

BYLAWS OF
WOODLANDS OF HURSTBOURNE
COUNCIL OF CO-OWNERS, INC.

ARTICLE I

General

(A) Description and name

These are the bylaws for Woodlands of Hurstbourne Council of Co-Owners, Inc. (hereafter called the "Council"), a Kentucky non-stock, non-profit corporation, which is composed of every owner of a unit in Woodlands of Hurstbourne (the "condominium"), as created by Pinnacle Properties of Louisville, LLC, a Kentucky limited liability company ("declarant"), by a master deed (the "master deed") recorded in Deed Book 8318, Page 872, in the office of the Clerk of the County Court of Jefferson County, Kentucky. Certain terms used herein without definition shall have the meanings ascribed to them in the master deed.

(B) Purposes of council

The council, acting in accordance with the master deed, the articles of incorporation of the council, and these bylaws, and through its officers, and through the board of directors of the council, shall govern the affairs of the condominium and provide for the harmonious use and occupation thereof.

(C) Office

The office of the council and of the board of directors shall be located initially at 11414 Main Street, Louisville, Kentucky, and thereafter at such other office as the board may determine from time to time.

(D) Fiscal year

The fiscal year of the council shall be the calendar year.

(E) Members' qualifications

Each owner of record of any unit, and only such owner of record, shall be a member of the council. Any person, on becoming a record owner of a unit, shall automatically become a member of the council and be subject to these bylaws, and such membership shall terminate without any formal action by the council when such person ceases to be a record owner of a unit, but such termination shall not relieve or release such former owner from any liability or obligation incurred or arising during the period of his membership or impair any rights and remedies which the council or others may have against such former unit owner arising out of or connected with the membership by that unit owner of the unit.

ARTICLE II

Unit Owners

(A) Annual meetings

The annual meeting of unit owners shall be held at 6:00 p.m., on the 1st day of February, or on such date and time thereafter which is reasonably convenient for unit owners but is no later than the end of the first full week of February and is set forth by the Board of Directors as provided in subsection (D) of this Article. The annual meeting shall not be held on a Saturday, Sunday, or legal holiday. At such meetings, the board of directors shall be elected by the unit owners in accordance with the provisions of these bylaws. The unit owners may transact such other business at such meetings as may properly come before them.

(B) Place of meetings

Meetings of the unit owners shall be held at the principal office of the council as set forth in the section of these bylaws entitled "Office," or at such other place reasonably convenient to the unit owners as may be designated by the board of directors.

(C) Special meetings

The president of the council (the "president") shall call a special meeting of the unit owners if so directed by resolution of the board of directors or upon a petition signed and presented to the secretary of the council by the unit owners of units to which are appurtenant 50% or more of the common elements or as otherwise may be required under these bylaws or the master deed. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

(D) Notice of meetings

The secretary of the council (the "secretary") or the president, any vice president of the council ("vice president"), or the managing agent shall mail to each unit owner of record at the address of the unit owner at the condominium project (unless such unit owner shall have specified a different address for notices by notice theretofore given in writing to the attention of the secretary, in which event the notice of the meeting of unit owners shall be mailed to such unit owner at such different address) and to any managing agent of the condominium project (a representative of which shall be entitled to attend the meeting), a notice of each annual meeting and of each special meeting of the unit owners, at least 5 but not more than 30 days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held. The mailing of a notice of meeting in the manner provided in this section shall be considered service of notice. Any unit owner may waive notice of any and all meetings in writing before or after a meeting, and such waiver shall be deemed equivalent to the giving of notice. A unit owner's attendance at a meeting without objection to such unit owner's not having received proper notice of the meeting shall be deemed a waiver of the right to receive notice of that meeting.

(E) Adjournment of meetings

If any meeting of unit owners cannot be held because a quorum is not present, the Board of Directors shall provide notice as set forth in subsection (D) of this Article and reschedule the meeting.

