

DECLARATION OF MASTER DEED
Village of White Oaks

Michael R. Effinger, LLC., hereby expressly declares, through the recordation of this Declaration of Master Deed, which sets forth the particulars enumerated by KRS 381.835, its desire to submit its property described herein, to the regime established by KRS 381.805 to 381.910.

ARTICLE I

Section 1.1 Definitions. The following words when used in this Declaration shall have the following meanings:

(a) "Common Areas" are the general common elements of the Condominium Project and shall mean and include, if actually built in the Condominium Project and except as otherwise provided or stipulated in the Declaration, including any amending or supplementing documents, the following:

- (i) the *land on which the building or buildings stand*;
- (ii) the *foundations, main walls, roof, halls, lobbies, stairways, entrances, exits, or communication ways*;
- (iii) *landscaping*;
- (iv) *facilities for recreation or administration or maintenance of the Condominium Project*;
- (v) *compartments or installations for central services such as for energy, communications or utilities*;
- (vi) *all devices, installations and equipment existing for common use*;
- (vii) *facilities and easements available for the common use, in part or in whole; and*
- (viii) *all other elements of or on the Condominium Property rationally of common use or necessary to the existence, upkeep, and safety of the owners and of the Condominium Project.*

(b) "Common Expenses" shall mean, refer to, and include all charges, costs and expenses incurred by the Council for and in connection with the administration of the Project, including, without limitation thereof, operation of the Project, maintenance, repair, replacement and restoration (to the extent not covered by insurance) of the Common Areas; the costs of any additions and alterations thereto; all labor, services, common utilities, materials, supplies, and equipment therefor; all liability for loss or damage arising out of or in connection with the Common Areas and their use; all premiums for hazard, liability and other insurance with respect to the Project; all costs incurred in acquiring a Unit pursuant to judicial sale; and all administrative, accounting, legal, and managerial expenses. "Common Expenses" shall also include the cost of operation, maintenance, improvement, and replacement of the recreational facilities and equipment. "Common Expenses" shall also include amounts incurred in replacing, or substantially repairing, capital improvements of the Project, including, but not limited to roof replacement, and road, driveway and parking lot resurfacing. "Common Expenses" shall also include all reserve funds or other funds established by the Council. It being specifically provided common expenses shall include water, garbage removal and snow removal.

- (c) "Condominium Project" or "Project" shall mean and refer to Village of White Oaks Condominium.
- (d) "Council" is the Council of Co-Owners and shall mean and refer to Village of White Oaks Association, Inc., a Kentucky corporation and its successors and assigns.

- (e) "Declaration" or "Master Deed" shall mean and refer to the instrument establishing the condominium regime. It includes, also, amending and supplementary instruments as from time to time recorded.
- (f) "Developer" is Michael R. Effinger, LLC., a Kentucky Limited Liability Company, its successors and assigns. It is the original and initial developer, but it may designate, in writing, a successor developer.
- (g) "Limited Common Areas" or "Limited Common Elements" means and refers to those Common Areas which are reserved by this Declaration, by the floor plans, by the Developer, or by agreement of all of the Owners, for the use of a particular Unit or Units, to the exclusion of the other Units. Limited Common Areas include, if any, designated parking space, garages, attic, storage space located outside Units, balcony, patio, deck and all other apparatus and installations built or set up to serve only a certain Unit or a certain group of Units. Each Unit Owner shall be entitled to an appurtenant interest in and the exclusive use and possession of those Limited Common Areas, if any, reserved to that Owner's respective Unit or to the group of Units to which that Owner's Unit belongs. The fee ownership of all Limited Common Areas, however, is vested in all Owners.
- (h) "Member" shall mean and refer to all those Owners who are Members of the Council as provided in Article 4 below.
- (i) "Owner" shall mean and refer to the record owner, whether one or more persons or other legal entities, of a fee simple title to any Unit which is a part of the Condominium Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.
- (j) "Parcel" shall mean and refer to the real estate described in Exhibit A attached hereto and made a part hereof.
Deed Book 7730, Page 284; Deed Book 7730, page 287; and Deed Book 7453, Page 965.
- (k) "Recreational Facilities" shall mean and refer to the common community and recreational facilities.
- (l) "Rules and Regulations" shall mean and include the rules and regulations made from time to time by the Council.
- (m) * "Unit" Or "Condominium Unit" shall mean and refer to any Condominium Unit shown upon any recorded floor plans of the building or buildings located on the Condominium Property. "Unit" of "Condominium Unit" shall further mean an enclosed space as measured from interior unfinished perimeter surfaces consisting of one or more rooms occupying all or part of a floor or floors in a building of one or more floors or stories, provided, the Unit has a direct exit to a thoroughfare or to a given Common Area or space leading to a thoroughfare. "Unit" or "Condominium Unit" includes any halls, stairs, stairways or basements located within the perimeter boundaries of a Unit and serving only that Unit. Notwithstanding that some of the following might be located in the Common Areas or Limited Common Areas, the plumbing, heating and air conditioning equipment (including all ducts and pipes), electrical wiring and equipment, telephone, communication equipment, security equipment, window panes, garbage disposal, storm and screen doors and windows, doors and door frames, windows and window frames, if any, and other equipment located within or connected to the Unit for the purpose of serving that Unit, are part of that Unit, and the maintenance, repair and replacement of these items are the responsibility of the Unit Owner.

When applicable for the sense of this instrument, the singular should be read as including the plural and the male, female, and neuter pronouns and adjectives should be read as interchangeable.

ARTICLE 2

Section 2.1 Parcel. Developer is the owner in fee simple of the Parcel of Real Estate. It is the desire and intention of Developer to enable Parcel, together with all buildings, structures, improvements and other permanent fixtures of whatsoever kind situated on Parcel, and all easements, rights, appurtenances and privileges belonging to Parcel, including, without limitation thereto, all easements now or hereafter benefitting Parcel and subject to easements and restrictions of record (the "Condominium Property"), to be owned under and pursuant to that certain type of ownership commonly known as a "Condominium" and to subject and submit the "Condominium Property" to the provisions of KRS 381.805 to 381.910. The Condominium Project shall include forty (40) Units and garages. A description of Parcel, and of the building in which the Units are located, is contained in Exhibit A attached hereto and incorporated herein by reference. Exhibit A also expresses the respective area of Parcel, and of the buildings.

Section 2.2 Description and Number of Units. The general description and the number of each Unit, expressing its area, location, and any other data necessary for its identification, is contained in Exhibit B, attached hereto and incorporated herein by reference.

Section 2.3 Common Areas. A description of the Common Areas (general common elements) of the building is contained in Exhibit C, attached hereto and incorporated herein by reference.

Section 2.4 Floor Plans. Simultaneously with the recording of this Declaration, there has been filed in the office of the Jefferson County, Kentucky Clerk, a set of floor plans of the building, showing the layout, location, unit numbers, and dimensions of the Units; stating the name of the Project (property); and bearing the verified statement of a registered architect or professional engineer certifying that the plans fully and accurately depict the layout, location, Unit number, and dimensions of the Units as built. The floor plans are of record at A.O.B. Book ____, Pages ____ the office of the Jefferson County, Kentucky Clerk, a copy of which are attached hereto as Exhibit D and incorporated herein by reference.

Section 2.5 Percentage of Common Interest. Appurtenant to each Unit is that Unit's percentage of common interest, as set forth in Exhibit E attached hereto and incorporated herein by reference. This percentage is computed by taking as a basis the floor area of the individual Unit in relation to the floor area of all of the Units. The Developer and the Council reserve the right to round-up or round-down the percentages of ownership in the Common Areas for any one or more Units in order that the total percentages of ownership equal one hundred percent (100%). Except as otherwise stated in this Declaration and except as otherwise provided by Kentucky law, the percentage of common interest is permanent and shall not be altered without the acquiescence of the Owners representing all the Units of the building.

- (a) The entire Project, at the current time, would not have more than forty (40) Units.
- (b) The percentage of common interest appurtenant to each Unit shall be approximately that shown in Exhibit E, attached hereto and made a part hereof.
- (c) The percentage of common interest appurtenant to each Unit in the Project, shall be redistributed on an as-built basis upon completion of all Units in a given section. The redistribution shall be done by amendment or supplement to this Declaration.
- (d) The Developer hereby reserves for itself, its successors and assigns, for a period of seven (7) years from the date of recording of the Declaration, the right to execute on behalf of all contract purchasers, Unit Owners, mortgagees, other lienholders or parties claiming a legal or equitable interest in the Project, including any and all expansions of the Project, any such agreements, documents, amendments, or supplements which may be so required to expand the Project. The power of attorney aforesaid is expressly declared and acknowledged to be coupled with an interest in the subject matter hereof and the same shall run with the title to any and all Condominium Units and be binding upon the successors and assigns of any of the foregoing parties. Further, the power of attorney shall not be

affected by the death or disability of any principal. The Developer, for itself and for its successors, reserves from the date hereof, an interest in any real estate, including every Unit in the project, including any expansions to the Project. This interest reserved by the Developer shall only be such as is necessary to make the power of attorney run with the land and be irrevocable during the seven (7) year period. The power of attorney includes the right to amend, within the limits elsewhere set out in this Section, the percentage of common interest appurtenant to each Unit. The power of attorney shall be effective and binding whether or not it is specifically reserved in any deed or other instrument.

ARTICLE 3

Section 3.1 Easement for Encroachments. The building(s), all utility lines, and all other improvements as originally constructed shall have an easement to encroach upon any Unit and upon any deviations in construction from the condominium plans contained in this Declaration as a result of the location of the building, utility lines and other improvements across boundary lines between and along Units and/or the Common Areas, or as a result of building or improvement movement or alterations or additions from time to time, providing that such alterations or additions have complied with the requirements of this Declaration.

If by reason of the construction, repair, restoration, partial or total destruction and rebuilding of the building(s), or improvements constituting a part of the Condominium Property, any part of the Common Areas shall encroach upon any part of a Unit, or any part of a Unit shall encroach upon any part of the Common Areas, or any part of a Unit shall encroach upon any part of any other Unit; or if by reason of the design or construction or rebuilding of the utilities system within the Condominium Project any pipes, ducts, or conduits serving a Unit shall encroach upon any other Unit, easements in favor of the Unit or Council, as the case may be, for the maintenance of any such encroachment are hereby established, granted and reserved.

Section 3.2 Unit's Utility Easements. Easements are granted in favor of each Unit to and throughout the Common Areas as may be necessary for the use of water, gas, sewer, power and other utilities and services including power and communication, now or hereafter existing.

