

**DECLARATION OF MASTER DEED****FOR****"PROSPECT VILLAGE PROFESSIONAL OFFICE CONDOMINIUMS"**

THIS DECLARATION made and entered into this 16th day of March, 2001, by and between Hogan-Prospect Village, LLC, hereinafter referred to as "Developer" and, Prospect Village Professional Office Condominiums Council of Co-Owners, Inc., hereinafter referred to as "Council".

**WITNESSETH:**

That whereas, Developer is the owner in fee simple of a certain tract of land on Timber Ridge Drive, in Jefferson County, Kentucky, as shown on the plat attached hereto, and when fully developed shall consist of not more than twenty-four (24) Office Units; and,

WHEREAS, Developer desires to develop said land into an Office Condominium with an overall plan consisting of one (1) building with twenty-four (24) units therein; and,

WHEREAS, Developer desires to, and does hereby file their plans for said building and units, all as shown on plans simultaneously recorded herewith together with any and all other structure and improvements and other permanent fixtures of whatsoever kind thereon, and all rights and privileges belonging or in anywise pertaining thereto, to the provisions of the Kentucky Condominium Law KRS 381.805 to .910 amended; and

WHEREAS, Developer desires to establish certain rights and easements in, over and upon said real estate for the benefit of itself and all future owners of any part of said real estate, and any unit or units thereof or therein contained to provide for the harmonious, beneficial and proper use and conduct of the property; and

WHEREAS, Developer desires and intends that the unit owners, mortgagees, occupants and other persons hereafter acquiring any interest in the property shall at all times enjoy the benefits of and shall hold their interests subject to the rights, easements and privileges and restrictions hereinafter set forth, all of which are declared to be in furtherance of a plan to promote and protect the cooperative aspect of condominium ownership of the property and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness of the property.

NOW, THEREFORE, Developer declares as follows:

1. Legal Description of Land and Definitions.

The real estate which is hereby submitted and subjected to the provision of the Condominium Property Law of Kentucky, as amended, is legally described as follows:

BEING Tract 3C of PROSPECT VILLAGE, plat of which is of record in Plat and Subdivision Book 45, Page 61, in the Office of the Clerk of County Court of Jefferson County.

Being the same property acquired by Hogan-Prospect Village, LLC by Deed dated May 10, 2000 of record in Deed Book 7446, Page 138 in the office of the clerk of the county court of Jefferson County, Kentucky.

Said real estate and all improvements thereon and appurtenances thereto shall be known as "Prospect Village Professional Office Condominiums"

Except to the extent hereinafter modified or changed, the following words and terms, whenever used herein, shall have the same meaning as provided for such words and terms in the Condominium Property Law as amended:

"Unit", "Condominium", "Master Deed", "General Common Elements", "Common Expenses", "Persons", "Property" and "Limited Common Elements".

2. Description of Building.

Said Building is situated on the real estate and is fully described in a set of plans of the building filed simultaneously with the recording hereof pursuant to KRS 381.835, and by reference thereto, made a part of this Master Deed and is fully shown by the Plans recorded in Apartment Ownership Book 81, Pages 29 and 30, Clerk's File No. 1330, in said clerk's office.

3. Building and Units, (as Built, as shown on Plans filed herewith).

(a) Each of the units is located on Timber Ridge Drive in Jefferson County. The physical address of each of unit created is fully set forth on said plans attached hereto and is as follows:

- |                                    |                                    |
|------------------------------------|------------------------------------|
| 5920 Timber Ridge Drive, Suite 101 | 5920 Timber Ridge Drive, Suite 201 |
| 5924 Timber Ridge Drive, Suite 101 | 5924 Timber Ridge Drive, Suite 201 |
| 5924 Timber Ridge Drive, Suite 102 | 5924 Timber Ridge Drive, Suite 202 |
| 5932 Timber Ridge Drive, Suite 101 | 5932 Timber Ridge Drive, Suite 201 |
| 5932 Timber Ridge Drive, Suite 102 | 5932 Timber Ridge Drive, Suite 202 |
| 5940 Timber Ridge Drive, Suite 101 | 5940 Timber Ridge Drive, Suite 201 |
| 5940 Timber Ridge Drive, Suite 102 | 5940 Timber Ridge Drive, Suite 202 |
| 5948 Timber Ridge Drive, Suite 101 | 5948 Timber Ridge Drive, Suite 201 |
| 5948 Timber Ridge Drive, Suite 102 | 5948 Timber Ridge Drive, Suite 202 |
| 5956 Timber Ridge Drive, Suite 101 | 5956 Timber Ridge Drive, Suite 201 |
| 5956 Timber Ridge Drive, Suite 102 | 5956 Timber Ridge Drive, Suite 202 |
| 5964 Timber Ridge Drive, Suite 101 | 5964 Timber Ridge Drive, Suite 201 |

(b) The location, dimensions and limited common area to which each unit has access are set forth in and on said plans. The legal description of each unit shall consist of its number as aforesaid followed by the words, "a Condominium Unit, in "Prospect Village Professional Office Condominiums". Each unit shall consist of the space enclosed and bounded by the horizontal plans of the undecorated interior finished surfaces of the ceiling, floor and perimeter walls of each units are shown on said plans attached hereto, and shall include the exclusive right to use the limited common elements immediately adjacent to said unit.

(c) After construction, no unit may by Deed, Plat, Court Decree or otherwise be subdivided or in any other manner separated into tracts or parcels smaller than the whole unit as shown on the plans unless provided for by Statute.

#### 4. Description of Common Elements.

(a) The general common elements shall consist of that property as set forth on plans recorded herewith, excepting the individual units and fixtures therein and excepting any portion of the property or appurtenances thereto described as limited common elements, and shall include but not be limited to the land as set forth in attached plans and designated as common area and any improvements, and fixtures attached thereto, Condominium signs with name of project, entrances and exits, roofs, pipes and electrical wiring in perimeter walls, parking areas, garbage and refuse areas, public utility lines, floor and ceilings (other than the interior undecorated surfaces thereof located within the units), perimeter walls of the units (other than the interior undecorated surfaces thereof), structural parts of the building, outside walls and outside driveways, landscaping and all other portions of the property. Structural columns and load bearing walls located within the boundary of the unit shall be a part of the general common elements. Common elements shall include tangible personal property used for the maintenance and operation of the Condominium Property Regime even though

owned by the Council hereinafter described. All areas designated as general and common elements are to be maintained by the Council.