(F) Designated voter

The unit owner of each of the units of the condominium project shall designate one individual (the "designated voter"), who need not be a unit owner, who alone shall be entitled to vote on behalf of such unit owner on all matters put to a vote at all meetings of the unit owners. The secretary of the council shall be notified in writing of the identity of the designated voter, and of any changes in such identity from time to time occurring. If a unit is owned by more than one natural person or is under lease, the designated voter for such unit shall be identified by a certificate signed by all of the record owners of the unit and filed with the secretary of the council. If a unit is owned by a corporation, the designated voter for such unit shall be identified by a certificate signed by the president or vice president and attested by the secretary or assistant secretary of the corporation and filed with the secretary of the council. If a unit is owned by a trust or estate, the designated voter for such unit shall be identified by a certificate signed by the trustee or personal representative and filed with the secretary of the council. If a unit is owned by a partnership, whether general or limited, or a joint venture, the certificate identifying the designated voter shall be signed by all general partners or joint adventurers, as the case may be, except that the secretary may rely on a certificate signed only by the managing general partner of a general or limited partnership, provided the managing general partner affirms in such certificate that the partnership has more than five general partners, and provided such signature of the managing general partner is attested to be that of the managing general partner of such partnership by the verified statement of at least two other general partners of such partnership. Such certificates shall be valid until revoked or superseded by a subsequent certificate or until the secretary receives actual notice of a change in the record ownership of the unit concerned. At any meeting of the unit owners the officers of the council and the board of directors shall be entitled to rely on the most recent such notice received by the secretary as conclusive evidence that only the individual identified therein as the designated voter for that unit is entitled to vote at such meeting on behalf of such unit owners. If no notice specifying a designated voter for a unit has been received by the secretary of the council, or if a dispute arises concerning whether the certificate or certificates received by the secretary with respect to a unit constitute a valid stipulation of the designated voter by the unit owner of the unit, no votes in respect of that unit shall be entitled to be cast at the meeting, and the common elements appurtenant to that unit shall not be considered in any manner in determining whether a quorum is present at the meeting. Any or all unit owners may be present at any meeting of the unit owners, but only the designated voters may vote at such meetings. One individual may be a designated voter for more than one unit if so designated by unit owners of more than one unit. Each designated voter shall be entitled to vote in person or by proxy on all matters which are put to a vote at all meetings of unit owners in the same proportion as the common elements appurtenant to the unit or units owned by the unit owners who selected them bear to the total common elements of the condominium project (by way of example only, the designated voter for a unit to which is appurtenant 5.59% of the total common elements shall be entitled to cast 5.59 votes).

(G) Proxies

Votes may be cast in person or by proxy. A proxy may be made by any person entitled to vote and shall be valid only for the particular meeting designated in the proxy and must be filed with the secretary in a form acceptable to the secretary before the appointed time of the meeting (except, in the case of a meeting which is adjourned, before the appointed time of the continuation meeting held pursuant to the adjournment). A proxy terminates one (1) year after its date, unless it specifies a shorter time.

(H) Quorum

At all meetings of the unit owners, the presence in person or by proxy of designated voters who together are entitled to cast greater than 30% of the total votes which could be cast if the designated voters for all units of the condominium project were present in person or by proxy at the meeting shall constitute a quorum.

(I) Action by unit owners

Except where a higher percentage is required by the express provisions of the condominium documents or by law, the unit owners, when acting at any meeting where a quorum is present, shall act only by a vote of designated voters. A majority vote of the quorum is required to pass any action.

(J) Informal action by unit owners

Any action required or permitted to be taken at any meeting of the unit owners may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the designated voters entitled to vote with respect to the subject matter thereof.

(K) Order of business

The order of business, to the extent practical, at annual and special meetings, shall be:

- (1) Identification of designated voters and certifying of proxies;
- (2) Proof of notice of meeting or waiver of notice;
- (3) Reading and disposal of any unapproved minutes;
- (4) Reports of officers;
- (5) Reports of committees;
- (6) Election of inspectors of election;
- (7) Election of directors;
- (8) Unfinished business;
- (9) New business;
- (10) Adjournment.

ARTICLE III

Board of Directors

(A) Number and Qualification

The management of the condominium project shall be under the exclusive control and direction of a board of directors. The board of directors of the council shall be composed of three, five, or seven members (each sometimes referred to hereinafter individually as a "director" and collectively, the "directors") nominated and elected by the unit owners, with the exact number of directors to be determined by the unit owners at each annual meeting of the council; provided, however, that any increase or decrease in the number of directors shall not become effective until the next annual meeting after such increase or decrease is voted. Directors shall serve alternating two year terms in even and odd numbered groups, which equal the total number of directors, thus preventing an entirely new Board of Directors at any one time. All directors shall be unit owners or the spouses of unit owners; or, in the case of partnership or joint venture unit owners, upon submission of a letter of authorization, members or employees of such partnership or joint venture; or in the case of corporate unit owners, upon submission of a letter of authorization, officers, stockholders, or employees of such corporation; or in the case of trust and/or fiduciary unit owners, upon submission of a letter of authorization, trustees, fiduciaries, or officers or employees of such trust and/or fiduciary. Any director who ceases to be associated with a unit owned in one of the above-enumerated capacities shall so notify the secretary of the council and shall be deemed to have resigned as of the date of such notice. Any vacancy on the board of directors shall be filled by a substitute director nominated and elected by the remaining directors and shall serve the remainder of the term of the director who has resigned or been removed.