Section 3.3 Utility Easements. Easements are reserved and/or granted hereby in favor of the Developer and/or the Council through each Units and the Limited Common Areas for the purpose of installing, laying, maintaining, repairing and replacing any pipes, wires, ducts, conduits, equipment, fixtures, utility, power or communication lines or equipment, or other components through the walls, floors and ceilings of each Unit and throughout the Limited Common Areas and Common Areas. Each Unit Owner and/or his respective mortgagee by acceptance of a deed conveying such ownership interest and each mortgagee encumbering such ownership interest, as the case may be, hereby irrevocably appoint Developer, or the Council, as the case may be, as his attorney in fact, coupled with an interest, and authorize, direct and empower such attorney, at the option of the attorney, to execute, acknowledge and record for and in the name of such Unit Owner and his mortgagee, such easements or other instruments as may be necessary to effect the purpose of this Section. The easements may be assigned and/or granted by the Developer and/or the Council to any utility or service company.

Section 3.4 General Easement. An easement is hereby reserved and/or granted in favor of the Developer and/or the Council in, on, over and through the Common Areas, the Limited Common Areas and Units for the purposes of maintaining, cleaning, repairing, improving, regulating, operating, policing, replacing and otherwise dealing with the Common Areas, including all improvements thereon.

Section 3.5 Access Easement. Appurtenant to each Unit is an easement over any Common Area and/or Limited Common Area for necessary pedestrian and vehicular ingress and egress to and from any such Unit over the Common Areas and/or Limited Common Areas, to and from a thoroughfare. The easement shall be over such walkways, driveways, or other ways as are designated by the Developer and/or the Council.

Section 3.6 Use of Easement. Any use of the rights and easements granted and reserved in this Article shall be reasonable. If any damage, destruction, or disturbance occurs to a Unit, a Limited Common Area, or the Common Areas as a result of the use of any easement or right, the Unit, Limited Common Area, or Common Area shall be restored by the Council promptly in a reasonable manner at the expense of the person or persons making the use of the easement or right that resulted in the damage, destruction or disturbance. Before beginning work, Council may require all or any part of the expected expense to be prepaid by that person or those persons liable for the expense. No easement may be granted across, through, over, or under any Unit, Limited Common Area, or Common Area, which materially restricts ingress and egress to the Unit, Limited Common Area, or Common Area, unless reasonable alternate ingress and egress is provided or unless the restrictions is only temporary.

Section 3.7 Reservation of Construction Easement by Developer. The Developer reserves the right to temporarily go upon the Condominium Property in order to develop other neighboring land. The easement should be construed broadly in favor of the Developer, including giving the Developer the right to store temporarily construction materials, equipment or dirt. After the construction is finished, the Developer must, at the Developer's cost, repair any damage done to the Condominium Property including to any landscaping. All debris, equipment, materials and dirt must also be removed from the Condominium Property, as soon as reasonably possible by the Developer after the Developer has completed construction on the neighboring land.

Section 3.8 Developer's Easements: General.

- (a) The easements and grants reserved for the Developer also benefit and bind any heirs, successors and assigns of Developer and their respective guests, invitees or lessees.
- (b) The easements and grants reserved for Developer bind and affect any real estate now or hereafter brought under the condominium regime, whether or not the easement or grant is specifically reserved in any present or future instrument bringing the real estate under the condominium regime.
- (c) Any easement and/or grant reserved to the Developer is non-exclusive, if the facilities within the easement or grant were constructed for or under the condominium regime. Any improvement which Developer constructs to benefit mainly real estate which is not part of the condominium regime shall be exclusively for the benefit of Developer.
- (d) All use of Common Area improvements, such as roadways, by or through persons who do not own a Unit or Units in the condominium regime shall be governed as follows:
 - (i) The use shall be subject to the same rules and regulations, as far as applicable, related to the use of the roadway and facility, as apply to the Unit Owners. If necessary, the Council may make reasonable and fair additional rules and regulations that apply to use by or through persons who are not Unit Owners; and these rules and regulations shall be posted in a reasonable manner.
 - (ii) The owners of real estate which are not part of the condominium regime but which has the right to use certain improvements belonging to the Condominium Project, are obligated to pay to the Council upon demand a fee for the right of use of such improvements located thereon. The fee shall be approximately equal to a proportionate part of the common expenses, including, without limitation, appropriate reserves, attributable to the improvements used. The fee shall be enforced and collected in approximately the same manner as the assessments are enforced and collected against the Unit Owners.

- (iii) The same owners of real estate which is not part of the condominium regime, but which are subject to a fee, shall be entitled to vote along with the Unit Owners on any matter substantially affecting the amount of the fee. The voting power of any such non-unit owner shall be determined by Council in a reasonable and fair way.
- (iv) The Council shall have broad powers to enforce its rules and regulations and to collect its fees against non-unit owners. The powers of Council include the right to deny a non-unit owner access to any condominium facility; to fine any non-unit owner; to deprive any non-unit owner of a vote; and/or to file a continuing lien against the real estate of any non-unit owner, which lien shall be in the amount of not only the fee due to the Council but also of any collection costs, including reasonable attorneys' fees. The Council may also enforce any right which it has against any non-unit owner, in court, and may collect court costs, reasonable attorneys' fees and interest. The rights of Council should be construed broadly in favor of Council so that it can protect the Condominium Project in its dealings with non-owner users of condominium facilities. It is the obligation of non-owner users to keep Council informed of their respective current addresses; and Council cannot be held at fault for failing to notify a non-owner of any rights or obligation, if Council has not been provided with the non-owner's current address.
- (v) It is understood that many of the easements and grants reserved for the Developer by this Article are for the use of and benefit of real estate which may never come under the condominium regime.
- (vi) Notwithstanding Section 3.8 (d)(iii) above a non-unit owner, other than the Developer, shall not have any voting power until the expiration of the seven (7) year period beginning with the date of the recording of this Declaration, except with the written consent of the Developer.

Section 3.9 Private Roadway Easements. Developer has filed or will file a Declaration of Covenants, Easements and Restrictions (the "Roadway Declaration") substantially in the form of attached Exhibit F, which grants or will grant all Unit Owners, the non-exclusive right of ingress and egress on, over and across a certain private roadway located on or to be located on the Condominium Property and the Additional Property, which private roadway extends or shall extend from the Condominium Property to LaGrange Road (the "Roadway"). The Roadway Declaration requires that the Unit Owners pay their proportionate share for the maintenance and repair of the Roadway as a common expense of the Association. The Developer hereby reserves the right to amend the Roadway Declaration to add additional property to the Roadway. Developer reserves the right to have all or any part of the Roadway dedicated as a public street; and if and when such Roadway or part thereof is dedicated, the Roadway Declaration shall terminate automatically as to the entire Roadway or the portion thereof so dedicated. In addition, the Developer reserves the right to have all or part of the Roadway submitted to this Declaration, and upon such submission, the Roadway or part thereof so submitted to this Declaration shall become part of the Condominium Property, and shall be deemed to be and shall be Common Areas, and the Roadway Declaration shall terminate as to the Roadway or part thereof so submitted to this Declaration.

Section 3.10 Easement to Run with Land. All easements and rights described in this Article are easements appurtenant, running with the land, perpetually in full force and effect, and at all times shall inure to the benefit of and be binding on the Developer, its successors and assigns, and any owner, purchaser, mortgagee, and other person or entity now or hereafter having an interest in the Condominium Project, or any part or portion of it.

Section 3.1.1 Reference to Easements and Deeds. Reference in the respective deeds of conveyance or any mortgage or trust deed or other evidence of obligation, to the easements and rights described in this Declaration, shall be sufficient to create and reserve such easements and rights to the respective grantees, mortgagees and trustees in said instruments as fully and completely as those such easements and rights were recited fully and set forth in their entirety in such instruments.

ARTICLE 4

Section 4.1 Voting: Developer's Proxy Rights.

- (a) Each person, group of persons, or entity who is a record owner of a fee interest in any Unit shall be a Member of the Council provided, however, that any such record owner who holds such interest solely as security for the performance of an obligation shall not be a Member. Members shall be entitled to one vote for each Unit in which they hold the interest required for membership. In the event that more than one person, group of persons, or entity is the record owner of a fee interest in any Unit, then the vote for each such Unit shall be exercised as the record owners among themselves determine. In no event shall more than one vote be cast with respect to any Unit. Membership arises automatically upon the beginning of ownership of a Unit and ceases automatically upon termination of ownership of a Unit. Ownership is not effective for voting, unless it is reflected properly of record in the office of the County Clerk in which this Declaration is recorded and unless the Council has actual notice of the ownership of the Unit.
- (b) Notwithstanding the foregoing paragraph or any other provision of this Declaration, the entire administration and operation of the Condominium Project, including but not limited to the adoption and amendment of the Bylaws of Village of White Oaks Association, Inc. (the "Bylaws") a copy of which is attached hereto as Exhibit G, the adoption and amendment of Project rules, the assessment and levy of common expenses, and all other matters relating to the administration, operation and governing of the Project, shall be vested in the Developer until the earlier to occur of (i) the Developer no longer owns a Unit, (ii) seven (7) years from the date of the recording of this Declaration, or (iii) the Developer voluntarily surrenders in writing Developer's special rights under this Section. Until that event/date occurs, the Developer shall constitute the Council of Co-Owners and the Board of the Council, and shall possess the irrevocable proxy from each Unit Owner to cast the vote of that respective Unit Owner. EACH UNIT OWNER GRANTS THE DEVELOPER THIS IRREVOCABLE PROXY BY ACCEPTING A DEED TO A UNIT. THIS PROXY POWER MAY NOT BE USED BY THE DEVELOPER TO AMEND THIS DECLARATION EXCEPT TO MAKE SUCH AMENDMENTS AS ARE NECESSARY OR DESIRABLE TO EXPAND THE CONDOMINIUM PROJECT WITHIN THE LIMITS SPECIFIED ELSEWHERE IN THIS DECLARATION OF MASTER DEED. THE PROXY RIGHTS OF THE DEVELOPER MAY BE ASSIGNED BY THE DEVELOPER WITHOUT NOTICE TO OR THE CONSENT OF THE UNIT OWNERS OF THE COUNCIL.

Section 4.2 Organizational Meeting. The Developer may call an organizational meeting of the Council immediately. At such meeting, the Members shall elect the initial Board of Directors and *Officers*, and may adopt the Bylaws of the Council.

ARTICLE 5

Section 5.1 Covenant for Assessments. The proportionate share of each Unit Owner in the common surplus and the common expenses of the Condominium Project is equal to the percentage of common interest appurtenant to the Unit of that Owner. Such percentage of common interest appurtenant to each Unit has been set out in Exhibit E to this Declaration. Each person and/or entity who becomes an Owner of a Unit whether or not it shall be so expressed in any such deed or other form of conveyance, shall be deemed to covenant and agree to pay to the Council the Unit's share of assessments as fixed, established, and collected from time to time as hereinafter provided. All assessments, together

with interest thereon at the rate of ten (10%) percent per annum and cost of collection (including a lien preparation charge, filing fees, court costs, and reasonable attorneys' fees) shall be a charge and a continuing lien upon the Unit against which the assessment is made, and shall also be the personal obligation, jointly and severally, of the Owner or Owners of the Unit at the time when the assessment fell due.

Section 5.2 Determination of Regular Assessment; Reserves; Special Assessments; Fine Assessments; Expansion; Start Up Assessment.