5. Definition and Description of Limited Common Elements.

"Limited common elements" means and includes those common elements which are specifically reserved for the use of a certain unit or a specifically designated number of units, including but not limited to the following which are specifically reserved for a unit or a specifically designated number of units:

- (a) Interior undecorated surfaces of each unit's perimeter walls, ceilings and floors.
- (b) Entrances and exits and stairwells to the specific units.
- (c) Utility service facilities within the units.
- (d) Doors, screens and window frames.
- (e) Heating and air conditioning units.
- (f) Such other limited common elements which are agreed upon by the

Council, Board or Developer to be reserved for the use of a particular unit as well as any other limited common elements elsewhere designated in this Master Deed. All expenses of maintaining and repairing limited common elements shall be paid by the unit owners benefited thereby, except that which is covered under Common Expenses.

6. Square Footage and Percentage Interest.

(a) Unless otherwise provided herein, the square footage and the percentage of the undivided interest in the common elements pertaining to each unit and its owner for all purposes is as follows:

<u>UNIT</u>	<u>SQUARE FEET</u>	<u>% INTEREST</u>
5920 Timber Ridge Drive, Suite 101	1015	3.8333%
5920 Timber Ridge Drive, Suite 201	1015	3.8333%
5924 Timber Ridge Drive, Suite 101	1121	4.2333%
5924 Timber Ridge Drive, Suite 201	1121	4.2333%
5924 Timber Ridge Drive, Suite 102	1121	4.2333%
5924 Timber Ridge Drive, Suite 202	1121	4.2333%
5932 Timber Ridge Drive, Suite 101	1121	4.2333%
5932 Timber Ridge Drive, Suite 201	1121	4.2333%
5932 Timber Ridge Drive, Suite 102	1121	4.2333%
5932 Timber Ridge Drive, Suite 202	1121	4.2333%
5940 Timber Ridge Drive, Suite 101	1121	4.2333%
5940 Timber Ridge Drive, Suite 201	1121	4.2333%
5940 Timber Ridge Drive, Suite 102	1121	4.2333%
5940 Timber Ridge Drive, Suite 202	1121	4.2333%
5948 Timber Ridge Drive, Suite 101	1121	4.2333%
5948 Timber Ridge Drive, Suite 201	1121	4.2333%
5948 Timber Ridge Drive, Suite 102	1121	4.2333%
5948 Timber Ridge Drive, Suite 202	1121	4.2333%
5956 Timber Ridge Drive, Suite 101	1121	4.2333%
5956 Timber Ridge Drive, Suite 201	1121	4.2333%
5956 Timber Ridge Drive, Suite 102	1121	4.2333%
5956 Timber Ridge Drive, Suite 202	1121	4.2333%
5964 Timber Ridge Drive, Suite 101	1015	3.8333%
5964 Timber Ridge Drive, Suite 201	<u>1015</u>	<u>3.8333%</u>
<b>TOTALS</b>	<b>26,480</b>	<b>100.0000%</b>

(b) Each unit owner shall own an undivided interest in the percentage hereinabove set forth in the common elements as a tenant in common with all the other unit owners, and, except as otherwise limited in this Master Deed, shall have the right to use and occupy the common elements for all purposes incident to the use and occupancy of a unit as an office and for such other incidental uses permitted by this Master Deed, which right shall be appurtenant to each unit.

Notwithstanding the unit owners' joint title to the common elements, no unit owner shall use any common element in any manner calculated to disturb or annoy any other owner in the peaceable possession and enjoyment of a unit.

(c) The term "unit" as used herein and throughout this Master Deed shall mean a "unit" as defined in KRS 381.810 (1), together with the percentage of undivided ownership interest in the common elements allocated to such unit as hereinabove set out. Any conveyance of an individual unit shall be deemed also to convey the undivided interest of the owner in the common elements, both general and limited, appertaining to said unit, without specifically or particularly referring to same. Such interest shall remain undivided and shall not be the subject of an action for partition or division of the co-ownership.

7. Common Expenses.

"Common expenses" of the project means all charges, costs and expenses incurred by the Council, the Board, and/or the Managing Agent, for and in connection with the operation and administration of the project. Common expenses include those expenses for the building, equipment and ground maintenance and repair and all costs for utility services, insurance premiums, janitorial service, garbage removal, painting of the common elements, asphalt and concrete repair and replacement, costs of project materials, supplies and equipment and tools, management, legal, accounting and engineering service fees, repairs and replacements of common element utility lines and equipment, and repayment of any loans obtained to pay for common expenses and to establish reserves to be maintained to cover future replacement costs and contingencies.

8. Unpaid Common Expenses constitute a Lien.

All sums assessed for common expenses or maintenance fees shall constitute a lien on the units, prior to all other liens except for ad valorem taxes and assessments lawfully imposed by governmental authorities against such units and a lien of a first mortgage holder. Such lien may

be enforced by legal action by the Council or the Board of Directors, its administrator or managing agent, acting on behalf of a Council in like manner as a mortgage or real property, provided that thirty (30) days written prior notice of intention to sue to enforce the lien shall be mailed postage prepaid to all persons having an interest in such unit as shown on the Council's record of ownership. Suit to recover a money judgment for unpaid common expenses shall be maintainable without judicial lien enforcement and without waiving the lien securing same.

Anything to the contrary contained in this Master Deed or in the bylaws of the Council notwithstanding, until the Developer's transfer of control and management, the Developer shall not be liable for the payment of any assessment, monthly or otherwise, for common expenses, or reserve or contingency accounts or other regime assessments, and the units owned by the Developer, prior to the Developer's transfer of control, shall not be subject to any lien therefore; and Developer shall not have any liabilities of a unit owner. The Developer shall, however, until Developer's transfer of control, be responsible for the maintenance costs of the regime in accordance with Developer's own determination, incurred over and above assessments or amounts paid by unit owners for common expenses and other appropriate charges.

9. Administration of the Project.

(a) Administration of the project, including the use, maintenance, repair, replacement and restoration of the common elements and any additions and alterations to them, shall be in accordance with the provisions of the Kentucky Condominium Property Law, this Declaration, the Bylaws of the Council and all project rules and regulations adopted by the Board of Directors.