(B) Powers and duties

The board of directors shall have the powers and duties necessary for administration of the affairs of the condominium project and may do all such acts and things except as by law or pursuant to the provisions of the condominium documents may not be delegated to the board of directors by the unit owners. All of the powers and duties of the council existing under the Horizontal Property Law, known as the Kentucky Condominium Act, and the condominium documents shall be exercised exclusively by the board of directors acting on its own behalf or officers of the council elected by it, or any managing agent. Such powers and duties of the board of directors shall include, but shall not be limited to, the following:

- 1) Operation, care, upkeep, and maintenance of the common elements;
- 2) Determination of the common expenses required for the affairs of the condominium project, including, without limitation, operation and maintenance of the common elements;
- 3) Collection of the common charges from the unit owners;

- 4) Employment and dismissal of the personnel necessary for the maintenance and operation of the common elements;
- 5) Adoption and amendment of rules and regulations covering the details of the operation and use of the property;
- 6) Opening of bank accounts on behalf of the council and designating the signatories required therefor;
- 7) Purchasing of units at foreclosure or other judicial sales in the name of the board of directors, or its designee, corporate or otherwise, on behalf of all unit owners;
- 8) Obtaining insurance for the property including, without limitation, any insurance required by the master deed;
- 9) Making of repairs, additions, and improvements to or alterations of the property, including after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;
- 10) Enforcing the remedies available against unit owners for violation of the provisions of the condominium documents, including, without limitation, provisions of the master deed and the rules and regulations;
- 11) Controlling the use of all common elements (consistent with the provisions of the condominium documents, including but not limited to provisions concerning the rights of unit owners of units to which limited common elements are appurtenant);
- 12) Controlling power shutoffs and other interruptions of the normal functioning of the condominium project to facilitate renovation of particular units and of the common elements; provided, however, in such event that the board will use diligent efforts to minimize the disruption to the unit owners caused thereby;
- 13) Changing the name of the council or the condominium;
- 14) Taking all other necessary and proper actions for the prudent management of the condominium project and fulfillment of the terms and provisions of the condominium documents;
- 15) Continue to maintain, adequately fund and periodically revise to accommodate inflation and rising costs, the Woodlands of Hurstbourne Reserve Fund consistent and in accordance with the framework and schedules as set forth in the Woodlands of Hurstbourne Reserve Study which was authorized, approved and instituted in 2007; including any additions, amendments, revisions, updates and/or subsequent Reserve Fund Studies, conducted by an accredited entity or firm, which may replace the 2007 Woodlands of Hurstbourne Reserve Study; and

- 16) Ensure that all operational budgets take into consideration inflation and rising costs, so as to adequately fund the operational fund whereby common elements and limited common elements of the Woodlands of Hurstbourne's condominium property are maintained at the highest level.

(C) Managing agent and manager

The board of directors shall employ a credible, reputable and bonded property management company or firm to manage the condominium project, at a compensation established by the board of directors, to perform such duties and services as the board of directors shall authorize, including, but not limited to, the duties listed in subsections (1), (3), (4), (8), (9), (11), and (12) of section III(B) of these bylaws. The board of directors may delegate to the manager or managing agent all of the powers granted to the board of directors by these bylaws other than the powers set forth in subsections (2), (5), (6), (7), (10), (13), (14), (15) and (16) of section III(B) of these bylaws. Any agreement for professional management of the condominium project may not exceed three years. Any such agreement shall be with a recognized and reputable management company/firm and must provide for termination by either party without cause and without payment of a termination fee, on 90 days or less written notice.

(D) Election and term of office

The directors shall be elected at each annual meeting of the unit owners. All directors shall be elected and hold office for a term of two (2) years, in accordance with Article III (A) above, and subsequently until their respective successors shall have been duly elected, or until such director is removed pursuant to section III(E) of these bylaws; provided, however, that a director shall be deemed to have resigned whenever such director, such director's spouse, or firm, corporation, or other entity as set forth in subsection (A) of this Article with which he or she is associated, conveys the unit which qualified such individual to become a director or terminates such director's relationship with that unit owner which qualified such individual to become a member of the board of directors. Except as to vacancies created by removal of directors by unit owners, vacancies in the board of directors occurring between annual meetings of unit owners shall be filled by vote of the majority of the remaining directors, whether or not such a majority constitutes a legal quorum of the board of directors. If such directors are unable to agree, such vacancy shall be filled by vote of the unit owners at a special meeting called by the president for such purpose promptly after the meeting at which it is finally determined by the remaining directors that they are unable to agree.

(E) Removal of directors

At any regular or special meeting of unit owners, any one or more of the directors may be removed by the unit owners with or without cause by a vote of greater than 50% in common interest cast by them, and a successor or successors shall be elected by them at the same such meeting.

(F) Regular meetings of directors

Regular meetings of the board of directors may be held at such time and place as shall be determined from time to time by the vote of a majority of the directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the board of directors shall be given to each director, by mail, email or facsimile transmission, at least five business days prior to the day named for such meeting.

(G) Special meetings of directors

Special meetings of the board of directors may be called by resolution of owners of units to which at least 30% of the common elements are appurtenant, on at least five business days' prior notice to each director given by mail or facsimile transmission, which notice shall state the time, place (which shall be within a 20-mile radius of the condominium project), and purpose of the meeting. Special meetings of the board shall be called by the secretary in like manner and on like notice on the written request of any two directors.

(H) Waiver of notice

Any director may at any time waive notice of any meeting of the board of directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the board of directors shall constitute a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the board of directors, no notice shall be required and any business may be transacted at such meeting which properly may be transacted pursuant to the provisions of the condominium documents and applicable law.