- (a) The Council shall, from time to time, but not less than once every twelve (12) months, determine the amount of the regular total assessment necessary to defray the Common Expenses for a given period not to exceed twelve (12) months. When setting the regular total assessment, the Council should include both (i) those funds required during the period for general operating purposes, and (ii) those reserve funds estimated to be necessary for future capital improvements. All funds required for general operating purposes under (i) above may be held in the name of the Council. All funds required for reserves for capital improvements under (ii) above shall be held in an account in the name of the Council, for the benefit of all of the Units Owners in the Condominium Project. Each Unit Owner, by the acceptance of her deed, does authorize the disbursal of any and all of the escrow funds solely upon the written authorization of the Council. The funds held in reserve are appurtenant to each Unit according to the percentage of common interest appurtenant to the given Unit.
- (b) Each Unit Owner is liable to pay that percentage of the regular total assessment that is equal to his Unit's percentage of the common interest, as determined by Council. Notwithstanding the foregoing sentence, for an unoccupied Unit owned by the Developer, the Developer is only liable for eighty (80%) percent of the assessment which it would otherwise have to pay for the Unit. If the Unit becomes occupied, the Developer must thereafter begin paying a full assessment for that Unit.
- (c) The Council may from time to time levy special assessments for reasonable purposes. The special assessment may be levied against one Unit, or a group of Units or all of the Units, as circumstances reasonably warrant according to the Unit or Units benefitted by the assessment. If the assessment is apportioned among Units, the method of apportionment shall be based upon square feet unless for some reason that method would be very unfair. In that case, Council can determine another reasonable method of apportionment.
- (d) If the Project is expanded during a given year and additional Units are brought into the Project, the new Unit shall pay the same assessment per square foot as the existing Units are paying for that assessment year. If in the Council's sole discretion, such a rate would not be reasonable, the Council may adjust the rate up or down for those new Units until the next annual assessment is made.
- (e) The Council may levy a reasonable assessment, as a fine or penalty for violation of this Declaration. A lien may be filed for this assessment and this assessment may be enforced by foreclosure and otherwise treated as a regular assessment.
- (g) A special assessment, due immediately, arises against a Unit upon the initial transfer of record of the Unit from the Developer (or successor developer or designated developer) to the Unit Owner (other than a successor developer or designated developer). The special assessment shall be in the amount of the sum of two (2) months of the full regular assessment. It shall be collected at closing and paid to the Council for use by the Council for Common Expenses. This special assessment is in addition to the regular assessment. Any reduced assessment on the Unit ends as of the first day of the month immediately following the month in which title was transferred of record from the Developer.

Section 5.3 Billing. The Council shall inform each Unit Owner of the amount of the total annual assessment due from the Owner of that particular Unit. This annual assessment may be paid in monthly installments or as otherwise required by the Council. The Owner of each Unit must pay his Unit's required assessment in advance each month. Payment is to be made to such person at such an address as Council determines. Payment shall be due on the first day of each month, unless Council otherwise directs. Special assessments are due thirty (30) days after the bill for the special assessment has been mailed or otherwise sent out by Council, unless Council otherwise directs. If the Project is expanded and additional Units are brought into the Project during a given assessment year, those additional Units shall begin paying an assessment on the first day of the month immediately following the month after the Units were brought, of record, under the condominium regime. No Mortgagee of any Owner shall be required to collect any assessment for the Council.

Section 5.4 Limited Common Area Assessment. An additional assessment may be made by the Council against any Unit to pay any expense resulting from a Limited Common Area, benefiting that Unit. The assessment must be reasonable. The assessment should be apportioned among the Units using the Limited Common Area in a fair and reasonable manner. The assessment shall be a regular, annual assessment and may be billed and included as part of the regular annual assessment described in Section 5.2 above.

Section 5.5 Assessment Certificate. The Council shall, upon demand, at any reasonable time, furnish to any Owner liable for assessment a certificate in writing signed by an Officer or other authorized agent of the Council, setting forth the status of said assessment; i.e., "current", and if not current, "delinquent" and the amount due. Such certificate shall be conclusive evidence of the payment of any assessment therein stated to have been paid. A reasonable charge to cover labor and materials may be made in advance by the Council for each certificate.

Section 5.6 Non-Payment of Assessment. Any assessments (including special assessments) levied pursuant to these covenants which is not paid on the date when due shall be delinquent and shall, together with such interest and other costs as set out elsewhere in this Declaration, thereupon become a continuing lien upon the Unit which shall bind the Unit in the hands of the then Owner and the Owner's successors and assigns.

If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest at a reasonable rate set by Council in its minutes, and the Council may bring an action at law against the Owner personally obligated to pay the same and/or foreclose the lien against the Unit, in either of which events interest, costs and reasonable attorneys' fees shall be added to the amount of each assessment. No Owner may waive or otherwise escape liability for the assessments by non-use or waiver of use of the Common Areas or by abandonment of his Unit.

The lien of the Council is against not only the Unit but also the percentage of common interest in the Common Areas appurtenant to the Unit, including any funds held for the benefit of the Unit.

Section 5.7 Priority of Council Lien. The lien provided for in this Article shall be subordinate to liens for real estate taxes and liens of bona fide first mortgages, said Council liens, and may be foreclosed in the same manner as a mortgage on real property in an action brought by the Council. The Council is entitled to recover its reasonable attorneys' fees and court costs and collection costs, as part of the lien. In any such foreclosure action, the Council shall be entitled to become a purchaser at the foreclosure sale.

Section 5.8 Disputes as to Common Expenses; Adjustments. Any Owner who believes that the portion of Common Expenses chargeable to his Unit, for which an assessment lien has been filed by the Council, has been improperly charged against his or her Unit, may bring action in an appropriate court of law. Council in its reasonable discretion may, in order to prevent manifest injustice, adjust (increase or decrease) the assessment for any Unit based upon a consideration of the following factors; the floor area of the Unit; the number of occupants in the Unit; the demand on public utilities by the occupants of the Unit; the accessibility of the Unit to Limited Common Areas. The Council in its reasonable discretion may abate or reduce a Unit's assessment for a reasonable period of time, during which a Unit is uninhabitable, through no fault of the Owners, as a result of damage or destruction.

Section 5.9 Purchaser at Foreclosure Sale Subject to Declarations Bylaws Rules and Regulations of the Council. Any purchaser of a Unit at a foreclosure sale shall automatically become a Member of the Council and shall be subject to all the provisions of this Declaration, the Bylaws and the Rules and Regulations.

Section 5.10 Non-Liability of Foreclosure Sale Purchaser for Past Due Common Expenses. 'When the mortgagee of a first mortgage of record or other purchaser of a Unit acquires title to the Unit as a result of foreclosure of the first mortgage or by deed in lieu of foreclosure, such acquirer of title, its successors and assigns, shall not be solely liable for the share of the Common Expenses or other assessments by the Council chargeable to such Unit which became due prior to the acquisition of title to the Unit by such acquirer. Such unpaid share of Common Expenses or assessments shall be deemed to be Common Expenses collectible for all of the Units, including that of such acquirer, its successors or assigns. However, the Council's lien rights may be asserted against surplus proceeds of any judicial sale or against any payments made by the mortgagee to the Owner mortgagor in the case of a deed in lieu of foreclosure.

Section 5.11 Liability for Assessments Upon Voluntary Conveyance. The personal obligation of each Owner to pay the assessment against their Unit shall pass to any subsequent grantee who takes title through contract, operation of law, or through any other method or instrument other than a commissioner's deed or other court ordered deed or other than a deed to a mortgagee in lieu of foreclosure. The original Owner shall not be released from the obligation of the assessment, but instead will be jointly and severally liable with the subsequent grantee. However, any such grantee or proposed grantee shall be entitled to an assessment certificate as described elsewhere in this Article, and such grantee shall not be liable for, nor shall the Unit be conveyed subject to a lien for, any unpaid assessment made by the Council against the grantor in excess of the amount set forth in the assessment certificate for the period reflected in the assessment certificate. This Section shall not prejudice the right of the grantee to recover from the grantor the amounts paid by the grantee for the assessment which was also the obligation of the grantor.

Section 5.12 Late Charge. The Council may impose a charge against any Unit Owner who fails to pay any amount assessed by the Council against his Unit within ten (10) days after such assessments are due and payable and who fails to exercise his rights under this Declaration or under the laws of the State of Kentucky to contest such assessment in such an amount which is the greater of (a) twenty and 00/100 Dollars (\$20.00), or (b) twenty percent (20%) of the delinquent amount, or such other amount as may be determined by the Council from time to time. Additionally, if a Unit Owner shall be in default in payment of an installment upon an assessment or of a single monthly assessment, the Council has the right to accelerate all monthly assessments remaining due in the current fiscal year. The total of such assessments, together with the delinquent assessments shall then be due and payable by the Unit Owner no later than ten (10) days after the delivery of written notice of such acceleration to the Unit Owner or twenty (20) days after mailing of such notice to him by certified mail, whichever occurs first. If such acceleration amount is not paid by the due date, the above-described late charge may be imposed on the part of such accelerated amount not paid by the due date.

Section 5.13 Miscellaneous.

- (a) The Council may change the interest rate due on delinquent assessments, except that the rate cannot be changed more often than once every six (6) months. As of its effective date, the new interest rate will apply to all assessments then delinquent.
- (b) The Owner has the sole responsibility of keeping the Council informed of the Owner's current address if different from the Unit owned. Otherwise notice sent by Council to the Unit is sufficient for any notice requirement under this Declaration.
- (c) The lien under this Article 5 arises automatically, and no notice of lien need be recorded to make the lien effective.
- (d) The assessment lien includes all collection costs, including demand letters, preparation of documents, reasonable attorneys' fees, court costs, filing fees, collection fees, and any other expenses incurred by the Council in enforcing or collecting the assessment.

- (e) If any Common Area, including any Limited Common Area, is intentionally or negligently damaged or destroyed through the act or omission of any Owner, the Council may make an individual assessment against the Owner and the Owner's Unit for the expenses involved in making repairs and in making and/or enforcing the assessment, including reasonable attorneys' fees.
- (f) Any assessment otherwise payable in installments, shall become immediately due and payable in full without notice upon default in the payment of any installment. The acceleration shall be at the discretion of the Board.
- (g) This Section 5.13 applies to every type of assessment.
- (h) Failure of any Owner to pay any assessment shall not constitute a default under any mortgage of the Owner.

ARTICLE 6

Section 6.1 General Insurance. The Council shall carry a master policy of fire and extended coverage, vandalism, malicious mischief and liability insurance, and if required by law, workmen's compensation insurance with respect to the Project and the Council's administration thereof in accordance with the following provisions:

- (a) The master policy shall be purchased by the Council for the benefit of the Council, the Unit Owners and their mortgagees as their interest may appear, subject to the provisions of this Declaration and the Bylaws. The "master policy" may be made up of several different policies purchased from different agencies and issued by different companies.
- (b) All buildings, improvements, personal property and other common elements of the Project shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount not less than one hundred (100%) percent of the replacement value thereof, from the drywall out as determined from time to time by the Council. This shall include everything in the walls such as, plumbing, electrical, studs and shall also include the subfloor (3/4" tongue & groove) down or concrete slab down. The Council may elect to carry insurance to cover such other perils as from time to time shall be customarily covered with respect to buildings and improvements similar in construction, location and use.
- (c) The Council shall try to have its liability insurance contain cross-liability endorsements or appropriate provisions to cover liability of the Unit Owners, individually and as a group (arising out of their ownership interest in the common elements), to another Unit Owner. The amount of the public liability insurance shall be reasonably determined by Council.

