

EXHIBIT B

BYLAWS OF THE COUNCIL OF CO-OWNERS OF
KENILWORTH HEIGHTS LOFTS & TOWNHOMES

The following Bylaws shall apply to the above named condominium project (herein called the "Project"), located at 339 Kenilworth Road, 343 Kenilworth Road and 349 Kenilworth Road, Louisville, Jefferson County, Kentucky, as described in and created by Master Deed and Declaration of Condominium Property Regime (herein call the "Declaration"), recorded in the office of the Clerk of the County court of Jefferson County, Kentucky, at Louisville, and to all present and future owners, tenants and occupants of any units of the Project and all other persons who shall at any time use the Project:

ARTICLE I

Membership

Section 1. Qualification. All owners of units of the Project shall constitute the Council of Co-owners, herein called "Council". The owner of any unit upon acquiring title thereto shall automatically become a member of the Council and shall remain a member thereof until such time as his ownership of such unit ceases for any reason, at which time his membership in the Council shall automatically cease. Voting shall be on a percentage of Common Interest basis as expressed in Section 7 hereof.

Section 2. Place of Meeting. Meetings of the Council shall be held at the Project or such other suitable place convenient to the Unit owners as may be designated by the President of the Council.

Section 3. Annual Meeting. Annual meetings of the council shall be held on the second Monday of May each year at a time set by the President of the Council. The first such meeting for Unit owners shall occur in 2007. Until such time the Developer shall constitute the Council of Co-Owners, except as provided for in the Master Deed.

Section 4. Special Meetings. Special meetings of the Council may be held at any time upon the call of the President or a petition signed by any 5 of the unit owners.

Section 5. Notice of Meetings. The Secretary shall give written or printed notice of each annual and special meeting to every Unit owner according to the Council's record of ownership, at least five days before the date set for such meeting, stating whether it is an annual or special meeting, the authority for the call thereof, in any of the following way: (a) by delivering it to him personally, or (b) by leaving it at his usual residence or place of business, or (c) by mailing it, postage prepaid, addressed to his address as it appears on the Council's record of ownership. If notice is given pursuant to the provisions of this section, the failure of any Unit owner to receive actual notice of any meeting shall in no way invalidate such meeting or any proceedings thereat. The presence of any unit owner in person or by proxy at any meeting shall be deemed a waiver of any required notice to such owner unless he shall at the opening thereof object

to the holding of such meeting because of the failure to give notice in accordance with the provisions hereof.

Section 6. Quorum. The presence at any meeting in person or by proxy of a majority of the Unit owners shall constitute a quorum, and the acts of a majority of the unit owners present, in person or by proxy, at any meeting at which a quorum is present shall be the acts of the Council except as otherwise provided herein.

Section 7. Voting. Voting shall be on a percentage basis, and the percentage of the total vote to which each unit is entitled shall be the percentage of the Common Interest assigned to such unit in the Declaration. Votes may be cast in person or by proxy by the respective unit owners as shown in the record of ownership of the Council. An executor, administrator, guardian or trustee may vote in person or by proxy at any meeting of the Council the percentage of vote for any unit owned or controlled by him in such capacity, whether or not the same shall have been transferred to his name in the Council's record of ownership, provided that he shall first present evidence satisfactory to the Secretary that he owns or controls such unit in such capacity.

Section 8. Proxies and Pledges. The authority given by any unit owner to another person to represent him at meetings of the Council shall be in writing, signed by such owner and filed with the Secretary, and unless limited by its terms shall continue until revoked by writing filed with the Secretary, and unless limited by its terms shall continue until revoked by writing filed with the Secretary or by the death or incapacity of such owner. Voting rights transferred or pledged by mortgage, deed of trust or agreement of sale of any unit or interest therein, a true copy of which is filed with the Council through the Secretary, Administrator, or Managing Agent, shall be exercised

only by the person designated in such instrument until the written release or other termination thereof if filed with the Council in like manner.