(I) Voting

Each director shall be entitled to cast one vote at all meetings of the board of directors.

(J) Quorum and decision of board

Except as may otherwise be provided in these bylaws, the presence in person or via conference call or other live interactive communication and feedback device of greater than 50% of the directors shall constitute a quorum at all meetings of the board of directors, and at any meeting of the board of directors at which a quorum is present, the vote of greater than 50% in number of the directors present and voting shall constitute the decision of the board of directors. If at any meeting of the board of directors there shall be less than a quorum present, any director who is present may adjourn the meeting to a later time and place. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

(K) Informal action by directors

Any action required or permitted to be taken at a meeting of the board of directors, or any

action which may be taken at a meeting of the board of directors or of a committee, may be taken without a meeting if a consent, in writing, setting forth the action so taken, shall be signed by all of the directors, or all of the members of the committee, as the case may be. Such consent shall have the same effect as a unanimous vote.

(L) Presiding officer at directors' meetings

The presiding officer of a directors' meeting shall be the president of the council, or, if the president is not in attendance, the vice president. In the absence of the president and vice president, a majority of the directors present shall designate one of their number to preside.

(M) Order of business at directors' meeting

The order of business at directors' meetings shall be:

- (1) Calling of roll;
- (2) Proof of due notice of meeting;
- (3) Reading and disposal of any unapproved minutes;
- (4) Reports of officers and committees;
- (5) Election of officers;
- (6) Unfinished business;
- (7) New business;
- (8) Adjournment;
- (9) Fidelity bonds.

The board of directors may obtain fidelity bonds for all officers and employees of the council and its manager or managing agent, if any, handling or responsible for funds of the condominium project. The premiums on such bonds shall constitute a common expense.

(N) Compensation

No director shall receive any compensation from the council for acting as such. However, notwithstanding the foregoing or any other provision to the contrary contained in these bylaws or the other condominium documents, nothing shall prevent a director, subject to the approvals required herein, to be engaged in the additional or other capacity as a managing agent or employee of the council for salary or fees.

(O) Liability of the directors

The directors shall not be liable to the unit owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct, gross negligence, or bad faith. The council shall indemnify and hold harmless each of the directors against all contractual liability to others, and all other loss, claim, cost, and expense (including but not limited to reasonable attorney fees), arising out of contracts made by the board of directors on behalf of the council unless any such contract shall have been made in bad faith, with the cost and expense of any such indemnity to be a common expense of the condominium project. It is

intended that the directors shall have no personal liability with respect to any contract made by them on behalf of the council.

Every contract made by the board of directors or by the managing agent or by the manager on behalf of the condominium project shall provide that the directors, or the managing agent, or the manager, as the case may be, are acting only as agents for the unit owners and shall have no personal liability thereunder (except as unit owners), and that each unit owner's liability thereunder, if any, shall be limited to such proportion of the total liability thereunder as such unit owner's interest in the common elements bears to the interests of all unit owners in the common elements.

ARTICLE IV

Officers

(A) Designation

The principal officers of the council shall be the president, the vice president, the secretary, and the treasurer, all of whom shall be elected by vote of the board of directors. The board of directors may appoint an assistant treasurer, an assistant secretary, and such other officers as in the judgment of the board of directors may be necessary or desirable to assist in managing the affairs of the council. The president and vice president, but no other officers, shall be required to be directors. A director may hold more than one office except the offices of president and vice-president shall not be held by the same director.

(B) Election of officers

The officers of the council shall be elected annually by the board of directors at the regular annual meeting of the board of directors.

(C) Removal of officers

Upon the affirmative vote of a majority of the directors, any officer may be removed, either with or without cause, and his successor may be appointed at any regular meeting of the board of directors, or at any special meeting of the board of directors called for such purpose.

(D) President

The president shall be the chief executive officer of the council. He shall preside at all meetings of the unit owners and of the board of directors. He shall have all of the general powers and duties which are incident to the office of president of a nonstock, nonprofit corporation, including, but not limited to, the power to appoint committees from among the unit owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the council.

(E) Vice president

The vice president shall take the place of the president and perform his duties whenever the president shall be absent or unable to act. If neither the president nor the vice president is able to act, the board of directors shall appoint some other director to act in the place of the president, on an interim basis. The vice president shall also perform such other duties as shall from time to time be imposed upon him by the board of directors.

(F) Secretary

The secretary shall keep the minutes of all meetings of the unit owners and of the board of directors; the secretary shall have charge of such books and papers as the board of directors may direct, and shall, in general, perform all the duties incident to the office of secretary of a nonstock, nonprofit corporation.

(G) Treasurer

The treasurer shall have the responsibility for collecting the common charges assessed by the board of directors, for assisting the board of directors in the preparation of the annual budget and the calculation of the common charges, for investing council funds and securities, for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data. The treasurer shall be responsible for the deposit of all monies and other valuable property in the name of the board of directors, in such depositories as may from time to time be designated by the board of directors, and shall, in general, perform all the duties incident to the office of treasurer of a nonstock, nonprofit corporation, including, but not limited to, (1) insuring that a book of detailed accounts of receipts and expenditures affecting the condominium project and its administration is kept in accordance with good accounting procedures, which shall specify the maintenance and repair expenses of the condominium project, and (2) arranging for the audit of said books at least once a year by a certified public accountant.

