

**BYLAWS
OF
GARDENS OF FERN CREEK ASSOCIATION, INC.**

ARTICLE 1

GENERAL

Section 1.1 **Description and Name.** These are the Bylaws for Gardens of Fern Creek Association, Inc. (hereafter called the "Council"), a Kentucky nonnstock, nonprofit corporation, which is composed of every owner of a Unit in the Gardens of Fern Creek (the "Condominium").

Section 1.2 **Purposes of Council.** The Council, acting in accordance with the Master Deed, the Articles of Incorporation of the Council and these Bylaws, 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.

Section 1.3 **Office.** The office of the Council and of the Board of Directors shall be located at 4910 Hames Trace, Louisville, Kentucky, 40291, and thereafter at such other office as the Board may determine from time to time.

Section 1.4 **Fiscal Year.** The fiscal year of the Council shall be the calendar year.

Section 1.5 **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 the Unit Owner of the Unit.

ARTICLE 2

UNIT OWNERS

Section 2.1 Annual Meetings. The Board of Directors shall notify the Unit Owners of the time and place of the annual meeting of Unit Owners.

The annual meeting of Unit Owners shall be held at 7:00 P.M., Louisville, Kentucky time, on the 1st of April of each succeeding year, unless such date shall occur on a Saturday, Sunday, or legal holiday, in which event the meeting shall be held at the same time on the next following business day. 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. One Owner of each unit shall be entitled to vote.

Section 2.2 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".

Section 2.3 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 fifty percent (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.

Section 2.4 Notice of Meetings. The Secretary or the President or Vice-President of the Council shall notify each Unit Owner of record at the address of the Unit Owner at the Condominium Project. A notice of each annual meeting and of each special meeting of the Unit Owners, at least five (5) but not more than thirty (30) days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held.

Section 2.5 Adjournment of Meetings. If any meeting of Unit Owners cannot be held because a quorum is not present, Unit Owners of Units to which are appurtenant fifty percent (50%) or more of percentage interest in the Common Elements of the Condominium Project and who are present at such meeting, may adjourn the meeting to a time not less than twenty-four (24) hours from the time the original meeting was called.

Section 2.6 Quorum. At all meetings of the Unit Owners, the presence in person of thirty percent (30%) of the Unit Owners at the meeting shall constitute a quorum.

Section 2.7 Order of Business. The order of business at the annual meetings, and as far as practical at special meetings, shall be:

- A. Call to order by the President
- B. Proof of notice of meeting;
- C. Reading and disposal of any unapproved minutes;
- D. Reports of officers;
- E. Reports of committees;
- F. Election of directors;
- G. Unfinished business;
- H. New business;
- I. Adjournment.

Section 2.8 Article 2 Proviso. The affairs of the Council shall be conducted Solely and entirely by the Board of Directors, and the proceedings of meetings of Unit Owners as members of the Council or otherwise, if any such meetings are held, shall have no effect.

ARTICLE 3

BOARD OF DIRECTORS

Section 3.1 Numbers 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 shall be composed of five (5) (each sometimes referred to hereinafter individually as a "Director" and collectively, the "Directors") nominated and elected by the Unit Owners. All Directors shall be Unit Owners or the spouses of Unit Owners. Any vacancy on the Board of Directors shall be filled by a substitute Director nominated and elected by the remaining Directors and shall serve until the next meeting of the Unit Owners wherein a successor is duly elected.

Section 3.2 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 the Unit Owners may not delegate things except as by law or pursuant to the provisions of the Condominium Documents to the Board of Directors. All of the powers and duties of the Council existing under the Horizontal Property Law and the Condominium Documents shall be exercised exclusively by the Board of Directors acting on its own behalf or through its agents, contractors or employees. Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following:

- A. Operation, care, upkeep, and maintenance of the Common Elements;
- B. Determination of the common expenses required for the affairs of the Condominium Project, including, without limitation, operation and maintenance of the Common Elements;
- C. Collections of the common charges from the Unit Owners;
- D. Employment and dismissal of the personnel necessary for the maintenance and operation of the Common Elements;
- E. Adoption and amendment of Rules and Regulations covering the details of the operation and use of the Property;
- F. Opening of bank accounts on behalf of the Council and designating the signatories required therefore;
- G. 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;
- H. Obtaining insurance for the Property including, without limitation, any insurance required by the Master Deed;
- I. Making of repairs, additions, and improvements to or alterations of the Property, and repairs to and restoration of the Property, including after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings;
- J. 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 Rules and Regulations;

- K. 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);
- L. Controlling power shutoffs and other interruptions of the normal functioning of the Condominium Project to facilitate renovation of particular Units and 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;
- M. 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.