Section 9. Adjournment. Any meeting of the Council may be adjourned from time to time to such place and time as may be determined by majority vote of the unit owners present, whether or not a quorum be present without notice other than the announcement at such meeting. At any such adjourned meeting at which a quorum is present, and business may be transacted which might have been transacted by a quorum at the meeting as originally called.

ARTICLE II

Officers

Section 1. Designation. The principal officers of the Council of Co-owners shall be a President, a Secretary-Treasurer, who shall be elected by, and in the case of the President, from the Council of Co-owners. The offices of Secretary and Treasurer may be combined in one person. The president may appoint an assistant treasurer, an assistant secretary and such other officers as in his judgment may be necessary.

Section 2. Election and Term. The officers of the Council shall be elected annually by the Council at its annual meeting and shall hold office at the pleasure of the Council.

Section 3. President. The President shall be the chief executive officer of the Council and shall preside at all meetings of the Council. He shall exercise general supervision and direction over the management and conduct of the business and affairs of

the Council. He shall also have such other powers and duties as may be provided by these Bylaws, or assigned to him from time to time by the Council.

Section 4. Secretary-Treasurer. The Secretary-Treasurer shall attend and keep the minutes of all meetings of the Council, give all notices thereof as provided by the Bylaws, maintain and keep a continuous and accurate record of ownership of all units, and have charge of all books, documents and records of the Council.

4 (b). The Secretary-Treasurer shall maintain and keep the financial records and books of account of the Council, prepare regular reports thereof and be responsible for the proper deposit and custody, in the name of the Council, of all its funds and securities. Secretary-Treasurer may be paid \$25.00 a month or more and may or may not be an owner.

Section 5. Auditor. The Council may appoint annually an accountant or accounting firm as auditor, who may not be an officer of the Council nor own any interest in any unit, to audit the books and financial records of the Council.

ARTICLE III

Administration

Section 1. Management. The Council of Co-owners shall at all times manage and operate the Project and have such powers and duties as may be necessary or proper therefore, including without limitation the following:

- (a) Supervision of the immediate management and operation of the Project;
- (b) Maintenance, repair, replacement and restoration of the common elements and any additions and alterations thereof;

(c) Purchase, maintenance, and replacement of any equipment and provide for all water and utility services required by the common elements;

(d) Provisions at each unit of all water, sewer, electricity and such other utility services and utilities as the Council shall deem necessary either at the expense of such unit or as a common expense as determined by the Council;

(e) Employment, supervision and dismissal of such personnel as may be necessary for the maintenance and operation of the Project;

(f) Preparation at least 60 days before each fiscal year of a proposed budget and schedule of assessments for such year;

(g) Collection of all installments of assessments levied and payment of all common expenses authorized by the Council;

(h) Purchase and maintenance in effect of all policies of hazard and liability insurance for the project required by the Declaration and such other insurance and bonds as may be required or authorized by the Declaration or the Council;

(i) Notification of all persons having any interest in any unit, according to the Council's record of ownership of delinquency exceeding 60 days in the payment of any assessment against such unit;

(j) Assignment and supervision of motor vehicle parking, including the authority to make reasonable rules and charges in regard thereto;

(k) Supervision and regulation of the use of the common elements.

Section 2. Managing Agent. The Council of Co-owners may employ

from time to time a responsible Managing Agent to manage and control the Project subject at all times to direction by the Council, with all the administrative functions set forth specifically in preceding Section 1, and such other powers and duties, and at such other compensation as the Council may establish.

Section 3. Representation. The President or Managing Agent, subject to the direction of the Council, shall represent the Council or any two or more concerning the Council, the common elements or more than one unit, and on its or their behalf may institute, defend, intervene in, prosecute and settle any such actions, suits and proceedings without prejudice to the rights of any unit owners individually to appear, sue or be sued. Service or process in any such action, suit or proceeding may be made on the President or Managing Agent.

