificates of insurance and mortgage endorsements to all mortgagees of Units. Such insurance coverage shall be written on the Condominium.

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 VCC on behalf of all Co-Owners.

2. Coverage. The Condominium shall be insured, to the extent available, against casualty in an amount equal to the maximum insurable replacement value thereof (exclusive of excavations and foundations) as determined annually by the VCC with the assistance of a recognized insurance appraiser. The policy shall cover all of 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 afford protection against:

- (i) loss or damage by fire, vandalism, malicious mischief, windstorms, water damage and other hazards covered by the standard extended coverage endorsement; and,

(ii) such other risks as shall customarily be covered with respect to projects similar in construction, location and use.

Such coverage shall insure the buildings (including all of the Units and the bathrooms, kitchens and laundry fixtures and equipment, together with all air conditioning, heating and other equipment, initially installed therein by the Grantor but not including furniture, furnishings or other personal property supplied or installed by Co-Owners) and other Condominium property. The Condominium shall be insured against liability for personal injury and property damage in such amounts and in such forms as shall be required by the VCC which, however, in no event shall be less than One Hundred Thousand and No/100ths Dollars (\$100,000.00) with respect to any individual, and Three Hundred Thousand and No/100ths Dollars (\$300,000.00) with respect to any one accident or occurrence, and Twenty-Five Thousand and No/100ths Dollars (\$25,000.00) with respect to any claim for property damage. All liability insurance shall contain cross-liability endorsements to cover liabilities of the VCC as a group, the VCC 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 VCC may obtain such additional insurance coverage as it may in its sole discretion deem advisable and appropriate.

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 VCC 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 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 VCC, or when in conflict with the provisions of these By-Laws 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 VCC, the Officers or invitees, and of any defenses based upon co-insurance or invalidity arising from the acts of the insured.

(f) Each of the policies of insurance obtained by the VCC 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 VCC

without a prior demand in writing that the VCC cure the conduct of such Officer or employee with appropriate time to effect such cure; and, (iii) if the VCC fails to cure the conduct of an Officer or employee within the allotted time, the policies still may not be cancelled or substantially modified without at least Ten (10) Days' prior written notice to all of the insureds, including all mortgagees and Co-Owners.

4. Individual Policies. Any Co-Owner or 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 VCC, a "Tenant's Homeowner's Policy," or equivalent, to insure against loss or damage to personal property used or incidental 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 VCC may realize under any insurance policy which it may have in force at any

5247 PAGE 424

5247 PAGE 424

particular time; the VCC may require that each Co-Owner shall file with the VCC a copy of each individual policy of insurance purchased by the Co-Owner within Thirty (30) Days after its purchase; the VCC may also require that each Co-Owner shall also notify the VCC of all improvements made by him to his Unit having a value in excess of Two Thousand Five Hundred and No/100ths Dollars (\$2,500.00).

5. Covenant for Benefit of Mortgagees. Proceeds of insurance policies received shall be distributed to or for the benefit of the Co-Owner entitled thereto, 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 it.

(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 it.

(c) All insurance policies shall continue in force for Thirty (30) Days following notice to the mortgagee of cancellation by either the company or the insured.

6. 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 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 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, this 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.

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

5247 PAGE 426



for reconstruction and repair after casualty. In all other instances, the responsibility for reconstruction and repair after casualty shall be that of the VCC.

7. Assessments if Insurance is Inadequate. Immediately after a casualty causing damage to property for which the VCC has the responsibility of maintenance and repair, the VCC 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 VCC desires. If the proceeds of insurance are not sufficient to defray such estimated costs, a special assessment shall be made against all of the Co-Owners of all of the Villages 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 of the Co-Owners of all of the Villages in proportion to their individual percentage interests in sufficient amounts to provide funds for the payment of such costs.

8. 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 for any purpose whatsoever, shall be made pursuant to and in accordance with a certificate of the VCC.

REC-5247 PAGE 428

9. Notice to Mortgagees. The VCC shall notify:

(1) the mortgagee whenever damage to the Unit covered by the Mortgage exceeds One Thousand and No/100ths Dollars (\$1,000.00); or, (2) mortgagees of all Units whenever damage to Common Elements exceeds Five Thousand and No/100ths Dollars (\$5,000.00).

#### ARTICLE VI

##### MORTGAGES

1. "Mortgagee" and "Mortgage". As used in this title and generally in the Master Deed and these By-Laws, 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 Jefferson 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 VCC. A Co-Owner who mortgages his Unit shall notify the VCC through the Management Agent of the name and address of his mortgagee, if any; the VCC shall maintain such information in a book entitled "Mortgagee of Units."

3. Notice of Unpaid Common Charges. The VCC, whenever so requested in writing by a mortgagee, title company or attorney, 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 VCC 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 had theretofore been furnished to the VCC. In the event that such default is not cured within Thirty (30) Days, the VCC 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 VCC at reasonable times.

#### ARTICLE VII

##### 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 By-Laws 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 or of these By-Laws, 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 VIII

##### AMENDMENT OF BY-LAWS

These By-Laws may be amended under the same terms as set out in Paragraph SIXTEENTH of the Master Deed or upon recommendation of the VCC by vote of Two-Thirds (2/3) of the Unit Owners.

#### ARTICLE IX

##### COMPLIANCE, CONFLICT, AND MISCELLANEOUS PROVISIONS

1. Compliance. These By-Laws 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 By-Laws are subject to all provisions of the Master Deed, the Articles of Incorporation of the VCC, the Restrictions 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, the Articles of Incorporation of the VCC or the Act. In the event of any conflict between these By-Laws, the Master Deed, the Articles of Incorporation of the VCC, or the Act, the order of control of such conflict shall be first the Act, second the Master Deed, third the Restrictions, and fourth the Articles of Incorporation of the VCC.

3. Severability. These By-Laws are set forth to comply with the requirements of the Commonwealth of Kentucky. In case any of the By-Laws are in conflict with the provisions of any of Kentucky's Statutes, the provisions of the Statutes shall apply. If any provisions of these By-Laws 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 By-Laws 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 By-Laws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same, notwithstanding the provisions of the Second Paragraph of ARTICLE IV, Section 2 of these By-Laws.

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

6. Gender, Etc. Whenever in these By-Laws 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 X

##### DEFINITIONS

1. Master Deed. "Master Deed" as used herein means that certain Master Deed and Declaration to which

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2. Restrictions. "Restrictions" as used herein

3. Village Community Corporation. "Village Com-

4. Other Definitions. Unless it is plainly

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U.S. DEPT. OF JUSTICE  
FEDERAL BUREAU OF INVESTIGATION  
WASHINGTON, D.C. 20535  
Mr. J. Edgar Hoover  
Director  
U.S. Department of Justice  
Washington, D.C. 20535  
Dear Mr. Hoover:

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