Section 3.3 Election and Term of Office. The Directors shall be elected at each annual meeting of the Unit Owners. Directors shall hold office for a term of one (1) year and subsequently until their respective successors shall have been duly elected, or until such Director is removed pursuant to the Section of these Bylaws entitled "Removal 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.

Section 3.4 Removal of Directors. At any regular or special meeting of Unit Owners, any one or more the Directors may be removed by the Unit Owners with or without cause by a vote of greater than fifty percent (50%) in common interest cast by them, and a successor or successors shall be elected by them at the same meeting.

Section 3.5 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 (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, at least five (5) business days prior to the day named for such meeting.

Section 3.6 Special Meetings of Directors. Special meetings of the Board of Directors may be called by resolution of the Owners of Units to which at least thirty percent (30%) of the Common Elements are appurtenant, on at least five (5) business

days prior notice to each Director given by mail, which notice shall state the time, place and purpose of the meeting. The Secretary shall call special meetings of the Board in like manner and on like notice on the written request of any two (2) Directors.

Section 3.7 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 or her 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.

Section 3.8 Voting. Each Director shall be entitled to cast one vote at all meetings of the Board of Directors.

Section 3.9 Presiding Officer at Directors' Meetings. The presiding officer of a Directors' meeting shall be the President, or if the President is not in attendance, the Vice-President. In the absence of the President or Vice-President, a majority of the Directors present shall designate one of their numbers to preside.

Section 3.10 Order of Business at Directors' Meeting. The order of business at the directors' meetings shall be:

- A. Calling of roll;
- B. Proof of due notice of meeting;
- C. Reading and disposal of any unapproved minutes;
- D. Reports of officers and committees;
- E. Election of officers;
- F. Unfinished business;
- G. New business;
- H. Adjournment.

Section 3.11 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.

Section 3.12 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.

Section 3.13 Liability of 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 attorneys' 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 shall provide that the Directors 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 4

OFFICERS

Section 4.1 Election of Officers. The officers of the Council shall be elected annually by the Board of Directors.

Section 4.2 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 call for such purpose.

Section 4.3 President. The President shall be the chief executive officer of the Board of Directors. 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.

Section 4.4 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.

Section 4.5 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.

Section 4.6 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 moneys 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 (i) 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 (ii) arranging for the audit of said books at least once a year by a certified public accountant.

Section 4.7 Agreements, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Board of Directors shall be executed by any two (2) officers of the Board of Directors, or by such other person or persons as may be designated by the Board of Directors.

ARTICLE 5

FISCAL MANAGEMENT OF THE PROPERTY

Section 5.1 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, 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. The common expenses shall also include such amounts as the Board of Directors deems proper for the operation and maintenance of the Property, including, with limitation, for payment of accounting, legal, architectural, or other professional or service fees; an amount for working capital of the Council; for general operating reserve; for a reserve fund for replacements; for a reserve fund for capital expenditures, 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.

Section 5.2 Utilities.

- A. 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 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, the Common Elements and all gas and electricity charges metered to the Common Elements.

- B. 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.

Section 5.3 Accounts. The receipt and expenditures of the Board of Directors shall be credited and charged to accounts under the following classifications as shall be appropriate, all of which expenditures shall be common expenses:

- A. "Current expenses," which shall include all receipts and expenditures within the year for which to budget is made, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves or to additional improvements. The balance in this fund at the end of each year, if any, shall be applied to reduce the assessments for current expenses for the succeeding year.
- B. "Reserve for deferred maintenance," which shall include funds for maintenance items that occur less frequently than annually.
- C. "Reserve for capital expenditures," which shall include the funds to be used for capital expenditures for additional improvements or additional personal property that will be part of the Common Elements.