(b) Board of Administration. Administration of the project shall be conducted for the Council in accordance with the Bylaws. Said Board shall be authorized to delegate the administration of its duties and powers to a managing agent or administration employed for that purpose by the Board.



10. Purpose.

The building and the units therein are intended for and restricted exclusively for office purposes. Additional provisions with respect to the use and occupancy of the units and common areas and facilities are contained in paragraph 15 hereof.

11. Damage or Destruction.

The Council of Co-Owners, acting by and through its Board, shall acquire full replacement value insurance protection for the regime, including but not exclusively, casualty, liability and employee workmen's compensation insurance, if needed, without prejudice to the right of co-owners to insure their units on their own account and for their own benefit. The premiums on such insurance shall be considered common expenses, enforceable under lien rights, provided that, should the amount of any insurance premium be affected by a particular use of a unit or units, the owners of such units shall be required to pay any increase in premium resulting from such use.

In case of fire or other destruction or damage and the regime's insurance indemnity is not sufficient to cover the cost of reconstruction or repair, the cost (or added cost) shall be paid by the co-owners as a common expense, and the Council by a majority vote will be authorized to borrow funds therefore and to amortize the repayment of same over a period of time not exceeding the reasonable life of the reconstruction or repairs.

In the event of fire or damage, reconstruction and repairs of the building shall be mandatory regardless of the nature and extent of the damage. Reconstruction and repairs shall be made to follow and conform as closely as possible to the original basic architectural design of

"Prospect Village Professional Office Condominiums", and any mortgage existing prior to damage to the property shall attach and be continuing as a lien on the reconstructed property. All insurance proceeds (other than those insuring contents) resulting from said damage or destruction payable to unit owners and first mortgagees (as their interests may appear) shall be deemed assigned to the Board (representing the Council of Co-Owners), which shall immediately deposit all proceeds in a trust account with a Federally Insured thrift institution selected by the Board. Said trust account shall be entitled "Prospect Village Professional Office Condominiums Trust Account for Repairs and Reconstruction". The Board with qualified supervision, shall oversee all repairs and all reconstruction. Disbursements shall be made from said trust account as repairs and reconstruction are made only with the approval of three fourths of the Board and using standard construction disbursement procedures.

12. Easements and Encroachments.

(a) Easements are hereby declared reserved and granted for utility purposes, including but not limited to the right to install, lay, maintain, repair and replace water mains and pipes, sewer lines, gas mains, telephone wires and equipment, cable TV lines and equipment and electrical conduits and wires and equipment over, under, along and on any part of the common elements as they exist on the date of the recording hereof; and a permanent power of attorney is hereby granted to the Board to grant any such easement.

(b) In the event that, by reason of the construction, reconstruction, settlement, or shifting of the building or the design or construction, any part of any unit or any part of the common elements encroaches or shall hereafter encroach upon any part of any unit, or any part of any unit encroaches on any part of the common elements, valid easements for the maintenance of such encroachments are hereby established and shall exist for the benefit of such unit and the common elements as the case may be, so long as all or any part of the building containing such unit shall remain standing; provided, however, that in no event shall a valid easement for any

encroachment be created in favor of the owner of any unit or in favor of the owners of the common elements if such encroachment occurred due to the willful conduct of said owner or owners. In addition to the foregoing, it is expressly understood that an easement for support is included in this section of the Master Deed.

(c) All easements and rights described herein are easements appurtenant, running with the land, and shall inure to the benefit of and be binding on the undersigned, their heirs and assigns, and any owner, purchaser, mortgagee, and other person having an interest in said land, or any part or portion thereof.

(d) The respective deeds of conveyance, or any mortgage or trust deed or other evidence of obligation shall be subject to the easements and rights described in this Master Deed, and reference to this Master Deed shall be sufficient to create and reserve such easements and rights to the respective grantees, mortgagees and trustees of such parcels as fully and completely as though such easements and rights were recited fully and set forth in their entirety in such documents.

13. Sale, Leasing or Other Alienation.

(a) Any unit owner other than Developer or a mortgagee of a unit who has acquired title thereto in lieu of or through foreclosure, who wishes to sell or lease the unit (or any lessee of any unit wishing to assign a lease or sublease such unit) to any person shall give the Council of Co-Owners, hereinabove described and defined in paragraph 19, no less than fifteen (15) days prior written notice of any such sale, lease, assignment or sublease, setting forth in detail the terms of any contemplated sale, lease, assignment or sublease, which notice shall specify the name and address of the proposed purchaser, assignee or lessee. The Council shall have the first right and option to purchase or lease such unit upon the same terms, which option shall be exercisable for a period of thirty (30) days. The unit owner (or lessor) may, at the expiration of said thirty (30) day period and at any time within thirty (30) days after the expiration of said

thirty (30) day period, contract to sell or lease (or sublease or assign) such unit to the proposed purchaser, assignee or lessee named in such notice upon the terms specified therein.

(b) In the event any unit owner shall default in the payment of any moneys required to be paid under the provisions of any mortgage or trust deed, the Council shall have the right to cure such default by paying the amount so owing to the party entitled thereto and shall thereupon have a lien therefore against such unit, which lien may be foreclosed in like manner as a lien for unpaid common expenses as provided herein.

(c) The Council shall not exercise any option hereinafter set forth to purchase or lease any unit without written consent of a majority of all unit owners. The Council through its duly authorized representatives, may bid to purchase at any auction or sale, the unit or interest therein of any unit owner, deceased or living, which said sale is held pursuant to an order or direction of a court, upon the prior written consent or a majority of the unit owners, which said consent shall set forth a maximum price which the Council is authorized to bid and pay for said unit or interest therein.

(d) If the Council does not exercise any of the options contained in this paragraph 13, said options may be deemed to be released and waived and the unit or interest therein which is subject to an option set forth in this paragraph may be sold, conveyed or leased free and clear of the provisions of this paragraph.