Section 4. Execution of Instruments. All checks, drafts, notes, acceptances, conveyances, contracts and other instruments shall be signed on behalf of the Council by such person or persons as shall be provided by general or special resolution of the Council of Co-owners or, in the absence of any such resolution applicable to such instrument, by the President or the Treasurer.

ARTICLE IV

Obligations of Unit Owners

Section 1. Assessments. All Unit owners shall pay to the Council, or if a Managing Agent is appointed, to the Managing Agent, in advance, on the first day of each and every month the monthly installments of assessments against their respective units for common expenses of the Project in accordance with the Declaration, a monthly sum determined by the Council to be sufficient to accumulate and pay when due all

common expenses of the Project. In the event any Unit owner is delinquent in the payment of any monthly assessment for a period in excess of thirty (30) days, the Council may take such corrective action as it deems proper.

Section 2. Maintenance of Units. Every unit owner and occupant shall reimburse the Council promptly on demand all expenses incurred by it in repairing or replacing any uninsured loss or damage to the common elements or any furniture, furnishings and equipment thereof caused by such owner or occupant, by a member of the household or guest or either of them and shall give prompt notice to the Council or Managing Agent of any such loss or damage or other defect in the Project when discovered.

Section 3. Use of Project.

(a) All Units of the Project shall be used only for one-family residential unit purposes.

(b) All common elements of the Project shall be used only for their respective purposes as designed.

(c) No unit owner or occupant shall place, store or maintain in the stairways, walk-ways, grounds or other common elements of similar nature any furniture, packages, or objects of any kind or otherwise obstruct transit through such common elements or permits said elements to be unsightly or disorderly.

(d) Every Unit owner and occupant shall at all times keep his unit and any limited common element appurtenant thereto in a strictly clean and sanitary condition and observe and perform all laws, ordinances, rules and regulations now or hereafter made by any governmental authority applicable to the Project.

(e) No unit owner or occupant shall make or suffer any waste or unlawful, improper and offensive use of his unit of the Project nor alter or remove any landscaping, furnishings or equipment from the common elements.

(f) No signs, posters or bills may be placed or maintained in the Project unless approved by the Council.

(g) No unit owner shall decorate any entrance, porch, balcony, stoop, or planting area appurtenant to his unit unless approved by the Council. Landscaping by owners should be appropriate for the area planted.

(h) All occupants shall exercise extreme care about making noises and in the use of musical instruments, radios, televisions and amplifiers that may disturb other occupants.

(i) No garments, rugs or other objects shall be hung from the windows or facades of the Project.

(j) No refuse, garbage or trash of any kind shall be thrown, placed or kept on any common elements of the Project outside of the disposal facilities provided for such purpose.

(k) No livestock, poultry, rabbits, snakes, or other such animals shall be allowed or kept in any part of the Project.

(l) No unit owner or occupant without the written approval of the Council shall install any wiring for electrical, cable or telephone installation, television antenna or satellite dish, machines or air conditioning units, or other equipment or appurtenances

whatsoever on the exterior of the Project or protruding through the walls, windows, or roof thereof, beyond the scope of the original construction of the Project.

(m) Nothing shall be allowed, done or kept in any units or common elements of the Project which would overload or impair the floors, walls or roofs, thereof, or cause any increase in the ordinary premium rates or the cancellation or invalidation of any insurance thereon maintained by or for the Council.

(n) The Developer of the Project, or its agent, shall have the right to maintain and show units, including the maintenance and showing of a model unit, until all the units in the Project have been sold originally. Thereafter, a unit owner, or his agent, shall have the right to show his unit at reasonable times of the day for the purpose of sale or lease.

(o) Only one pet, a dog or a cat, may be kept in a unit. No exotic animals may be kept in a unit (the term "exotic" includes, but is not limited to, reptiles, rodents, monkeys, pigs, or birds).