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:

- D. "Current expenses."
- E. "Reserve for deferred maintenance," the amount of which shall not exceed ten (10%) of the amount budgeted for this account for the prior year.

- F. "Reserve for capital expenditures," the amount for which shall not exceed ten (10%) of the amount budgeted for this account for the prior year.

The amount for each budgeted item may be increased over the forgoing limitations when approved by Owners of Units to which not less than sixty-seven (67%) of the Common Elements are appurtenant.

Section 5.4 Assessments and Special Assessments. Assessments against the Unit Owners for their shares of the items of the budget shall be made for each fiscal year at least thirty (30) days preceding the beginning of such fiscal year. Such assessment shall be due in twelve (12) equal payments on the first day of each month of the said fiscal year. If an annual assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior assessment and monthly installments on such assessments shall be due upon each installment payment date until changed by an amended assessment. Should the annual assessment prove to be insufficient to meet either current expenses or the cost of deferred maintenance or capital expenditures, the budget and assessments may be amended at any time by the Board of Directors if the accounts of the amended budget do not exceed the limitations for that year. If any account would exceed such limitation upon amendment of the budget to meet such increased current expenses or deferred maintenance or capital expenditures, the budget shall not be amended except upon approval of the Unit Owners, as required by the Section of these Bylaws entitled "Accounts," of such amendments to the budget and of a special assessment to meet such increases. The unpaid assessment for the remaining portion of the calendar year during which the special assessment is made shall be due upon the dates on which the regular assessment is due, and the special assessment shall be 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 thirty (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.

Section 5.5 Reserve Payments. The Board of Directors shall have the power in its discretion (but shall not be obligated) to require a purchaser of a Unit, at or prior to delivery to the purchaser of the deed to his Unit, to make to the Board of Directors a reserve payment in an amount of up to \$250. All such reserve payments shall be used by the Board of Directors as a working capital fund.

Section 5.6 Acceleration of Assessment Installments Upon Default. If payment by a Unit Owner of any monthly installment of an annual assessment is more than ten

(10) 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 ten (10) days after personal delivery of the notice to the Unit Owner, or not less than twenty (20) days after the mailing of such notice to such Unit Owner by registered or certified mail, whichever shall first occur.

Section 5.7 Depository. The depository of the Board of Directors shall be federally insured bank as shall be designated from time to time by the Board of Directors and in which the moneys of the Board of Directors shall be deposited. Withdrawal of moneys from such accounts shall be only by checks or other withdrawal orders signed by such persons as are authorized by the Board of Directors.

Section 5.8 Financial Statement. An audit of the accounts of the Board of Directors shall be made annually after the end of each fiscal year of the Board of Directors by certified public accountant (s) pursuant to an agreement requiring such accountant (s) to furnish such completed report to the Board of Directors no later than four (4) months after the fiscal year end of the Board of Directors. A copy of the financial report shall be furnished by the Board of Directors to each Unit Owner promptly upon request of the Unit Owners.

ARTICLE 6

ASSESSMENTS

Each Unit Owner is obligated to pay to the Association annual and special assessments, which are secured by a continuing lien upon the property against which the assessment is made. Any assessments, which are not paid when due, shall be delinquent. If the assessment is not paid within ten (10) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of ten (10%) percent per annum, and the Association may bring an action at law against the Unit Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Unit Owner may waive or otherwise escape liability for the assessments provided for herein by abandonment of his Unit.

ARTICLE 7

MISCELLANEOUS

Section 7.1 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.

Section 7.2 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.

Section 7.3 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.

Section 7.4 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.

Section 7.5 Conflicts. These Bylaws are intended to comply with the requirements of the Horizontal Property Law, the Articles of Incorporation and the Master Deed. In case any of these Bylaws conflicts with the provisions of said Horizontal Property Law Articles of Incorporation or of the Master Deed, the provisions of said Horizontal Property Law, the Articles of Incorporation, or the Master Deed, as the case may be, shall control.

ARTICLE 8

AMENDMENTS TO BYLAWS

The Bylaws may be modified, amended or repealed by the vote of greater than fifty percent (50%) in number of the members of the Board of Directors present and voting at a meeting of the Board of Directors at which a quorum is present.