Section 6.2 Fidelity Insurance. The Council must have fidelity coverage against dishonest acts on the part of officers and employees, Members of the Council, members of the Board, trustees, employees or volunteers responsible for the handling of funds collected and held for the benefit of the Unit Owners. The fidelity bond or insurance must name the Council as the named insured and shall be written in an amount sufficient to provide protection which is in no event less than the insured's total annual assessment (Article 5, Section 5.2) plus all accumulated reserves and all other funds held by the Council either in its own name or for the benefit of the Unit Owners.

Section 6.3 Directors' and Officers' Errors and Omissions Insurance. The Council shall purchase insurance to protect itself and to indemnify any Director or Officer, past or present against expenses actually and reasonably incurred by him in connection with the defense of any action, suit or proceeding, civil or criminal, in which she is made a party by reason of being or having been such Director or officer, except in relation to matters as to which she shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty to the Council; or to obtain such fuller protection and indemnification for Directors and Officers as the law of Kentucky permits. The policy or policies shall be in an amount to be reasonably determined by the Council.

Section 6.4 Premiums. All premiums upon insurance purchased by the Council shall be Common Expenses.

Section 6.5 Proceeds. Proceeds of all insurance policies owned by the Council shall be received by the Council for the use of the Unit Owners and their mortgagees as their interest may appear; provided, however, the proceeds of any insurance received by the Council because of property damage shall be applied to repair and reconstruction of the damaged property, except as may otherwise be permitted by this Declaration.

Section 6.6 Power of Attorney. Each Unit Owner shall be deemed to appoint the Council as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of the master policy or any other insurance policy obtained by the Council. Without limitation on the generality of the foregoing, the Council as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit the premiums therefor, to collect proceeds and to distribute the same to the Council, the Unit Owners and their respective mortgagees as their interest may appear, to execute releases of liability and to execute all documents and to do all things on behalf of such Unit Owners and the Project as shall be necessary or convenient to the accomplishment of the foregoing; and any insurer may deal exclusively with the Council in regard to such matters.

Section 6.7 Responsibility of Unit Owner. The Council shall not be responsible for procurement or maintenance of any insurance covering the contents or the interior of any Unit from the drywall into the Unit nor the liability of any Unit Owner for injuries therein not caused by or connected with the Council's operation, maintenance or use of the Project. Each Unit Owner shall obtain insurance coverage at his own expense upon his Unit's furnishings, paint, carpet, ceramic, cabinets, plumbing fixtures, light fixtures, appliance, fireplace, furnace, water heater, interior of each unit and his personal property; and, in addition, shall obtain comprehensive personal liability insurance covering liability for damage to persons or property of others located within such Unit Owner's Unit, or in another Unit(s) in the Project or upon the Common Areas, resulting, from the negligence of the insured Unit Owner, in such amounts as shall from time to time be determined by the Council.

Section 6.8 Release. All policies purchased under this Article by either the Council or the individual Unit Owners shall provide for the release by the issuer, thereof, of any and all rights of subrogation or assignment and all causes and rights of recovery against any Unit Owners, member of their family, their employees, their tenants, servants, agents and guests, the Council, any employee of the Council, the Board, or any occupant of the condominium project, for recovery against any one of them for any loss occurring to the insured property resulting from any of the perils insured against under the insurance policy.

Section 6.9 Approximate Coverage. If any of the required insurance coverage under this Article becomes or is impossible to obtain or can be obtained only at an unreasonable cost, the Council shall obtain coverage which most closely approximates the required coverage, if such substitute insurance is available.

Section 6.10 Additional Policy Requirements. All such insurance coverage obtained by the Council shall be written in the name of the Council, for the use and benefit of the Council, the Unit Owners and their mortgagees, as further identified below. Such insurance shall be governed by the provisions hereinafter set forth:

- (a) Exclusive authority to adjust losses under policies in force on the Project obtained by the Council shall be vested in the Council provided, however, that no mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

- (b) In no event shall the insurance coverage obtained by the Council hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their mortgagees, and the insurance carried by the Council shall be primary..
- (c) All casualty insurance policies shall have an agreed amount endorsement with an annual review by one or more qualified persons.
- (d) The Council shall be required to make every reasonable effort to secure insurance policies that will provide for the following:
 - (i) a waiver of subrogation as discussed in Section 6.8 of this Article;
 - (ii) that no policy may be canceled, invalidated, or suspended on account of the acts of any one or more individual Owners;
 - (iii) that no policy may be canceled, invalidated or suspended on account of the conduct of any Director, officer or employee of the Council or its duly authorized manager without prior demand in writing delivered to the Council to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Council, its manager, any Owner or mortgagee; and
 - (iv) that any "other insurance" clause in any policy exclude individual Owner's policies from consideration.

Section 6.11 Other Insurance Requirements. If this Project is intended to be qualified under the requirements of FHLMC, FNMA, HUD, FHA, VA or other similar program, the insurance requirements of that program are incorporated herein by reference. IF ANY INSURANCE COMPANY IS UNSURE OF THE COVERAGE INTENDED, IT SHOULD ASK FOR AN INTERPRETATION FROM THE BOARD. OTHERWISE, THE BROADEST COVERAGE SHALL BE PRESUMED, IF THERE IS AN AMBIGUITY.

ARTICLE 7

Section 7.1 FHLMC. The following provisions are included herein for the benefit of the holders of first mortgages on any Unit in the Condominium Project which is subject to the provisions of this Declaration, in order to permit compliance with the requirements of Federal Home Loan Mortgage Corporation (FHLMC) as a condition to the purchase of loans on Units in the Condominium Project. The covenants and provisions hereinafter set forth shall run in favor only of the first mortgage holders, and the provisions hereinafter set forth may be altered, amended, revised or rescinded by actions of the Council without approval of the Unit Owners but only without such approval to the extent that such alteration, amendment, revision, or rescission is necessary to comply with the requirements of FHLMC.

Section 7.2 FHLMC Requirements. In addition to any other requirements of this Declaration, or the Bylaws of the Council, it is provided as follows:

- (a) Unless at least fifty-one percent (51%) of the Eligible Mortgagees (as hereinafter defined) (the "Required Eligible Mortgage Vote"), and seventy-five percent (75%) of the individual Unit Owners (other than the sponsor, Developer, or builder) have given their prior written approval, the Council shall not be entitled to:
 - (i) by act or omission, seek to abandon or terminate the Condominium Project;
 - (ii) change the pro-rata interest or obligations of any individual Unit within the Condominium Project for the purpose of (i) levying assessments or charges

or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the pro-rata share of ownership of each Condominium Unit in the Common Areas;

- (iii) partition or subdivide any Condominium Unit;
 - (iv) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Areas. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Areas by the Condominium Project shall not be deemed a transfer within the meaning of this clause);
 - (v) use hazard insurance proceeds for losses to any Condominium Property (whether to Units or to Common Areas) for other than the repair, replacement or reconstruction of such Condominium Property, except as provided by statute in case of substantial loss to the Units and/or Common Areas of the Condominium Project;
 - (vi) redefine any Unit boundaries;
 - (vii) convert Units into Common Areas or convert Common Areas into Units; or
 - (viii) impose restrictions on a Unit Owner's right to lease his or her Unit.
- (b) For purposes hereof, an "Eligible Mortgagee" is any holder, insurer or guarantor of a first mortgage on any Unit who has made written request to the Council (listing its name and address and the Unit number or address of the Unit on which it has or insures or guarantees the mortgage) for timely written notice of all notices permitted or required by this Declaration or the Bylaws to be given to the Unit Owner whose ownership in said Unit is subject to such mortgage, even if such Owner has waived the right to receive such notice. All Eligible Mortgagees are entitled to timely written notice of (1) any condemnation or casualty loss that affects either a material portion of the Condominium Property or the Unit securing its mortgage, (2) any sixty (60) day delinquency in the payment of assessments or charges owed by the Unit Owner on which it holds the mortgage, (3) a lapse, cancellation, or material modification of any insurance policy maintained by the Council, (4) any proposed amendment of the Condominium Documents effecting a change in the exclusive easement rights of the Unit securing its mortgage, or any proposed amendment of the Condominium Documents effecting a change in the purposes to which any Unit or the Common Areas are restricted, and (5) any proposed action that requires the consent of a specified percentage of Eligible Mortgagees.
- (c) Any agreement for professional management of this Condominium Project, or any other contract providing for services of the Developer (or sponsor or builder), may not exceed three (3) years. Any such agreement must provide for termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice.
- (d) This Project is subject to expansion (phasing or add-ons). In the event that the Project has more than one section (phase or add-on), then Article 7, Section 7.2(a)(ii) and 7.2(a)(iv) are deemed waived to the extent necessary to allow the expansion of the Project in accordance with the Project's constituent documents, including the Declaration. No change in the percentage of common interest appurtenant to each Unit may be affected in any case more than seven (7) years after the recording of this Declaration.
- (e) No Unit Owner, or any other party, has priority over any rights of any first mortgagee of a Condominium Unit pursuant to its mortgage in the case of a distribution to such Unit Owner of

insurance proceeds or condemnation awards for losses to or a taking of Condominium Units and/or Common Areas.

ARTICLE 8

Section 8.1 Reconstruction or Repair. If any part of the Condominium Project shall be damaged by casualty, whether or not it shall be reconstructed or repaired shall be determined as set forth in this Article.

Section 8.2 Lesser Damage. If at least thirty-three and one-third (33 1/3%) percent of the damaged building is found by the Council to be tenable after the casualty, the damaged building shall be reconstructed or repaired.