(e) A certificate executed by a majority of the Board of Directors of the Council, stating that the provisions of this paragraph 13 as herein set forth have been met by a unit owner or duly waived by the Council, and that the rights of the Council hereunder have terminated, shall be conclusive upon the Council and the unit owners in favor of all persons who rely thereon in good faith; and such certificate shall be furnished to any unit owner who has in fact complied with the provisions of this paragraph and whose unit or interest therein has not been acquired.

(f) The terms of this paragraph 13 hereinabove contained shall not be applicable to the transfer by gift, testate or intestate succession, or operation of law, or to the sale of the interest of a co-owner of any unit to any other co-owner of the same unit, where such co-owners hold

title to such unit as tenants in common or as joint tenants.

(g) Where title to any unit is held by a trust, the assignment, sale, conveyance or other transfer by a beneficiary of such trust of his or her beneficial interest in such trust (other than as security for a bona fide indebtedness) shall be deemed an assignment, sale, conveyance, or other transfer of the unit owned by such trust.

(h) Where title to any unit is held by a corporation or a partnership, the transfer of fifty (50%) percent or more of the issued and outstanding shares of such corporation, or fifty (50%) percent or more of the interest in such partnership, shall be deemed a transfer of the unit owned by such corporation or partnership.

(i) The terms of this paragraph 13 hereinabove contained shall not be applicable to the sale, conveyance, or leasing of a unit by any mortgagee if said mortgagee shall acquire title to such unit by foreclosure of a mortgage on the property or any deed in lieu thereof.

(j) Acquisitions of units or interests therein under the provisions of this paragraph shall be made from the maintenance or common expense fund. If said fund is insufficient, the Board shall levy a special assessment against each unit owner in the ratio that his percentage of ownership in the common elements as set forth in paragraph 6 bears to the total of all such percentages applicable to units subject to said special assessment, which assessment shall become a lien upon each such unit and may be foreclosed in like manner as a mortgage.

(k) Units or interests therein acquired pursuant to the terms of this paragraph shall be held of record in the name of the Council or such nominee or entity as it shall designate, for the use and benefit of all unit owners in the same proportion that the Council could levy a special assessment under the terms of subparagraph (j) hereof. Said units or interests therein shall be sold or leased by the Council for the benefit of the unit owners upon such price and terms as the Council shall determine. All proceeds of such sale and/or leasing shall be deposited in the maintenance or common expense fund and may thereafter be disbursed at such time and in such manner as the Council shall determine.

14. Bylaws.

The bylaws for "Prospect Village Professional Office Condominiums" shall be adopted and exercised initially by the Developer in order to develop same into a condominium office project and to assure the placing of the Council on a sound basis for the protection of all owners of the condominium.

Subsequently the administration of the regime shall be governed by these bylaws, and they may be amended from time to time by amendment procedure hereinafter set forth.

The above paragraph and anything to the contrary notwithstanding, the administration and control of the regime and the property, including but not limited to the adoption and amendment of the bylaws, adoption of regime rules, assessment of common expenses and all other rights relating to the governing, managing and administration of the regime and the property and all rights and powers which would otherwise be vested in the Council or Board shall be all vested in the Developer alone until twenty-two (22) of the total twenty-four (24) units have been sold, transferred and recorded, or five (5) years after the date of the filing of this Master Deed, whichever first occurs. Until that time, the Developer shall possess the irrevocable proxy of the unit owners, which proxy each unit owner automatically gives the Developer upon the acceptance of a deed to a unit and all unit owners agreeing to such administration by the Developer in accepting unit conveyances.

15. Use and Occupancy of Units and Common Areas and Facilities.

The units and common elements shall be occupied and used as follows:

- (a) No part of the property shall be used for other than office purposes and the related

common purposes for which the property has been designated and permitted.

(b) No "For Sale" or "For Rent" signs, advertising or other displays shall be maintained or permitted on any part of the property except as such location and in such form as shall be determined by the Developer and/or the Board.

(c) There shall be no obstruction of the common elements nor shall anything be stored in the common elements without the prior consent of the Board, except those of the developer, as herein expressly provided. Each unit owner shall be obligated to maintain and keep his or her own unit, windows, and doors in good, clean order and repair.

(d) No unit owner shall permit anything to be done or kept in his or her or its unit, or in common elements or limited common elements which will result in the cancellation of insurance on the building or contents thereof, or which would be in violation of any law. No waste shall be committed in the common elements or limited common elements.

(e) Unit owners shall not cause or permit anything to be hung or displayed on the outside of the windows or placed on the outside walls of the building, and no sign or signs, lettering, awning, canopy, shutter, radio or television antenna shall be affixed to or placed upon the exterior walls, doors, windows, or roof of any part thereof, without the prior written consent of the Developer and/or Board. Venetian blinds or draperies (which are visible from the outside) shall be an "off-white" color and shall be approved by the Developer and/or the Board.

(f) No obnoxious or offensive activity shall be carried on in any unit or on the property, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other unit owners or occupants, or constitute waste at common law.

(g) Nothing shall be done in any unit or in, on, or to the common elements which will impair the structural integrity of the building or which would structurally change the building, except as otherwise provided herein.

(h) No personal property or other articles shall be left out or exposed on any part of the common elements. The common elements and the limited common elements shall be kept free

and clear of rubbish, debris and other unsightly materials.

(i) Nothing shall be altered on, constructed in, or removed from the common elements or limited common elements, except upon the written consent of the Developer and/or the Board.

(j) Locks on all entrance doors to each unit shall not be changed (or locks added to) without first obtaining permission from Developer or the Board.

(k) No trailer, boat, motorcycle, or any recreational vehicle shall be kept or parked on the premises at any time.

(l) Other rules and regulations may be made by the Developer and/or the Board as to the usage of the units.

(m) No medical or dental office of any kind is permitted within the condominium. This restriction may be revised by an affirmative vote of 80% of the owners during the developer's term as director or by the developer during that same term.