(H) Agreements, contracts, deeds, checks, etc.

All agreements, contracts, deeds, leases, checks, and other instruments of the council shall be executed by any two officers of the council, at least one of whom shall be a member of the board of directors, or by such other person or persons as may be designated by the board of directors.

(I) Compensation of officers

The compensation, if any, of the officers shall be fixed by the board of directors and noted in the minutes of the board of directors.

ARTICLE V

Fiscal Management of the Property

(A) Determination of common expenses and fixing of common charges

The board of directors shall from time to time, and at least once each fiscal year, prepare a budget for the condominium project, determine the amount of the common charges payable by the unit owners to meet the common expenses of the condominium project, and allocate and assess such common charges among the unit owners in the same proportion as their respective ownership of the common elements.

The common charges shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the board of directors, and the fees and disbursements of any insurance trustee. The common expenses shall also include such amounts as the board of directors deems proper for the operation and maintenance of the property, including, without limitation, for payment of accounting, legal, architectural, or other professional or service fees; an amount for working capital of the council; for a general operating reserve; for a reserve fund for replacements; for a reserve fund for capital expenditures consistent and in accordance with the Woodlands of Hurstbourne Reserve Study of 2007; and to make up any deficit in the common expenses for any prior fiscal year. The board of directors shall advise all unit owners promptly, in writing, of the amount of common charges payable by each of them, respectively, as determined by the board of directors as aforesaid and shall furnish to any unit owner who requests the same, in writing, copies of each budget on which such common charges are based. A copy of the annual budget also shall be sent to any first mortgagee of record of a unit promptly upon request from such mortgagee.

(B) Utilities

(1) Water, gas and electricity shall be supplied to all of the units and the common elements through separate meters associated with, respectively, each unit and the common elements. Each unit owner shall pay all charges for water, sewer, gas and electricity metered to each unit owned by such unit owner promptly after the bills for the same shall have been rendered. The board of directors shall cause to be paid, as a common expense, all water, sewer, gas and electricity charges metered to the common elements.

(2) Air-conditioning expenses, including maintenance, shall be borne by each unit owner as to all units owned by such unit owner. The board of directors shall pay, as a common expense, any air-conditioning expenses, including maintenance, for the common elements. The approval in writing of the board of directors shall be required to permit a unit owner to install a separate air-conditioning unit in any unit; and in the event such a separate air-conditioning unit is privately installed by a unit owner, such unit owner may be required by the board of directors to pay the expense of separately metering such air-conditioning unit, and all other charges in connection therewith shall be borne exclusively by the unit owner.

(C) Accounts

The receipt and expenditures of the council shall be credited and charged to accounts under the following classifications as shall be appropriate, all of which expenditures shall be common expenses:

(1) "Current expenses," which shall include all receipts and expenditures within the year for which the budget is made, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves or to additional improvements.

(2) "Reserve fund for major capital expenditures and deferred maintenance," which shall include funds for maintenance, repair and replacements of items that generally occur less frequently than annually and which shall include the funds to be used for capital expenditures for additional improvements, or additional personal property that will be part of the common elements, all of which are consistent and in accordance with the framework and schedules as set forth in the Woodland's of Hurstbourne Reserve Study of 2007, including any additions, amendments, revisions, updates and/or subsequent Reserve Fund Studies, conducted by an accredited entity or firm, which may replace the 2007 Woodlands of Hurstbourne Reserve Study, which was approved and instituted to address the maintenance, repair and replacement of various common and limited common elements, including but not limited to, roofs, gutters, streets, building exteriors, painting, siding, entranceway, perimeter fencing, driveways, concrete, mailboxes and landscaping.

The budget for each fiscal year shall include the estimated funds required to defray the common expense and to provide and maintain funds for the foregoing accounts and reserves according to good accounting practices as follows:

(1) "Current expenses."

(2) "Reserve for major capital expenditures and deferred maintenance".

(D) Assessments and special assessments

Assessments against the unit owners for their shares of the items of the budget shall be made for each fiscal year at least 30 days preceding the beginning of such fiscal year. Such assessment shall be due in 12 equal payments on the first day of each month of said fiscal year. If an annual assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior assessment and monthly installments on such assessments shall be due upon each installment payment date until changed by an amended assessment. Should the annual assessment prove to be insufficient to meet either current expenses or the cost of deferred maintenance or capital expenditures, the budget and assessments may be amended at any time by the board of directors. The unpaid assessment for the remaining portion of the calendar year during which the special assessment is made shall be due upon the dates on which the regular assessment is due, and the special assessment shall be made in equal payments on the payment dates of the annual assessment during the remainder of that calendar year. The first payment of a monthly installment by a unit owner shall be due on the date of delivery of his deed, and shall be equal to that proportion of the installment payment for the month in which

delivery of his deed occurs as the period between the date of delivery of his deed and the last day of that month bears to 30. The next payment of a monthly installment shall be due on the first monthly installment payment date falling after the date of delivery of his deed.