Owners must keep their dogs or cats from creating a nuisance that would interfere with other co-owners' enjoyment of life in the condominium community.

Control and Enclosure of the Pet

The pet owner must keep his/her dog or cat on a hand-held leash or in a carrier when outside of the unit. The owner may not stake or tie a pet in any common area or on the terraces. Structures for housing or keeping a pet may not be placed or maintained in any common area or on the terraces.

Noise Nuisance

An owner must control dog barking or any other noise that disturbs the other co-owners' reasonable expectation of quiet enjoyment of their homes.

Waste Removal

An owner must immediately dispose of the waste created by his/her pet.

Property Damage

An owner is responsible for paying the cost of any property damage he/she allows his/her pet to cause in any part of the common areas.

Compliance Procedures

The Board or its agents will notify any owner who does not follow the Bylaws regarding pets and who allows the pet to create a nuisance. After the Board has notified the owner in writing of the action he/she must take to solve the problem and the time frame allowed, the Board has the right to permanently remove the pet from the condominium property if the owner has not responded appropriately to correct the problem.

Any co-owner may make a reasonable complaint regarding an owner who creates a nuisance with his/her pet. The complaint may be addressed to Board or its agents. No anonymous complaints will be accepted.

Section 4. House Rules. The Council of Co-owners may adopt, amend or repeal any rules and regulations governing details of the operation and use of the Project not inconsistent with any provision of law, the Declaration or these Bylaws.

Section 5. Expenses of Enforcement. Every unit owner shall pay to the Council promptly on demand all costs and expenses including reasonable attorneys' fees incurred by or on behalf of the Council in collecting any delinquent assessments against such unit, enforcing its lien therefor or enforcing any provisions of the Declaration or these Bylaws against such owner or against any occupant of such unit.

ARTICLE VMiscellaneous

Section 1. Amendment. These Bylaws may be amended in any respect not inconsistent with provisions of law or the Declaration by vote of more than two-thirds of the unit owners (as defined in the Declaration) at any meeting of the Council duly called for such purpose.

Section 2. Indemnification. The Council shall indemnify every officer, and his executors and administrators, against all expenses reasonable incurred by or imposed on him in connection with any action, suit or proceeding to which he may be made a part by reason of being or having been an officer of the Council, except in relation to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or intentional misconduct; and in the absence of such final adjudication, indemnification shall be provided only in connection with such matters as to which the Council is advised by its legal counsel that the person to be indemnified committed no such breach of duty. The foregoing right of indemnification shall not be exclusive of any other rights to which such person may be entitled.

Section 3. Interpretation. In case any provision of the Bylaws shall be held invalid, such invalidity shall not render invalid any other provisions hereof which can be given effect. Nothing in these Bylaws shall be deemed or construed to authorize the Council to conduct or engage in any active business for profit on behalf of any or all of the unit owners.

Certificate of Adoption

The undersigned owners of all units of the Project hereby adopt the foregoing as the Bylaws of the Council of Co-owners of the Project, this 28th day of October, 2005.

LEGACY DEVELOPMENT
CORPORATION, a Kentucky
corporation

BY: Mark

STATE OF KENTUCKY)

) SS

COUNTY OF JEFFERSON)

The foregoing instrument was acknowledged before me the 25 day of Oct, 2005 by MARK Borders as President of LEGACY DEVELOPMENT CORPORATION, a Kentucky corporation, on behalf of said corporation.

[Signature]
Notary Public, Jefferson County, Kentucky

My commission expires 1-31-09

PREPARED BY

David Borders
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Recorded in Condo Book
No. 110 Page 96-99
Part No. 2116

Document No.: DN2005180031
Lodged By: BORDERS
Recorded On: 10/25/2005 01:59:32
Total Fees: 88.00
Transfer Tax: .00
County Clerk: BOBBIE HOLSCRAW-JEFF CO KY
Deputy Clerk: LATMIL