16. Violation of Declaration.

The violation of any restriction or condition or regulation adopted by the Board or the breach of any covenant or provision herein contained or contained in the Condominium Property Law shall give the Board the right, in addition to any other rights provided for in this Master Deed: (a) to enter upon the unit or any portion of the property upon which, or as to which, such violation or breach exists, and to summarily abate and remove, at the expense of the defaulting unit owner, any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provisions hereof; and the Council, or its employees or agents, shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

Furthermore, if any unit owner (either by his or her own conduct or by the conduct of



any other occupant of his unit) shall violate any of the covenants of this Master Deed or the regulations adopted by the Council and such violation shall continue for thirty (30) days after notice in writing from the Board, or shall reoccur more than once thereafter, then the Council shall have the power to issue to the defaulting unit owner a ten (10) day notice in writing to terminate the rights of the said defaulting unit owner to continue as a unit owner and to continue to occupy, use or control his or her unit; and thereupon an action in equity may be filed by the Council against the defaulting unit owner for a decree of mandatory injunction against the unit owner or occupants, or, in the alternative, a decree declaring the termination of the defaulting unit owner's right to occupy, use or control the unit on account of the breach of covenant and ordering that all the right, title and interest of the unit owner in the property shall be sold (subject to the lien of any existing mortgage) at a judicial sale upon such notice and terms as the court shall establish, except that the court shall enjoin and restrain the defaulting unit owner from reacquiring his interest at such judicial sale or by virtue of the exercise of any right of redemption which may be established. The proceeds of any such judicial sale shall first be paid to discharge court costs, court reporter charges, reasonable attorney fees, and all other expenses of the proceeding and sale; and all such items shall be taxed against the defaulting unit owner in said decree. Any balance of the proceeds after satisfaction of such charges and any unpaid assessments hereunder or any liens shall be paid to the unit owner. Upon the confirmation of such sale, the purchaser thereof shall thereupon be entitled to a deed to the unit and immediate possession of the unit sold and may apply to the court for a writ of assistance for the purpose of acquiring such possession, and it shall be a condition of any sale, and the decree shall so provide, that the purchaser shall take the interest in the property sold subject to this Master Deed and its bylaws.

17. Entry by Council.

The Council or its agents or employees may enter any unit when necessary in

connection with any painting, maintenance or reconstruction for which the Council is responsible, or which the Council has the right or duty to do. Such entry shall be at reasonable hours and with prior notice and shall be made with as little inconvenience to the unit owners as practicable, and any damage caused thereby shall be repaired by the Council at the expense of the maintenance fund. In cases of emergency, entry may be made without notice.

18. Grantees.

Each grantee of Developer, by the acceptance of a deed of conveyance, accepts the same subject to all easements, restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Master Deed, and the provisions of the Condominium Property Law, as at any time amended, and all easements, rights, benefits and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations hereby imposed shall be deemed and taken to be covenants running with the land, and shall bind any person having at any time any interest or estate in any unit, and shall inure to the benefit of the such owner in like manner as though the provisions of this Master Deed were recited and stipulated at length in each and every deed of conveyance.

19. Incorporation.

Developer has or will cause the formation of a Kentucky not-for-profit corporation known as "Prospect Village Professional Office Condominiums Council of Co-Owners, Inc.", to act as the Council of Co-Owners as defined in KRS 381.810 (4 and 5) and governing body for all unit owners in administration and operation of the property. Each unit owner or owners shall be a member of such corporation, which membership shall terminate upon the sale or other disposition of such member of his or her unit, at which time the new unit owner or owners shall automatically become a member therein.

20. Failure to Enforce.

No terms, obligations, covenants, conditions, restrictions or provisions imposed hereby or contained herein shall be abrogated or waived by any failure to enforce the same, no matter how many violations or breaches may occur.

21. Notices.

Notices required or permitted to be given to the Council, the Board or any unit owner may be delivered to any officer of the Council, member of the Board or such unit owner at his or her unit or as set forth in the Bylaws.

22. Amendments.

(a) If, during the construction period or before a total of twenty-two (22) of the units have been sold, conveyed and recorded, it is found that an error exists on the part of the draftsman of this instrument or on the part of the surveyor or engineer, an amendment setting forth the error and correction may be filed by the Developer without the consent of any other party thereto, and shall become a part of this Master Deed. No further change shall be made except by amendment procedures immediately following.

(b) The provisions of this Master Deed may be amended, changed or modified by an instrument in writing setting forth such amendment, change or modification signed and acknowledged by owners of a majority of all units and a majority of first mortgagees having bona fide liens of record against the units. The bylaws, unless otherwise provided, shall be amended, changed or modified only by an instrument in writing, setting forth such amendment, change or modification signed and acknowledged by owners of a majority of all units.

(c) Any amendment change or modification to this Master Deed shall conform to the provisions of the Condominium Property Law and shall be effective upon recordation thereof. Bylaws and any amendments thereto need not be recorded.

23. Severability.

The invalidity of any restriction hereby imposed, or any provision hereof, or of any part of such restriction or provision, shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Master Deed, and all of the terms hereof are hereby declared to be severable.

24. Construction.

The provisions of this Master Deed shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of an Office Condominium Project.

25. Mortgagee of Developer.

Any mortgagee of Developer which acquires title by foreclosure or by deed in lieu thereof shall enjoy all the rights of the Developer hereunder including, without limitation, those in paragraphs 8, 9(b), 14 and 22 and under the bylaws of the Council of Co-Owners.



BYLAWS OF THE  
COUNCIL OF CO-OWNERS OF  
PROSPECT VILLAGE PROFESSIONAL OFFICE CONDOMINIUMS

ARTICLE I

General Provisions

I.1 Identification. These are the Bylaws of Prospect Village Professional Office Condominiums Council of Co-Owners, hereinafter called the "Council".

I.2 Definitions. Except as otherwise defined herein, or unless the context clearly demands otherwise, the following terms shall have the respective meanings given such terms in the Kentucky Horizontal Property Law, KRS 381.805 to 381.910, as amended (hereinafter called "the Act"): "Unit", "Condominium", "Condominium Project", "General Common Elements", "Limited Common Elements", and "Council of Co-Owners".

I.3 Purposes of Council. The Council has been organized and these Bylaws have been adopted by the Board of Directors of the Council pursuant to the Act for the purpose of administering a condominium project in Jefferson County, Kentucky, known as Prospect Village Professional Office Condominiums (hereinafter sometimes called "the project").

I.4 Office. The initial office of the Council shall be located at 7400 New LaGrange Road, Suite 404, Louisville, Kentucky 40222, or such other office as the Board of Directors may determine from time to time.

I.5 Fiscal Year. The fiscal year of the Council shall be the calendar year.