Section 8.3 Major Damage. If more than sixty-six and two-thirds (66 2/3%) percent of the damaged building is found by the Council not to be tenable after the casualty, whether the damaged property will be reconstructed and repaired or the Condominium Project terminated shall be determined in the following manner:

- (a) Immediately after the casualty the Council shall obtain reliable and detailed estimates of the cost to rebuild or repair.
- (b) Immediately after the determination of the amount of insurance proceeds made available to the Council, the Council shall give notice to all Unit Owners of the casualty, the extent of the damage, the estimated cost to rebuild or repair, the amount of insurance proceeds and the estimated amount of assessments required to pay the excess of the cost of reconstructing or repair over the amount of insurance proceeds. Such notice shall call a meeting of Unit Owners to be held within thirty (30) days from the mailing of such notice. If the reconstruction and repair are approved at such meeting by the Owners of Units to which seventy-five (75%) percent or more of the common interest is appurtenant, the damaged property will be reconstructed. If not so approved, the Condominium Project shall be terminated or modified so as to remove the destroyed Units and/or otherwise recalculate and redistribute the percentage of common interest by reason of the removal, of the destroyed Units. Such approval may be expressed by vote or in writing filed with the Council at or within fourteen (14) calendar days prior to the meeting.
- (c) The market value of any such destroyed Unit (excluding contents, additions, improvements, decorations and personal property therein) immediately prior to the destruction shall be paid to the Owner of the Unit and to each mortgagee of the Unit, the remittance being payable jointly to the Owner and mortgagee, provided that the Owner simultaneously convey by general warranty deed in recordable form, all of the Owner's right, title and interest in and to the Unit, including the Unit's percentage of common interest, to the remaining Owners in the Project. There is to be deducted from any amount due to the Owner and/or mortgagee, the amount of any insurance proceeds which the Owner and/or mortgagee has or will receive or is entitled to by reason of the destruction of the Unit. The market value shall be the fair market value determined by agreement between Unit Owner and the Council. If the Unit Owner and the Council cannot agree upon the market value within one hundred twenty (120) days after the destruction of the Unit, the market value shall be determined by arbitration in accordance with the then existing rules of the American Arbitration Association, except that the arbitrator shall be two (2) appraisers appointed by the American Arbitration Association, who shall base their determination upon an average of their appraisals of the Unit. A judgment of specific performance of the sale upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The expense of the arbitration shall be split between the Unit Owner and the Council.
- (d) The purchase price shall be paid in cash or upon terms approved by the seller and the Council.
- (e) The sale shall be closed within thirty (30) days following the determination of the sale price (the market value). Good and marketable title to the Unit must be conveyed by the Owner to the remaining

Owners by a general warranty deed, free and clear of all liens and encumbrances except this Declaration.

- (f) The percentage of common interest appurtenant to each Unit shall be redetermined to reflect the reduction in floor area in the Condominium Project, except that if any such destroyed common interest appurtenant to each Unit shall again be redetermined to reflect the addition in floor area to the Condominium Project. Any such amending or supplementary documents to this Master Deed reflecting changes in the percentage of common interest occurring by reason of destruction or by reason of eminent domain need only be executed by Council.
- (g) The funds for the payment of the cost of purchase after casualty of any Unit shall come first from the insurance proceeds. If the insurance proceeds are insufficient, then the Council shall make a special assessment sufficient to pay the excess of the cost over the amount of the insurance proceeds. The special assessment shall be against all Unit Owners, including the destroyed Units payable by each Unit Owner according to that Unit Owner's percentage of common interest before the destruction. The special assessment may include all transaction costs of the Council including attorneys' fees, court costs, appraisal fees and arbitration costs.

Section 8.4 Plans. Any reconstruction or repair must be substantially according to the plans and specifications approved by the Council

Section 8.5 Responsibility. The responsibility of reconstruction and repair after casualty shall be that of the Council.

Section 8.6 Funds. The funds for the payment of the costs of reconstruction and repair after casualty come first from the insurance proceeds. If the insurance proceeds are insufficient, then the Council shall make a special assessment sufficient to pay the excess of the cost of reconstruction or repair over the amount of insurance proceeds. The special assessment shall be against all Unit Owners, payable by each Unit Owner according to her percentage of common interest.

ARTICLE 9

Section 9.1 Eminent Domain. The taking of a portion of a Unit or of the Common Areas by eminent domain shall be deemed to be proceeds from insurance on account of a casualty and shall be deposited with the Council. Even though the awards may be payable to Unit Owners, the Unit Owners shall deposit the awards with the Council and in the event of failure to do so, in the discretion of the Council, a special assessment shall be made against the defaulting Unit Owner in the amount of his award, or the amount of such award shall be set off against the sums hereafter made payable to such Owner. The proceeds of the awards shall be distributed or used in the manner heretofore provided for insurance proceeds except that when the Condominium Project is not to be terminated and one or more Units are taken in part, the taking shall have the effect as elsewhere stated in this Article.

Section 9.2 Unit Reduced but Tenable. If the taking reduces the size of a Unit and the remaining portion of a Unit, in the reasonable discretion of the Council, can be made tenable, the award for the taking of a portion of the Unit shall be used for the following purposes in the order stated and the following changes shall be effected in the Condominium Project:

- (a) The Unit shall be made tenable. If the cost of such work exceeds the amount of the award, the additional funds required shall be assessed against the Owner of the Unit.
- (b) The balance of the award, if any, shall be distributed to the Owner of the Unit and to each mortgagee of the Unit, the remittance being payable jointly to the Owner and mortgagees.
- (c) The percentage of common interest appurtenant to each Unit shall be redetermined in the method originally determined, but to reflect the reduction in floor area in the Condominium Project.

Section 9.3 Unit Untenable. If the taking destroys or so reduces the size of the Unit that, in the reasonable discretion of the Council, it cannot be made tenable, the award for the taking of the Unit shall be used for the following purposes in the order stated and the following changes shall be effected in the Condominium Project:

- (a) The market value of such Unit immediately prior to the taking shall be paid to the Owner of the Unit and to each mortgagee of the Unit, the remittance being paid jointly to the Owner and mortgagees, provided that the Owner simultaneously convey by deed all of her right, title, and interest in and to the Unit, including the Unit's percentage of common interest, to the remaining Owners in the Project. Unless otherwise proved to the reasonable satisfaction of Council, the amount of the market value shall be assumed to be the same as the amount of the award.
- (b) The remaining portion of such Unit, if any, shall become a part of the Common Areas and shall be placed in condition for use by all of the Unit Owners in the manner approved by the Council.
- (c) The percentage of common interest appurtenant to each unit shall be redetermined in the manner originally determined but to reflect the reduction in floor area in the Condominium Project.
- (d) If the amount of the award for the taking is not sufficient to pay the market value of the condemned Unit to the Owner and to refurbish the remaining portion of the Unit for use as a part of the Common Areas, the additional funds required for such purposes shall be raised by assessments against each Unit Owner remaining after the changes in the Condominium effected by the taking. Such assessments shall be made in proportion to each's Unit's percentage of common interest as calculated after the taking.

Section 9.4 Amendment to Declaration. The change in the percentage of common interest appurtenant to each Unit, which comes as a result of the eminent domain or as a result of destruction by casualty (Article 8) shall be evidenced by an amendment to the Declaration.

Section 9.5 Power of Attorney. Each Unit Owner and/or his respective mortgagee by acceptance of a deed conveying his Unit and each mortgagee encumbering such ownership interest, hereby irrevocably appoint the Developer or the Council, as the case may be, as his attorney in fact, coupled with an interest, and authorize, direct, and empower such attorney, at the option of the attorney, to represent the Unit Owner and/or each mortgagee and any negotiations, agreements, settlements and/or proceedings arising out of the eminent domain or threat thereof, and to execute, acknowledge and record for and in the name of each Unit Owner and/or each mortgagee any amending instruments as may be necessary or desirable to effect the purpose of this Article.

ARTICLE 10

Section 10.1 Council. The administration of the Project shall be vested in the Council. The Owner of any Unit, upon acquiring title, shall automatically become a Member of the Council and shall remain a Member until such time as his ownership of such Unit ceases for any reason, at which time his membership in the Council shall automatically cease. The Council shall have full power and responsibility to administer, operate, sustain, maintain, and govern the Condominium Project including but not limited to, the powers and responsibilities to make prudent investments of funds held by it; to make reasonable rules and regulations; to borrow money; to make assessments; to bring lawsuits and defend lawsuits; to enter into contracts; to enforce all of the provisions of this Declaration, the Bylaws and any other documents or instruments relating to the establishment, existence, operation, alternation or termination of the Condominium Project. The powers of the Council shall be construed liberally.

Section 10.2 Board of Directors. Unless otherwise specifically stated in this Declaration, the Council shall act exclusively through its Board of Directors (the "Board"). The Board shall be chosen by the Council in accordance with the Bylaws. The Board shall be authorized to delegate the administration of its duties and powers by written contract to a managing agent or administrator employed for that purpose by the Board.

Section 10.3 Books of Account; Infection; Audit. The Council shall keep a detailed account of the receipts and expenditures affecting the Project and its administration, and specifying the maintenance and repair expenses of the Common Areas and any other common expenses incurred by or on behalf of the Project. Both the accounts and vouchers accrediting the entries made thereon shall be available for examination by the Unit Owners at such working hours as the Council shall establish and make known. All books and records must be kept in accordance with good accounting procedures and must be reviewed at least once a year by an independent accounting firm.

Section 10.4 Limitations on Council's Duties.

- (a) The Council did not construct the improvements, including the Units, in the Condominium Project. The Council does not warrant in any way or for any purpose, the improvements in the Condominium Project. Construction defects are not the responsibility of the Council.
- (b) The Council shall have a reasonable time in which to make any repair or do any other work which it is required to do. The Council must first have actual knowledge of a problem. Any determination of the reasonableness of the Council's response, must allow for the facts that the Council is volunteer and that the funds available to the Council are limited.
- (c) In case of ambiguity or omission, the Board may interpret the Master Deed and the other project documents, and the Board's interpretation shall be final if made without malice or fraud. Notwithstanding the foregoing, the Developer may overrule any interpretation affecting it, made within seven (7) years of the date of this Declaration; and such interpretation cannot be enforced against the Developer, its successors or assigns. The Council shall have the right to assess fines upon a Unit Owner's failure to remedy any damage caused by the Unit Owner's vehicle after ten (10) days' written notice from the Council. In the event the Unit Owner fails to pay said fine, the Council shall have the ability to attach a lien for same against the Unit Owner's property.

ARTICLE 11

Section 11.1 Use and Occupancy. The Council shall make Rules and Regulations to govern the use and occupancy of the Condominium Project. In addition, the following covenants, conditions, and restrictions, as to use and occupancy shall run with the land and shall be binding upon each Unit Owner, his heirs, tenants, licensees and assigns:

- (a) Except as otherwise provided in this Declaration, no part of the Condominium Project shall be used for other than housing and the common recreational purposes for which the Condominium Property was designated. Each Unit shall be used only as a residence. No one shall be permitted to own a garage, unless such person shall also own a Unit. Additionally, garages shall be used solely for the storage of motor vehicles and related items and may not be converted into living area or used as a workshop or place of business.
- (b) There shall be no storage or parking of any items, including baby carriages, playpens, bicycles, wagons, toys, vehicles, benches or chairs in any part of the Common Areas, except as permitted by the Rules and Regulations. Patios, porches and decks may be used only for their intended purposes. A Unit Owner shall be permitted to park on such Unit Owner's driveway, provided no Unit Owner shall obstruct, or permit the obstruction of, the driveway utilized by any other Unit Owner.
- (c) Without the prior written consent of the Council, or except in case of temporary loading or unloading, or except if kept within the garages with the garage door closed, no part of the Project shall be used for parking of any trailer, truck, boat, motorcycle, R.V., scooter or anything other than operative, currently licensed automobiles. Guests, licensees and invitees shall be permitted to park on paved Common Areas designated for such use only to the extent that it shall not obstruct traffic flow or unreasonably inconvenience other Unit Owners. Vehicles, whether owned by a Unit Owner or not, parked in violation of any part of this Declaration or in violation of any rules or regulations, shall be

towed away and stored at the Owner's risk and expense. The Council shall have the right to assess a fine and simultaneously levy a lien against the Unit Owner's property, upon a Unit Owner's failure to remedy any damage caused by a Unit Owner's vehicle after ten (10) days' written notice to the Unit Owner from the Council of such damage.