Assessments shall be made against any unit owner for the amount of any damage caused by the unit owner, or an invitee of a unit owner, to any common or limited common element of the Woodlands of Hurstbourne. To the extent such unit owner refuses to have the damage repaired or pay for the repair of the damage within 10 days after receiving notice to repair the damage or pay for the damage to be repaired, a fifty dollar penalty shall be assessed for each month the damage remains unrepaired or unpaid for and shall accrue interest to the maximum extent allowed by law until such time as the damage is paid for or repaired.

(E) Acceleration of assessment installments upon default

If payment by a unit owner of any monthly installment of an annual assessment is more than 15 days past due, the same shall be a default, and thereupon the board of directors may accelerate the remaining installments of the annual assessment (and each annual assessment thereafter upon final determination by the board of directors thereof, if at or prior to the time of such determination the unit owner shall not have cured the default by voluntary payment of all past due assessments) upon notice to the unit owner, and thereupon the unpaid balance of the then current annual assessment shall become due upon the date stated in the notice, but not less than 10 days after personal delivery of the notice to the unit owner, or not less than 20 days after the mailing of such notice to such unit owner by registered or certified mail, whichever shall first occur. In addition to any remedy provided in this paragraph, a fifty dollar penalty shall be assessed for any monthly installment of an annual assessment not received by the 15th of each month and all amounts outstanding for more than 60 days shall accrue interest to the maximum extent allowed by law until such time as payment is received.

(F) Depository

The depository of the council shall be such federally insured bank or banks or federally insured savings and loan associations as shall be designated from time to time by the board of directors and in which the moneys of the council shall be deposited. Withdrawal of monies from such accounts shall be deposited by checks or other withdrawal orders signed by such persons as are authorized by the board of directors.

(G) Financial Review

A financial review of the accounts of the council shall be made annually after the end of each fiscal year of the council by certified public accountant(s), pursuant to an agreement requiring such accountant(s) to furnish such completed financial review to the board of directors no later than four months after the fiscal year end of the council.

A copy of the financial review shall be furnished by the board of directors to each unit owner promptly upon request of the unit owners.

(H) Rights of mortgagees

The holders of first mortgages on any units shall have the right to examine the books and records of the council upon reasonable prior notice and at reasonable times determined by the secretary, and to require the board of directors to furnish them with a copy of the annual audit report and the current budget, upon the express condition that the same shall be kept confidential by them.

ARTICLE VI

Miscellaneous

(A) Notices

All notices required to be given to the board of directors pursuant to any provision of any of the condominium documents shall be sent by registered or certified mail, return-receipt requested, to the board of directors in care of the manager or managing agent, or to such other address as the board of directors may hereafter designate from time to time, by notice in writing to all unit owners in accordance with this section. All notices required under the provisions of any of the condominium documents to be given to any unit owner shall be in writing and personally delivered or sent by registered or certified mail, return-receipt requested, to any unit owned by the unit owner at the condominium project, or to such other address as may have been designated by such unit owner to the board of directors from time to time by notice given to the board of directors in accordance with this section. All notices sent by mail shall be deemed to have been given when mailed, except notices of change of address, which shall be deemed to have been given when received.

(B) Severability

The invalidity of any provision of these bylaws shall not impair or affect in any manner the validity, enforceability, or effect of any other provision of these bylaws.

(C) Captions

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

(D) Gender; number

The use of the masculine gender in these bylaws shall be deemed to include the feminine gender, and the use of the singular shall be deemed to include the plural, whenever the context so requires.

(E) Waiver

No restriction, condition, obligation, or provision contained in these bylaws shall be

deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

(F) Conflicts

These bylaws are intended to comply with the requirements of the Horizontal Property Law, known as the Kentucky Condominium Act, the articles of incorporation, and the master deed. In case any of these bylaws conflict with the provisions of said Horizontal Property Law, known as the Kentucky Condominium Act, articles of incorporation, or of the master deed, the provisions of said Horizontal Property Law, known as the Kentucky Condominium Act, the articles of incorporation, or the master deed, as the case may be, shall control.

ARTICLE VII

Conforming Amendments

In accordance with the provisions of KRS Chapter 381, known as the Kentucky Condominium Act (hereinafter, in this Article, "Act") as enacted in 2010, to simply, clarify and modernize the law governing condominiums, and make uniform the law among the various jurisdictions, which became effective as of January 1, 2011, and to the extent the Act applies to condominiums created before the effective date of the Act, it is provided:

(A) Taxation, assessment and homestead

Each unit shall be taxed and assessed separately and each unit may be a homestead as provided by KRS Chapters 132 and 427.

(B) Zoning

The condominium form of ownership shall be subject to the same zoning, subdivision, building code or other real estate use law, ordinance or regulation, only to the extent it would be imposed upon a physically identical development under a different type of ownership.