I.6 Members' Qualifications. The members of the Council shall consist of all of the record owners of units in Prospect Village Professional Office Condominiums. 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 owner arising out of or connected with his membership.

## ARTICLE II

### Members' Meetings

II.1 Annual Meetings The annual meeting of the membership shall be held at the office of the Council, or such other place designated by the Board of Directors, at 10:00 A.M., Eastern Standard Time, on the 15th day of January each year for the purpose of electing directors and transacting any and all other business authorized to be transacted by the members; provided, however, that, if that day is a legal holiday or a Sunday, the meeting shall be held at the same hour on the next normal business day that is not a holiday.

II.2 Special Meetings. Special meetings of the membership shall be held whenever called by the president or the Board of Directors. A special meeting must be called upon receipt of a written request of members entitled to cast one-third or more of the votes of the entire membership.

II.3 Notice of All Meetings. Notice of all meetings stating the time and place and purpose for which the meeting is called shall be given by the president, vice-president, or secretary. Such notice shall be given in writing to each member at such member's address as it appears in the books of the Council and shall be personally delivered or mailed not less than ten (10) days nor more than sixty (60) days prior to the date of the meeting. Any member may waive notice of any and all meetings in writing before or after such meetings, and such waiver shall be deemed equivalent to the giving of notice. The managing agent employed by the Board of Directors pursuant to Section IV.8 hereof shall also receive notice of all meetings in the same manner as members and shall be entitled to attend such meetings or to designate a representative to attend such meetings on his or its behalf. All mortgagees requesting to be notified of the holding of such meetings shall be sent notices thereof. All mortgagees shall, in any case, be notified of all meetings at which the making of material amendments or additions to or deletions from any part of the Master Deed or Bylaws of the Council is to be considered.

II.4 Quorum. A quorum at members' meetings shall consist of persons entitled to cast a majority of the votes of the entire membership. The acts approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the members, except when approval by a greater number of members is required by the Master Deed of Prospect Village Professional Office Condominiums (hereinafter called the "Master Deed") or by these Bylaws.



II.5 Voting Rights. Voting shall be on the basis of one vote per unit. The vote of each unit shall be indivisible, and no member or group of members shall be permitted to cast a fraction of the vote to which his unit is entitled.

II.6 Designation of Voting Representative. If a unit is owned by one person, his or her right to vote shall be established by the record title to his or her unit. If a unit is owned by husband and wife, either owner (but not both) shall be entitled to vote and to be counted for purposes of a quorum, but, if both are present at a meeting and cannot agree on how to cast a vote on any subject, they shall lose their right to vote on that subject at that meeting unless the Master Deed provides otherwise. If a unit is owned by more than one person (other than husband and wife), or is under lease, the person entitled to cast the vote for the unit shall be designated 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 person entitled to cast the vote for the unit shall be designated 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 person entitled to cast the vote for the unit shall be designated 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 designating voting members shall be signed by all partners or joint adventurers, as the case may be. Such certificates shall be valid until revoked or superseded by a subsequent certificate or until a change in the record ownership of the unit concerned. A certificate designating the person entitled to cast the vote of a unit may be revoked by any owner of that unit. If such a certificate is not on file, the vote of such owners shall not be considered in determining the requirement for a quorum or for any other purpose.

II.8 Adjourned Meetings. If any meeting of members cannot be organized

because a quorum has not attended, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

II.9 Order of Business. The order of business at annual members' meetings, and as far as practical at other members' meetings, shall be:

- (a) Election of chairman of the meeting;
- (b) Calling of the roll and certifying of proxies;
- (c) Proof of notice of meeting or waiver of notice;
- (d) Reading and disposal of any unapproved minutes;
- (e) Reports of officers;
- (f) Reports of committees;
- (g) Election of inspectors of election;
- (h) Election of directors;
- (i) Unfinished business;
- (j) New business;
- (k) Adjournment.

II.10 Proviso. Every provision contained in this Article II shall be subject to the following proviso: Until such time as the special meeting of the membership required by Section III.16 hereof is held, the affairs of the Council shall be conducted solely and entirely by the Board of Directors, and the proceedings of meetings of members of the Council, if any such meetings are held, shall have no effect.

## ARTICLE III

Board of Directors

III.1 (a) Management of Affairs. The affairs of the Council shall be managed by a board of five (5) directors initially, and thereafter the exact number shall be determined by vote of a majority of the membership 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 of the Council after such increase or decrease is voted. Except as provided in Section III.16 hereof, each director shall be a unit owner or the spouse of a unit owner, or shall be a member of a partnership or officer or director of a corporation or trustee or beneficiary of a trust which is a unit owner.

(b) Interim Management of Affairs. The management of the condominium project, however, shall be under the exclusive direction and control of the Developer until twenty-two (22) of the condominium units have been sold, transferred and recorded, or until five (5) years have elapsed after the recording date of the Master Deed, whichever event first occurs, at which time, it shall be turned over to the owners of the condominium units.

III.2 Election of Directors. Except as provided in Section III.16 hereof, the election of directors shall be conducted in the following manner:

- (a) Election of directors shall be held at the annual members' meeting.
- (b) A nominating committee of three (3) members shall be appointed by the Board of Directors not less than thirty (30) days prior to the meeting at which directors are to be elected. The committee shall nominate one person for each director then serving. Additional nominations may be made from the floor at the meeting.

- (c) The election shall be by written ballot (unless dispensed by unanimous consent) and by a plurality of the votes cast, each person voting being entitled to cast his votes for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting.
- (d) Except as to vacancies provided by removal of directors by members, vacancies in the Board of Directors occurring between annual meetings of members shall be filled by vote of a majority of the remaining directors, whether or not such a majority constitutes a legal quorum of such Board. If such directors are unable to agree, such vacancy shall be filled by vote of the members at a special meeting.

III.3 Removal of Directors. Any director may be removed by concurrence of two-thirds of the votes of the entire membership at a special meeting of the members called for that purpose. The vacancy in the Board of Directors so created shall be filled by vote of a majority of the membership at the same meeting.

III.4 Term of Directors. The term of each director's service shall extend until the next annual meeting of the members and subsequently until his successor is duly elected and qualifies, or until he is removed in the manner provided in Section III.3 hereof.