- (d) Nothing shall be done or kept in any Unit or in the Common Area, without the prior written consent of the Council, which will increase the rate of insurance of the buildings, or contents thereof. No Unit Owner shall permit anything to be done or kept in his or her Unit or in the Common Areas which will result in the cancellation of insurance on the buildings, or contents thereof, or which would be in violation of any law. No waste will be committed in the Common Areas.
- (e) Owners shall not cause or permit anything including signs to be hung or displayed on the outside of or from the inside of, windows, or transparent doors, or placed on the outside walls of a building, and no sign, awning, canopy, shutter, radio or television's antenna shall be affixed to or placed upon the exterior walls or roof or any part thereof, without the prior written consent of the Council. Owners shall also not cause or permit any curtains, shades or other window coverings to be hung inside or outside any windows or transparent doors which will show any color on the outside other than white or beige tones, without the prior written consent of the Council or its Board.
- (f) No animals or reptiles shall be raised, bred or kept in the project, except that no more than two (2) dogs, cats or other domestic household pets may be kept in Units provided that they are not kept, bred, or maintained for any commercial purpose. Any pet causing or creating a nuisance or unreasonable disturbance may be permanently removed from the Project upon seven (7) days written notice from the Council. Pets permitted as above shall be leashed or restrained during walking or exercise within the Common Area. The Owner must clean up any mess made by the Owner's pet. No dangerous animal is allowed in the Project. The Council shall have the right to assess a fine and simultaneously levy a lien against the Unit Owner's property, upon a Unit Owner's failure to remedy any damage caused by a Unit Owner's pet after ten (10) days' written notice to the Unit Owner from the Council of such damage.
- (g) No noxious or offensive activity shall be carried on in the Project, nor shall anything unreasonable be done, either willfully or negligently, which may be or become an annoyance or nuisance to the other Owners or occupants.
- (h) Without the prior written consent of the Council, nothing shall be done which will impair the structural integrity of any building or which would structurally change any building or alter the appearance of any part of the Project, including Limited Common Areas.
- (i) No clothes, sheets, blankets, laundry or any kind or other articles shall be hung out or exposed on any part of the Project. The Project shall be kept free and clear of rubbish, debris, and other unsightly materials.
- (j) Nothing shall be altered on or constructed on or removed from the Common Areas or Limited Common Areas except as otherwise provided in this Declaration and except upon the prior written consent of the Council.

Section 11.2 Compliance with Covenants, Conditions and Restrictions. Every Unit Owner shall comply strictly with the covenants, conditions and restrictions set forth in this Declaration (in this Section or elsewhere), with the Bylaws, and with the Rules and Regulations in relation to the use and operation of the Condominium Project. Failure to comply with any of the same shall be grounds for an action to recover sums due for damages and/or for injunctive relief. Such action may be maintained by a Unit Owner, the Council on its own behalf or on behalf of the Unit Owners aggrieved, or by any person or entity who holds a mortgage lien upon a Unit and is aggrieved by such noncompliance. In any case of flagrant or repeated violation by a Unit Owner, he may be required by the Council to give sufficient surety or sureties for his future compliance with said covenants, conditions, restrictions, Bylaws, Rules and Regulations. The

Council may recover all of its costs of enforcement, including court costs and reasonable attorney's fees; and all of such costs shall be a continuing lien upon the Unit which shall bind the Unit in the hands of the then Unit Owner and the Unit Owner's successors and assigns. Also See Article 14, Section 14.4.

Section 11.3 Severability. Each of the above restrictions and covenants shall be independent of every other. Invalidation of any of the above by judicial proceeding or any other means shall in no way effect the validity of the others.

ARTICLE 12

Section 12.1 Unit Owner's Responsibilities. The responsibilities of each Unit Owner shall include:

- (a) To maintain, repair and replace at his expense all portions of his Unit, and all internal installations of such Unit such as appliances, smoke detectors, heating, ventilating, plumbing, electrical and air conditioning fixtures or installations, and any portion of any other utility service facilities located within the Unit boundaries and any heating or air conditioning equipment located without or outside the Unit boundaries designated and installed for the exclusive purposes of servicing the Unit. See also Article 1, Section 1.1(n).
- (b) To maintain and repair all windows, weatherstripping, window frames, doors, vestibules, locks, door frame and hardware, and entryways of his Unit and of any Limited Common Area which is appurtenant to his Unit. The foregoing includes, without limitation, responsibility for all breakage, damage, malfunctions and ordinary wear and tear of such items. If the Owner owns a garage, the Owner must repair, maintain and replace any garage door, garage, door tracks, hardware and automatic openers. Any repair, replacement and maintenance work to be done by an Owner must comply with any Rules and Regulations of the Council including about architectural control and visual harmony.
- (c) To perform his responsibilities in such manner so as not unreasonably to disturb other persons residing within the Condominium Project.
- (d) Not to paint or otherwise decorate or change the appearance of any portion of the building not within the walls of his Unit, without the written consent of the Council.
- (e) To promptly report to the Council or its managing agent any defect or need for repairs, the responsibility for the remedying of which is with the Council.
- (f) Not to make any alterations in the portions of the Unit or the building which are to be maintained by the Council or remove any portion thereof or make any addition thereto or do anything which would or might jeopardize or impair the safety or soundness of the building without first obtaining the written consent of the Council, nor shall any Unit Owner impair the use of any easement without first obtaining the written consents of the Council and of the Owner or Owners for whose benefit such easements exists.
- (g) Each Unit Owner shall be deemed to agree by acceptance of delivery of a Deed to a Unit, to repair and/or replace at his or her expense all portions of the Common Areas which may be damaged or destroyed by reason of his or her own intentional or negligent act or omission, or by the intentional or negligent act or omission of any invitee, tenant, licensee family member, including, but not limited to any repairs necessary which result from damage incurred by pets or vehicles owned by the Unit Owner, or owned by any guest, invitee, tenant or licensee of such Unit Owner.

Section 12.2 Construction Defects. The obligations of the Council and of Owners to repair, maintain and replace the portions of the Condominium Property for which they are respectively responsible shall not be limited, discharged or unreasonably postponed by reason of the fact that any maintenance, repair or replacement may be necessary to cure any latent or patent defects in materials or workmanship in the construction of the project. The undertaking of repair, maintenance or replacement by the Council or Owners shall not constitute a waiver of any rights against any warrantor but such rights shall be specifically reserved.

Section 12.3 Effect of Insurance or Construction Guarantees. Notwithstanding the fact that the Council and/or any Unit Owner may be entitled to the benefit of any guarantee of material and workmanship furnished by any construction trade responsible for any construction defects, or to benefits under any policies of insurance providing coverage for loss or damage for which they are respectively responsible, the existence of construction guarantee or insurance coverage shall not excuse any unreasonable delay by the Council or any Unit Owner in performing his obligation hereunder.

Section 12.4 Rights of Unit Owners. A Unit Owner's rights include the following:

- (a) A Unit Owner shall have the exclusive ownership to his Unit and shall have a common right to share, with other co-owners, in the Common Areas of the Condominium Property, equivalent to the percentage representing the floor area of the individual Unit, in relation to the floor area of the property as a whole.
- (b) Each Owner may use the general Common Areas in accordance with the purpose for which they are intended. However, each Owner may not hinder or encroach upon the lawful rights of the other Owners to use the Common Areas.

Section 12.5 Share in Funds. The proportionate interest of each Unit Owner in any funds maintained or held by the Council, cannot be withdrawn or separately assigned, but is deemed to be transferred with each Unit even though not mentioned or described in conveyance.

Section 12.6 Injuries and Damages. Each Unit Owner shall be individually liable for injuries or damages which result from his own negligence or willful misconduct or which occur within his individual Unit, to the same extent and degree as the individual Owner of any other residential property.

Where a judgment arising from a risk common to all of the Owners is in excess of the liability insurance in force, the liability of any co-owner shall not exceed his pro-rata share as determined by the percentage that the value of his individual Unit bears to the value of the Condominium Project as a whole. An uncollected share of a judgment shall not be reassessed among the Owners.

Section 12.7 Leasing Rights. No Owner may lease less than an entire Unit. No Owner other than the Developer or a first mortgagee in possession of a Unit may rent a Unit for any period of less than six (6) months. All leases must be in writing. All leases are subject to all provisions of the Declaration, the Bylaws and the Rules and Regulations. If any lessor or lessee is in violation of any of the provisions of the foregoing documents, the Council may bring an action in its own name and/or in the name of the lessor to have the lessee evicted and/or to recover damages. If the Court finds that the lessee is or has violated any of the provisions of the Declaration, the Bylaws or the Rules and Regulations, the Court may find the lessee guilty of forcible detainer notwithstanding the facts that the lessor is not a party to the action and/or that the lessee is not otherwise in violation of lessee's lease or other rental agreements with lessor. For purposes of granting the forcible detainer against the lessee, the Court may consider the lessor a person in whose name a contract (the lease or rental agreement) was made for the benefit of another (the Council). The remedy provided by this subsection is not exclusive and is in addition to any other remedy or remedies which Council has. If permitted by present or future law, Council may recover all of its costs, including Court costs and reasonable attorney's fees, and such costs shall be a continuing lien upon the Unit which shall bind the Unit in the hands of the then Unit Owner and the Unit Owner's successors and assigns.

Section 12.8 Garages.

- (a) Unit Owners of a garage shall be required to pay an assessment, which shall be based on such Unit Owner's proportionate share of the budgeted expenses that will be incurred by the Council to maintain the garages, plus an amount for the garage reserve fund as determined by the Board.
- (b) A garage can only be owned by, leased to, used by and/or mortgaged by an Owner of record of a Unit in the Project. Any other transfer is void.
- (c) No residential use can be made of a garage. The use is limited to storing a vehicle. Reasonable storage of household related goods is permitted so long as there is still room for a normal size automobile to be kept in the garage, and further said automobile must be parked in the garage and the garage cannot be used as a storeroom. The garage may not be used to keep animals. Nothing dangerous or of a nuisance to neighbors or illegal may be stored in a garage. Refrigerators or freezers may be stored in a garage but shall not be plugged in. The garage may not be used as a workshop. The use of garage(s) is subject to the Rules and Regulations of the Council.
- (d) The Council may make and enforce by fine, lien and otherwise reasonable rules and regulations about the garage and the use of the garage(s). The Owner shall be responsible to maintain, repair and replace the garage door and any garage door related equipment.
- (e) Any parking space or garage designated for a particular Unit shall be appurtenant to that Unit. The other paragraphs of this section relating to garage(s) shall also apply to parking spaces and garages, except that no storage of any kind is permitted on a parking space or in a garage. Only a currently licensed noncommercial, non-farm, motor vehicle, in operable condition, not exceeding the size of the parking space or garage, may be parked in a parking space or a garage.
- (f) Transfer of title to a Unit automatically transfers title to any parking space to or assigned to that Unit.