(C) Eminent Domain

1) If a unit or part of a unit is acquired by eminent domain leaving the unit owner with an unusable remnant, the award shall compensate the unit owner for his/her unit and its interest in the common elements, whether or not any common elements are acquired. Upon acquisition, unless otherwise provided, the unit's allocated interests are automatically reallocated to the remaining units in proportion to their allocated interests before the taking, any remnant remaining after the taking becomes a common element and a declaration reflecting the new allocations shall be promptly prepared, executed and recorded as an Amendment to Exhibit B of the Woodland's of Hurstbourne Master Deed.

2) If part of a unit is acquired by eminent domain, the award shall compensate the unit owner for the reduction in value of the unit and its interest in the common elements.

3) If part of the common elements is acquired by eminent domain and the award attributable thereto, unless otherwise provided by the declaration, shall be paid to the Council and equally divided among the unit owners to which that common element was allocated at the time of acquisition.

a) Council as used herein is synonymous with the term Association as it is used in the Act.

(D) Severability, Rule Against Perpetuities, Conflicts and Marketable Title

1) All provisions of the Master Deed, Bylaws and Rules and Regulations (hereinafter "condominium documents") are severable.

a) Master Deed as used herein is synonymous with the term Declaration as it is used in the Act.

2) The rule against perpetuities shall not be applied to defeat any of the condominium documents adopted pursuant to Section 34 of the Act.

3) In conflicts between the Master Deed and other condominium documents, the Master Deed prevails except if it is inconsistent with the Act.

4) Title to a unit and common elements is not rendered unmarketable or otherwise affected by reason of an insubstantial failure of the Master Deed and/or other condominium documents to comply with the Act.

(E) Unit Description

After the Master Deed is recorded, a sufficient legal description of a unit will contain the: name of the condominium, recording data for the deed and Master Deed, county in which the condominium is located and identifying number of the unit which distinguishes it from other units.

(F) Powers of the Council

The Council may:

- 1) Adopt and amend bylaws, rules and regulations, budgets for revenues, expenditures and reserves; collect assessments for common expenses from unit owners; hire and discharge managing agents as well as other employees, agents and independent contractors; institute and defend litigation; make contracts; regulate the use, maintenance, repair, replacement and modifications of common elements and authorize access to any unit for these

purposes; cause additional improvements to be made as part of the common elements; grant easements, leases and licenses over the common elements; impose fees or charges for use of common elements; impose late fees for late assessment payments and impose fines after notice and the opportunity to be heard for violations of any article, section or subsection of the condominium documents and recover reasonable attorney's fees and court costs for the enforcement of the foregoing actions;

- 2) Assess a reasonable fee for resale certificates or unpaid assessment statements;
- 3) Provide for the indemnification of Directors and Officers;
- 4) Impose and receive payments, fees or charges for the use, rental or operation of the common elements, for services provided to unit owners and to cover emergency or extraordinary circumstances affecting the condominium or any part thereof; and
- 5) Impose an emergency assessment against any unit affected, notwithstanding the Master Deed, to comply with a judicial order or repair an emergency condition of any common structural or mechanical component which has made or is in imminent danger of making any unit unsafe, uninhabitable or uninsurable and is supported by a certificate from a professional engineer or licensed architect confirming the emergency condition provided such action is approved by a simple majority of unit owners present at a special called meeting.

(G) Powers and Limitations of the Board of Directors and Officers

1) The Board of Directors, except as otherwise provided by the condominium documents, may act in all instances on behalf of the Council. In the performance of their duties, the officers of the Council and members of the Board of Directors shall exercise ordinary and reasonable care.

2) The Board of Directors shall not act on behalf of the Council to amend the Master Deed, to terminate the condominium or to elect members to the Board of Directors or determine the qualifications, powers and duties, or terms of office of board members.

3) The Board of Directors may fill vacancies in its membership for the unexpired portion of any term.

4) Notwithstanding any provision in the condominium documents to the contrary, unit owners, by a two-thirds (2/3) vote of all persons present and entitled to vote at any meeting of unit owners at which a quorum is present, may remove any member of the Board of Directors, with or without cause.

5) If the Board of Directors adopts a proposed budget for the condominium, it shall:

- a) Provide a summary of the budget to all unit owners within 30 days;
- b) Hold a meeting, of the unit owners, not less than 14 days or more than 30 days after providing the summary, for the unit owners to consider ratification of the budget; and
- c) The budget shall be deemed ratified, whether or not a quorum is present, unless at the meeting, a majority of all of the unit owners, or any larger vote specified in the Master Deed, reject the budget. If the proposed budget is rejected, the periodic budget last ratified by the unit owners shall be continued until such time as the unit owners ratify a subsequent budget proposed by the Board of Directors.

(H) Liens for Unpaid Assessments and Fines

1) The Council shall have a lien on a unit for any unpaid assessment levied against a unit or fine imposed against its owner from the time the assessment or fine becomes due. If the assessment is payable in installments, the lien shall be for the full amount of the assessment at the time the first installment becomes due.