III.5 Organization Meeting. The organization meeting of a newly-elected Board of Directors shall be held within ten (10) days of their election at such place and time as shall be fixed by the Directors at the meeting at which they were elected, and no further notice of the organization meeting shall be necessary.

III.6 Regular Meetings of Directors. The regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by vote of a majority of the Directors. Notice of regular meetings shall be given to each Director by the chairman of the Board if such an officer has been elected, or by the president, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

If a manager or managing agent is employed by the Board of Directors pursuant to Section IV.8 hereof, such manager or managing agent shall receive notice of all meetings in the same manner as Directors and shall be entitled to attend such meetings or to designate a representative to attend such meetings on his or its behalf.

III.7 Special Meetings of Directors. Special meetings of the Directors may be called by the chairman of the Board, if such an officer has been elected, or by the president, and must be called by the secretary at the written request of one-third of the Directors. Not less than three (3) days' notice of the meeting shall be given to each Director by the chairman of the Board, if such an officer has been elected, or by the president, personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting.

III.8 Waiver of Notice of Directors' Meetings. Any Director may waive notice of a meeting in writing before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice.

III.9 Quorum of Directors. A quorum at a Directors' meeting shall consist of a majority of the Directors then in office. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors except when approval by a greater number of Directors is required by the Master Deed or by these Bylaws.

III.10 Adjourned Meetings of Directors. If, at any meeting of the Board of Directors, there should be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting, any

business that might have been transacted at the meeting as originally called may be transacted without further notice.

III.11 Joinder in Meeting by Approval of Minutes The joinder of a Director in the action of a meeting by signing and concurring in the minutes of that meeting shall constitute the presence of such Director for the purpose of determining a quorum.

III.12 Presiding Officer at Directors' Meetings. The presiding officer of a Directors' meeting shall be the chairman of the Board, if such an officer has been elected; and, if none, the president shall preside. In the absence of the presiding officer, a majority of the Directors present shall designate one of their number to preside.

III.13 Order of Business at Directors' Meetings.

The order of business at 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.

III.14 Directors' Fees. Directors' fees, if any, shall be determined by the members; provided, however, that this provision shall neither preclude the Board of Directors from employing a director at a compensation established by the Board as an employee of the Council nor preclude the contracting with a director at a compensation established by the Board of Directors for the management of the project pursuant to Section IV.8 hereof.

III.15 Liability of Board of Directors. The members of the Board of Directors shall not be liable to the unit owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The unit owners shall indemnify and hold harmless each member of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the project. The liability of any unit owner arising out of any contract made by the Board of Directors or out of the indemnity in favor of the members of the Board of Directors shall be limited to such proportion of the total disability thereunder as his interest in the common elements bears to the interests of all the unit owners in the common elements. Every agreement made by the Board of Directors or by the managing agent or by the manager on behalf of the project shall provide that the members of the Board of 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 shall be limited to such proportion of the total liability thereunder as his interest in the common elements bears to the interests of all unit owners in the common elements.

III.16 Proviso. Every provision contained in this Article III shall be subject to the following proviso: After the Developer has sold, transferred and recorded twenty-two (22) of the units, or until five (5) years have elapsed after the date of recording the Master Deed, whichever event first occurs, the initial Board of Directors designated by the Developer in the Articles of Incorporation of the Council (or appointed by the Developer as hereinafter provided in this Section) shall call a special meeting of the membership for the purpose of electing successors to the initial Board of Directors and transacting any and all other business authorized to be transacted by the members. Until such special meeting is held and a successor board of directors has been duly elected at such meeting, the Board of Directors shall consist of those persons designated by the Developer in the Articles of Incorporation of the Council, and in the event of vacancies the Developer shall fill the vacancies. Directors

designated by the Developer in the Articles of Incorporation or to fill vacancies need not be unit owners; provided, however, the Developer shall not have the right either before or after such special meeting to accept from the Council any leases of any part of the condominium project, or any franchises or licenses for the provision of services to the condominium project, and the Developer shall not have the right either before or after such special meeting to enter into any management agreement or other contracts which extend beyond the date of such special meeting. Existing contracts shall be honored if one (1) year or less remains before termination.

#### ARTICLE IV

##### Powers and Duties of the Board of Directors

IV.1 Powers and Duties of the Board of Directors All of the powers and duties of the Council existing under the Act, the Master Deed, and these Bylaws shall be exercised exclusively by the Board of Directors, its agents, contractors or employees, subject only to approval by unit owners when such is specifically required.

IV.2 Assessments. The Board shall make and collect assessments against members to defray the costs and expenses of the project in the manner provided by the Master Deed.

IV.3 Disbursements. The Board shall use the proceeds of assessments in the exercise of its powers and duties in the manner provided by the Master Deed.

IV.4 Maintenance. The Board shall maintain, repair, replace and operate the project in the manner provided by the Master Deed.

IV.5 Insurance. The Board shall purchase insurance upon the project and



insurance for the protection of the Council and its members in the manner provided by the Master Deed.

IV.6 Reconstruction and Improvements. The Board shall reconstruct improvements after casualty and further improve the project in the manner provided by the Master Deed.

IV.7 Rules and Regulations. The Board shall make reasonable rules and regulations respecting the use of the project in the manner provided by the Master Deed. Rules and regulations of the Council, until amended, shall be as set forth in the Master Deed and in the Schedule attached hereto and made a part of these Bylaws.

IV.8 Management Contract. The Board may employ to operate the project a professional managing agent at a compensation to be established by the Board and may delegate to such managing agent all powers and duties of the Board and the Council except such as are specifically required by the Master Deed or these Bylaws to have approval of the Board or the membership of the Council or the owners within a particular building or unit. Any management agreement must be terminable by the Council for cause upon thirty (30) days written notice, and the term of any such agreement must not exceed three (3) years, renewable by agreement of the parties for successive three-year periods.

IV.9 Enforcement. The Board shall enforce by legal means the provisions of the Act, the Master Deed, the Bylaws and the rules and regulations for the use of the project.

IV.10 Purchase Unit(s). The Board, on behalf of the Council, may purchase units in the project, subject to the provisions of the Master Deed.