ARTICLE 13

Section 13.1 Termination. The condominium regime may be terminated or waived by any method permitted by Kentucky law at the time of the termination or waiver. If Kentucky law permits or is otherwise silent, the condominium regime may also be terminated or waived as set forth in Section 13.3 of this Article.

Section 13.2 Destruction. If it is determined in the manner elsewhere provided that the building(s) shall not be reconstructed because of major damage, or eminent domain, the condominium regime will be thereby terminated without agreement.

Section 13.3 Agreement. If the proposed termination or waiver is submitted to a meeting of the Members of the Council and if approved by Owners of the Units appurtenant to which is not less than seventy-five (75%) percent of the common interest, and if a consent to the termination is obtained from each record holder of a first mortgage upon Unit not later than ninety (90) days from the date of such meeting, then the approving Owners shall have an option to buy all of the Units of the other Owners for the period ending on the one hundred and twentieth (120th) day from the date of such meeting. Such approvals shall be irrevocable until the expiration of the option period, and if the option is exercised, the approvals shall be irrevocable. Such option shall be upon the following terms:

- (a) The option shall be exercised by the delivery or mailing by certified mail to each of the record Owners of the Units to be purchased the following instruments:

- (i) A certificate executed by the Chairman and Secretary of the Board certifying that the option to purchase the Units owned by Owners not approving termination has been exercised as to all of such Units. Such certificate shall state the names of the Unit Owners exercising the option, the Units owned by them and the Units being purchased by each of them.
- (ii) An agreement to purchase, upon the terms herein stated, the Unit of the Owner receiving the notice, which agreement shall be signed by the purchasing Unit Owner or Owners.
- (b) The sale price for each Unit shall be the fair market value determined by agreement between the seller and purchaser within thirty (30) days from the delivery or mailing of the instruments. In the absence of such agreement the price shall be determined by arbitration in accordance with the then existing rules of the American Arbitration Association, except that the arbitrators shall be two Appraisers appointed by the American Arbitration Association, who shall base their determination upon an average of their appraisals of the Unit. A judgment of specific performance of the sale upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The expense of the arbitration shall be paid by the purchaser. The arbitration must be held within one hundred and twenty (120) days from the date of the exercise of the option.
- (c) The purchase price shall be paid in cash or upon terms approved by the seller and the Council.
- (d) The sale shall be closed within twenty (20) days following the determination of the sale price. Good and marketable title to the Unit must be conveyed by the seller to the purchaser by a general warranty deed, free and clear of all liens and encumbrances except this Declaration.
- (e) The closing of the purchase of all of the Units subject to such option shall effect a termination or waiver of the condominium regime without further act except the filing of the certificate hereafter required.

Section 13.4 Certificate. The termination or waiver of the condominium regime in either of the foregoing manners shall be evidenced by a certificate of the Council executed by its Chairman and Secretary certifying as to the facts effecting the termination, which certificate shall become effective upon being recorded in records of the County Clerk's office in which the real estate records for the real estate regime are recorded.

Section 13.5 Shares of Owners After Termination. After any termination or waiver of the condominium regime the Unit Owners shall own the Condominium Property and all assets of the Council as tenants in common in undivided shares, and their respective mortgagees and lienors shall have mortgages and liens upon the respective undivided shares of the Unit Owners. Such undivided shares of the Unit Owners shall be the same and the undivided shares in the Common Areas appurtenant to the Owner's Units prior to the termination or waiver.

Section 13.6 Amendment. This Article concerning termination or waiver cannot be amended without consent of all Unit Owners and of all record Owners or mortgages upon the Units.

ARTICLE 14

Section 14.1 Prohibition of Partition. The Common Areas, both general and limited, shall remain undivided and shall not be the object of an action of partition or division of the coownership.

Section 14.2 Severability. The invalidity of any Article, Section, covenant, restriction, condition, limitation, or any other provision of this Master Deed or any part of the same, shall not impair or affect in any manner the validity, enforceability or effect of the rest of the Master Deed.

Section 14.3 Waiver. No covenants, restrictions, conditions, obligations, or provisions contained in this Master Deed shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 14.4 Enforcement of Provisions.

- (a) In addition to any other remedies provided for in this Master Deed, the Council, Developer, or any Owner or Owners shall have the right to enforce all restrictions, covenants, conditions, easements, reservations, liens and charges now or hereinafter imposed by or through the provisions of this Master Deed, the Bylaws or any Rules or Regulations promulgated by the Council, or as provided by KRS 381.883. Enforcement shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate any covenant or restriction, either to restrain or enjoin violation or to recover damages, and against the land to enforce any lien created by these covenants. The failure or forbearance by the Council or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. There shall be and there is hereby created and declared to be a conclusive presumption that any violation or breach or any attempted violation or breach of any of the within covenants or restrictions cannot be adequately remedied by action at law or by recovery of damages. All charges incurred by the Council in enforcing these covenants and restrictions (including court costs and reasonable attorney's fees) shall constitute a lien against the Unit of such person or persons, subject to subordination of any first mortgage.
- (b) The Council shall also have the power to levy a reasonable fine against any Unit, the Owner of which is not complying with the Master Deed, the Bylaws and/or any Rules and Regulations of the Project. A continuing violation can be punished by more than one fine. A fine cannot be charged until the offending Unit Owner has been mailed a written explanation of his or her offense and has been given thirty (30) days after the date of mailing or other sending in which to cure the offense. The fine shall constitute a lien which may be filed against the Unit. The lien may be enforced as an assessment lien may be enforced, including by foreclosure. The Council shall be entitled to collect all reasonable attorney's fees and court costs and administrative costs, even if the fine is paid short of going to court.

Section 14.5 Liability. Neither the Developer, nor any subsidiary or affiliate of Developer, nor any employee, agent, successor or assign of Developer, or such subsidiary or affiliate, shall be liable for any claim or damage whatsoever arising out of or by reason of any actions performed pursuant to or in accordance with the authority granted or delegated to them or any of them by or pursuant to this Master Deed, except with respect to matters as to which it is adjudged to have been negligent.

Section 14.6 Interpretation. The provisions of this Master Deed shall be liberally construed to effectuate the purpose of creating a uniform plan for the establishment and operation of a condominium development.

Section 14.7 Notices and Demands. Any notice by the Council to a Unit Owner shall be deemed to be duly given, and any demand upon him shall be deemed to have been duly made, if delivered in writing to him personally, or if mailed by certified (or the equivalent) mail to an officer of the Council.

Section 14.8 Alteration and Transfer of Interests. The Common Areas and easements appurtenant to each Unit shall have a permanent character and shall not be altered, except as otherwise provided herein, without the consent of all of the Owners, expressed in a recorded amendment to this Declaration. The Common Areas and easements shall not be separated from the Unit to which they appertain, and shall be deemed to be conveyed, leased or encumbered with such Unit even though such Common Areas or easements are not expressly mentioned or described in the instrument.

Section 14.9 Council and Director Responsibility. In carrying out the provisions of this Declaration, and in the performance of all of the rights, duties and obligations, covenants and conditions, hereunder, specifically including but not limited to, the protection, maintenance and upkeep of Common Areas, the Council, its officers, directors, servants and employees shall be required to exercise reasonable care only, and shall in no way be deemed absolutely liable, or be deemed insurers.

Section 14.10 Expansion of Council. The Council upon the affirmative vote of fifty-one percent (51 %) of its Members or upon unanimous vote of its Board of Directors, may merge with any other Council of a reasonably compatible community. Short of merger, the Council may share expenses or otherwise cooperate with any other Council or homeowners association.

ARTICLE 15

Section 15.1 Amendment of Declaration. Except as otherwise specifically stated in any other Article of the Declaration and except as required by law, any provision of the Declaration may be amended at any regular or special meeting of the Members of the Council. In order for the amendment to pass, at least two thirds (2/3) of the total number of votes held by the Members of the Council must be cast in favor of the amendment. The amendment will be effective upon the recording, in the County Clerk's office at which the Declaration was recorded, of a copy of the amendment together with an acknowledged statement from the secretary of the corporation stating:

- (i) the date of the meeting at which the amendment was adopted;
- (ii) the percentage of the total number of votes held by members cast in favor of the amendment;
- (iii) the fact that a true and accurate copy of the amendment is attached to the statement; and
- (iv) the fact that the person making the statement is the secretary of the corporation.

Section 15.2 Correction. Either the Council or the Developer may, at any time and without the consent of the Members of the Council, make amendments to the Declaration to correct errors in language, errors in typing or errors in grammar or errors in arithmetic or errors on the plats of record; to make such amendments to comply with Kentucky law; or to make such amendments as are required by the Veteran's Administration, the Federal Housing Administration, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association or other similar federal agency, state agency, private agency, or financial institution, in order to qualify the Unit, or any of them, for the benefit of loans, insurance or guarantees. The amendment will be effective upon the recording in the County Clerk's office at which the Declaration was recorded, of a copy of the amendment together with an acknowledged statement from the corporation of the Developer stating:

- (i) the date on which the amendment was adopted;
- (ii) the fact that a true and accurate copy of the amendment is attached to the statement; and
- (iii) the fact that the person making the statement has the authority to do so.

Section 15.3 Implementation of Amendments. The Council or the Developer, as the case may be, has the power to make any plats, deeds or other instruments necessary or desirable to effectuate an amendment.

Section 15.4 Developer's Consent. For a period of seven (7) years beginning with the date of the recording of this Declaration, no amendment to the Declaration is effective unless it has the written consent of the Developer, which consent must be recorded with the amendment or as a part of the amendment. The consent of the Developer is in addition to the other requirements of this article. The Developer may at any time surrender in writing the Developer's rights under this Section 15.4.

ARTICLE 16

Section 16.1 Shares without Certificates. The Council does not issue stock certificates. In other words, no Member will have a stock certificate as evidence of membership in the Council. The Member's deed, properly recorded, is the evidence of membership for that Member.

Section 16.2 Notice of Stock Information. This Master Deed shall be considered notice from the Council to each Member of the following facts:

- (a) The name of the corporation is the same as the name of the Council, which is set out in Article 1, Section 1.1(d);

- (b) The grantee in any deed to a Unit, which deed is properly recorded, becomes automatically a shareholder in the corporation and a member of the corporation;
- (c) There is only one (1) class of shares in the corporation;
- (d) Each share is otherwise identical to each other share, except percentage of ownership in the corporation is equal to a Unit's percentage of common interest as per this Declaration, as from time to time amended; and
- (e) There is one share of stock appurtenant to the ownership of each Unit. For instance, if a person owns, of record, full fee simple title to three Units, that person has three shares.