2) The Council's lien may be foreclosed in like manner as a mortgage on real estate.

3) Fees, charges, late charges, reasonable collection costs, attorney fees, fines and interest charged shall be secured by the lien and enforceable as assessments.

4) A lien under this section shall take priority over all other liens and encumbrances on a unit, except:

- a) Liens and encumbrances recorded before the recordation of the Master Deed;
- b) A mortgage on the unit recorded before the date on which the assessment sought to be enforced became delinquent; and
- c) Liens for real estate taxes and other governmental assessments or charges against the unit.

5) Recording of the Master Deed constitutes record notice and perfection of the lien. No further recordation of any claim or lien for assessment shall be required.

6) A lien for unpaid assessments shall be extinguished unless proceedings to enforce the lien are instituted within five (5) years after the full amount of the assessments becomes due.

7) The Council may bring actions or suits to recover sums for which subsection (1) of this section creates a lien and the Council may take a deed in lieu of foreclosure.

8) A judgment or decree in any action brought under this section shall include costs and reasonable attorney's fees for the prevailing party.

9) The Council shall, upon written request, provide a unit owner a recordable statement setting forth the amount of unpaid assessments against his or her unit and the statement shall be delivered within ten (10) business days after receipt of the request and shall be binding on the Council, Board of Directors and every other owner.

(I) Financial Records

1) The Council shall keep financial records sufficiently detailed so that a seller of a unit shall be able to furnish to a purchaser, upon request and before execution of any contract for sale of a unit, or otherwise before conveyance, a copy of the Master Deed and a copy of the bylaws, the rules and regulations, and a certificate containing:

- a) A statement disclosing any restrictions on the proposed sale such as any right of first refusal or other restraint on the unit owner's ability to sell the unit;
- b) A statement setting forth the amount of the monthly common expense assessment and any unpaid common expense or special assessment currently due and payable from the selling unit owner;
- c) A statement of any other fees payable by unit owners;
- d) A statement of any capital expenditures anticipated by the Council for the current and, if known, next two (2) fiscal years;
- e) A statement of the amount of any reserves for capital expenditures, if any, and of any portions of those reserves designated by the Council for any specified projects;
- f) The most recent regularly prepared balance sheet and income and expense statement, if any, of the Council;
- g) The current operating budget of the Council;
- h) A statement of any unsatisfied judgments against the Council and the status of any pending suits in which the Council is the defendant; and
- i) A statement describing any insurance coverage provided for the benefit of unit owners.

2) The Council shall provide, within ten (10) days after the request by a unit owner, furnish a certificate containing the information necessary to enable the unit owner to comply with subsection (1) of the section.

3) A unit owner providing a purchaser with the certificate issued pursuant to this subsection shall not be liable to the purchaser for any erroneous information provided by the Council and included in the certificate.

4) A unit owner shall not be liable to a purchaser for the failure or delay of the Council to provide the certificate in a timely manner, but the sales contract is voidable by the purchaser

until the certificate has been provided and for five (5) days thereafter or until conveyance, whichever occurs first.

5) All financial and other records shall be made reasonably available for examination by any unit owner and his or her authorized agents. Any costs incurred in the retrieval of records or utilization of space to review the records will be payable by the unit owner or his or her authorized agent requesting the records for examination.

ARTICLE VIII

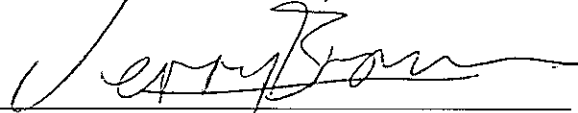
Amendments to Bylaws

These bylaws may be modified, amended, or repealed by the vote of the owners of units to which greater than 50% of the common elements is appurtenant, at a regular or special meeting of the unit owners, provided:

- 1) The changes are approved by the Board of Directors;
- 2) A notice of the meeting to amend the bylaws contained a full statement of the proposed modifications, amendments, or material to be repealed was sent to all unit owners as listed in the books and records of the Council and to all mortgagees who have requested same; and
- 3) The modifications and/or amendments do not conflict with the Horizontal Property Law, known as the Kentucky Condominium Act, or any other local, state or federal law.

In accordance with Article VIII the foregoing bylaws were amended and adopted as the bylaws of the Woodlands of Hurstbourne Council of Co-Owners, Inc. by unanimous consent of the board of directors and the requisite vote of the unit owners at a duly called meeting held on September 20, 2011.

WOODLANDS OF HURSTBOURNE
COUNCIL OF CO-OWNERS, INC.:


By Jerry Brown, as President of the Council


By Rebecca M. Gray, as Secretary of the Council

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON)

The foregoing Bylaws were acknowledged before me September 20, 2011, by Jerry Brown, as President, and Rebecca M. Gray, as Secretary, of the Woodlands of Hurstbourne Council of Co-Owners, Inc.

My commission expires: 3-20-2012

1616 D. H.
Notary Public
State at Large, Kentucky