Section 16.3 Developer's Proxy. As explained elsewhere in this Declaration, the Developer has retained a proxy, for seven (7) years, to vote all shares of the corporation. The Council also has proxy rights under certain circumstances as explained elsewhere in the Articles of Incorporation and this Declaration.

ARTICLE 17

Section 17.1 HUD. This article is included for the benefit of Housing and Urban Development (HUD) and such other lenders, guarantors of mortgages, insurers of mortgages, or other entities or institutions as the Board of the Council may direct by resolution in its minutes. The Board may otherwise amend or repeal this article or any part of this article by resolution, but such a repeal or amendment would only be effective as to mortgages recorded after a copy of the repeal or amendment, certified by the Secretary of the Council, was properly placed of record in the same county clerk's real estate records in which the Master Deed was recorded. A copy of the repeal or amendment must be mailed or otherwise delivered to the local office or main office of HUD, VA, FHLMC and FNMA., or such of those organizations as then exist. Likewise a copy of the repeal or amendment must be mailed or delivered to each holder of record of a first mortgage on any Unit in the Project. The copy of the repeal or amendment, placed of record, must certify that the mailings or sendings required by Section 17.1 of this Article have been performed. Should Section 17.1 of this Article be construed to conflict with Section 17.2 of this Article, Section 17.1 shall control.

Section 17.2 HUD Requirements. In addition to any other requirements of this Declaration, or the Bylaws of the Council, the following requirements apply:

- (a) The Council shall make available to Unit Owners, lenders and holders and insurers of the first mortgage on any Unit, current copies of the Declaration, Bylaws and other rules and regulations governing the Project, and other books, records and financial statements of the Council. The Council shall make available to good faith prospective purchasers current copies of the Declaration, Bylaws and other rules governing the Project, and the most recent annual audited financial statement, if there is one. "Available" shall at least mean available for inspection upon request, during normal business hours or under reasonable circumstances set by the Council.
- (b) Upon written request from HUD, FNMA., FHLMC, or VA, as long as HUD, FNMA., FHLMC or VA has in interest or a good faith prospective interest in the Project, the Council shall prepare and furnish within a reasonable time an audited financial statement for the immediately preceding fiscal year.
- (c) The Developer should reasonably provide for and foster early participation of Unit Owners in the management of the Council. At such time as the Developer relinquishes control of the Council, the Developer, if requested in writing, should help set up the elections for new board Members.
- (d) A working capital fund shall be established from a special assessment of two months estimated common area charge levied on each unit at the time of initial sale by Developer.

- (e) A holder, insurer or guarantor of a first mortgage, upon written request to the Council (such request to state the name and address of such holder, insurer or guarantor and the Unit number), will be entitled to timely written notice of:
- (i) Any proposed amendment of the condominium instruments effecting a change in (A) the boundaries of any unit or the exclusive easement rights appertaining thereto, (B) the interests in the general or Limited Common Elements appertaining to any unit or the liability for Common Expenses appertaining thereto, (C) the number of votes in the Council appertaining to any Unit or (D) the purposes to which any Unit or the Common Areas are restricted;
 - (ii) Any proposed termination of the condominium regime;
 - (iii) Any Condominium Project loss or any casualty loss which affects a material portion of the Condominium Project or which affects any Unit on which there is a first mortgage held, insured or guaranteed by such eligible holder;
 - (iv) Any delinquency in the payment of assessments or charges owed by an Owner of a Unit subject to the mortgage of such eligible holder, insurer or guarantor, where such delinquency has continued for a period of 60 days; and
 - (v) Any lapse, cancellation or material modification of any insurance policy maintained by the Owner's Association pursuant to this Article 17.
- (f) The following provisions do not apply to amendments to the constituent documents or termination of the condominium regime made as a result of destruction, damage or condemnation or to a reallocation of interests in the Common Areas which might occur pursuant to any plan of expansion or phased development as set out earlier in this Declaration:
- (i) The consent of Owners of Units to which at least sixty-seven percent (67%) of the votes in the Council are allocated and sixty-seven percent (67%) of the Eligible Mortgagees shall be required to terminate the condominium regime.
 - (ii) The consent of Owners of Units to which at least sixty-seven percent (67%) of the votes in the Council are allocated and the approval of fifty-one percent (51 %) of the Eligible Mortgagees shall be required to materially amend any provisions of the Declaration, Bylaws or equivalent documents of the Condominium Project or to add any material provisions thereto, which establish, provide for, govern or regulate any of the following:
 - (A) Voting;
 - (B) Assessments, assessment liens or subordination of such liens;
 - (C) Reserves for maintenance, repair and replacement of the Common Areas;
 - (D) Insurance or Fidelity Bonds;
 - (E) Rights to use of the Common Areas;
 - (F) Responsibility for maintenance and repair of the several portions of the Condominium Project;

- (G) Expansion or contraction of the condominium regime or the addition, annexation or withdrawal of property to or from the regime, beyond that which has been projected in the Declaration, including the exhibits to the Declaration;
 - (H) Boundaries of any Unit;
 - (I) The interests in the general or Limited Common Elements, beyond that which has been projected or permitted by the Declaration;
 - (J) Convertibility of Units into Common Areas or of Common Areas into Units;
 - (K) Leasing of Units;
 - (L) Imposition of any right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer, or otherwise convey his or her Unit in the Condominium; and
 - (M) Establishment of self-management by the Council where professional management has been required by any of the agencies or corporations.
- (iii) The consent of Owners of Units to which at least sixty-seven percent (67%) of the votes in the Council are allocated and the approval of fifty-one (51 %) percent of the Eligible Mortgagees shall be required to amend any provisions included in the Declaration, Bylaws or equivalent documents of the Condominium Project which are for the express benefit of holders or insurers of first mortgages on Units in the Condominium Project.
- (g) Unit Owners shall have a right of action against the Council to make it enforce and/or comply with the provisions of the Declaration, Bylaws and other governing documents.
 - (h) Any future improvements to the Project, including any improvements that become a part of the Project as a result of expansion, must be reasonably consistent with the initial improvements in terms of quality of construction.
 - (i) Except as projected in the original Declaration, including the exhibits, the Developer will not expand the Project to include Additional Property without the prior written consent of HUD if HUD holds, insures or guarantees any mortgage in the existing Condominium Project at the time that the Additional Property is to be added.
 - (j) All improvements on the Additional Property brought into the Project by expansion shall be substantially completed before the Additional Property is annexed into the existing Project. Furthermore, liens arising in connection with the Developer's ownership of and construction of improvements upon the Additional Property must not adversely affect the rights of existing Unit Owners or the priority of existing first mortgages. All taxes and other assessments on the Additional Property must be paid or otherwise satisfactorily provided for by the Developer, before expansion.
 - (k) Certificates of insurance for the master policy shall be issued to each Unit Owner and mortgage holder upon written request and upon the payment of any reasonable charge. A "Special Condominium Endorsement" or its equivalent shall be part of the policy. Each policy must provide that it cannot be canceled or substantially modified, without at least ten (10) days prior written notice to the Council and to each holder of a first mortgage listed as

a schedule holder of a first mortgage in the policy. Each policy shall contain the standard mortgage clause, or equivalent endorsement (without contribution), which is commonly accepted by private institutional mortgage investors in the area of the Project if available, and if affordable by the Project, an "all risk" endorsement shall be purchased.

- (l) Comprehensive general liability insurance covering all of the Common Areas, commercial space owned and leased by the Council, and public ways of the Project must be maintained by the Council. Coverage limits shall be in amounts generally required by private institutional mortgage investors for projects similar in construction, location and use. The coverage must be at least One Million and 00/100 Dollars (\$1,000,000.00) for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Coverage under the policy shall include, without limitation, legal liability of the insured for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Common Areas, and legal liability arising out of lawsuits related to employment contracts of the Council. The policies must provide that they may not be canceled or substantially modified, by any party, without at least ten (10) days prior written notice of the Council and to each holder of a first mortgage on any Unit in the Project which is listed as a scheduled holder of a first mortgage on the policy. The policy may also include such other coverage as the Board directs from time to time.
- (m) If the Project is located in an area which has been identified by HUD as having special flood hazards, the Council must obtain and pay the premiums upon a master or blanket policy of flood insurance on the buildings and any other property covered by the required form of policy, in a reasonable amount, but not less than the lesser of:
 - (i) The maximum coverage available under the NFIP for all buildings and other insurable property within the project to the extent that such buildings and other insurable property are within an area having special flood hazards; or
 - (ii) One hundred percent (100%) of current "replacement cost" of all such buildings and other insurable property within the area.
The policy must be in a form which meets the criteria set forth in the most current Guidelines on the subject issued by the Federal Insurance Administrator.
- (n) If the management agent has responsibility for handling or administering the funds of the Council, the managing agent shall maintain, at its own expense, fidelity bond coverage for its offices, employees and agents handling or responsible for funds of; or administered on behalf of; the Council. The fidelity bond must name the Council as an obligee and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Council or the management agent, as the case may be, at any given time during the term of the bond.
The aggregate amount of fidelity insurance shall never be less than the sum equal to three (3) months aggregate assessments on all units plus reserve funds. The fidelity insurance shall contain waivers by the issuers of all defenses based upon the exclusion of persons serving without compensation from the definition "employees", or similar terms or expressions. The fidelity insurance shall provide that it may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least 10 days prior written notice to the Council. These requirements apply to fidelity insurance carried by the management agent or by the Council.

- (o) With regard to property and liability insurance, there may be named as an insured, on behalf of the Council, the Council's authorized representative, including any trustee with whom the Council has entered into any insurance trust agreement or any successor to such trustee. The trustee may have the exclusive authority to negotiate losses under any policy and to perform such other necessary or desirable functions.
- (p) If any of the required insurance coverage under this Article becomes or is impossible to obtain or can be obtained only at an unreasonable cost or at a cost which the Council cannot reasonably afford, the Council shall obtain coverage which most closely approximates the required coverage, if such substitute insurance is available and affordable.

Section 17.3 Conflict. This Article 17 shall be construed as far as possible to supplement the other articles of the Declaration. If there is a conflict between another article or the Bylaws or any other document, this Article 17 shall control, even if an earlier article states that the earlier article shall control in case of conflict.

Section 17.4 Relief. The Council need not comply with any part of Article 17 if HUD, or any successor to HUD, no longer requires compliance.

DATED this 3rd day of April, 2002.

Michael R. Effinger, LLC.

BY: [Signature]
Name: Michael R. Effinger
Title: Pres. Dent

STATE OF Kentucky
COUNTY OF Jefferson : SS:

The foregoing instrument was acknowledged before me on this 3rd day of April, 2002, by Michael R. Effinger, of Kentucky Limited Liability Company.

My commission expires: 8/13/2005

[Signature]
NOTARY PUBLIC

THIS INSTRUMENT PREPARED BY:

[Signature]
ATTORNEY AT LAW