## ARTICLE V

Officers

V.1 Executive Officers. The executive officers of the Council shall be a president, who shall be a director; one vice-president; a treasurer and a secretary, all of whom shall be elected annually by the Board of Directors and who may be peremptorily removed by vote of the Directors at any meeting. Any person may hold two or more offices except that the president shall not be also the secretary or an assistant secretary. The Board of Directors from time to time shall elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Council. The Board of Directors shall have the power to elect an assistant secretary who shall perform the duties of the secretary when the secretary is absent.

V.2 President. The president shall be the chief executive officer of the Council. He or she shall have all of the powers and duties usually vested in the office of president of a nonstock, nonprofit corporation, including, but not limited to, the power to appoint committees from among the members from time to time, as he or she, in his or her discretion, may determine appropriate, to assist in the conduct of the affairs of the Council.

V.3 Vice-President. The vice-president, in the absence or disability of the president, shall exercise such other powers and perform such other duties as shall be prescribed by the Directors.

If the Board of Directors shall elect more than one vice-president, the Board shall designate the order of seniority of such vice-presidents.

V.4 Secretary. The secretary shall keep the minutes of all proceedings of

the Directors and the members. He shall attend to the giving and serving of all notices to the members and Directors and other notices required by law.

He shall keep the records of the Council, except those of the treasurer, and shall perform all other duties incident to the office of secretary of a Council and as may be required by the Directors or the president.

V.5 Treasurer. The treasurer shall have custody of all property of the Council, including funds, securities and evidences of indebtedness. He shall keep the books of the Council in accordance with good accounting practices, including a "Book of Accounts" as required by and defined in KRS 381.865; and he shall perform all other duties incident to the office of treasurer.

V.6 The secretary and treasurer may be one person.

V.7 The Compensation. The compensation, if any, of all officers and employees of the Council shall be fixed the Directors; provided that the Board of Directors delegate authority to fix the compensation of employees to the executive officers.

## ARTICLE VI

### Fiscal Management

VI.1 Fiscal Management. The provisions for fiscal management of the Council set forth in the Master Deed shall be supplemented by the following provisions:

VI.2 Accounts. The receipts 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:

- (a) "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.

The balance in this fund at the end of each year, if any, shall be credited to each unit owner's assessment due 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.

VI.3 Budget. The Board of Directors shall adopt a budget for each fiscal year that 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:

- (a) "Current expenses", the amount of which shall not exceed by fifteen (15%) percent the amount budgeted for this account for the prior year.
- (b) "Reserve for deferred maintenance", the amount of which shall not exceed by ten (10%) percent the amount budgeted for this account for the prior year.
- (c) "Reserve for capital expenditures", the amount of which shall not exceed by ten (10%) percent the amount budgeted for this account for the prior year.

The amount for each budgeted item may be increased over the foregoing limitations when approved by unit owners entitled to cast not less than a majority of the votes of the entire membership of the Council.

Copies of the budget and proposed assessments shall be transmitted by the Board of Directors to each member at least thirty (30) days preceding the fiscal year for which said budget has been made, and, if the budget is subsequently amended, a copy of the amended budget shall be furnished to each member.

VI.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 the 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 membership of the Council as required by Section VI.3 hereof 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 paid 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 the number of days in that

month. 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.

VI.5 Reserve Payments. The Board of Directors shall have the power 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 a reserve payment in an amount of at least \$100.00. All such reserve payments shall be used by the Board as a working capital fund for the initial months of operation of the project, and shall be credited to an account under the classification of "Current Expenses". As provided in Section VI.2(a) hereof, any amounts paid by unit owners as reserve payments that are not used during the first fiscal year of the Council shall be applied to reduce the assessments for current expenses for the succeeding year.

VI.6 Acceleration of Assessment Installments upon Default. If a unit owner shall be in default in the payment of an installment upon an assessment, the Board of Directors may accelerate the remaining installments of the assessment upon notice to the unit owner, and then the unpaid balance of the assessment shall become due upon the date stated in the notice, but not less than ten (10) days after delivery of the notice to the unit owner, or not less than twenty (20) days after the mailing of such notice to him by registered or certified mail, whichever shall first occur.

VI.7 Depository. The depository of the Council shall be such bank or banks or federally-insured savings and loan association as shall be designated from time to time by the Board of Directors and in which the monies of the Council shall be deposited. Withdrawal of monies from such accounts shall be only by checks or other withdrawal orders signed by such persons as are authorized by the Board of Directors.

VI.8 Audit. A financial statement by a CPA shall be made annually, and a

copy of the statement shall be furnished to each member not later than May 1st of the following year.

VI.9 Fidelity Bonds. Fidelity bonds may be required by the Board of Directors or all persons handling or responsible for Council funds. The amount of such bonds may be determined by the Directors. The premiums of such bonds shall be paid by the Council.

VI.10 Rights of Mortgagees. The holders of first mortgages on any units shall have the right to examine the books and records and may request the Council to furnish them with annual reports and other financial data.

VI.11 Proviso. Every provision contained in this Article VI shall be subject to the following proviso: Until such time as the special meeting of the membership required by Section III.16 hereof is held, the initial Board of Directors shall be solely and entirely responsible for the fiscal affairs of the Council, and may prepare a budget in such form and manner as it deems advisable; may omit from such budget allowances for contingencies and reserves; may make assessments against the unit owners in such amount as the Board deems advisable; and may amend such assessments at any time it deems advisable.

VI.12 Incorporation. Developer or Council of Co-Owners has or will cause the formation of a Kentucky not-for-profit corporation, with the membership and voting rights in the corporation being the same as membership and voting rights already established for the Council.

ARTICLE VII

Parliamentary Rules

VII.1 Roberts' Rules of Order (latest edition) shall govern the conduct of the Council meetings when not in conflict with the Master Deed or these Bylaws.

ARTICLE VIII

Amendments

VIII.1 These Bylaws may be altered, amended or repealed in the following manner:

- (a) Notice of Amendment to Bylaws. Notice of the subject matter of the proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.
- (b) Approval. A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the members of the Council. Directors and members not present in person or by proxy at the meetings considering the amendment may express their approval in writing, providing such approval is delivered to the secretary at or prior to the meeting. Except as elsewhere provided, such approvals must be not less than a majority of the votes of the entire membership of the Council.
- (c) Prohibitions. No amendment shall discriminate against any unit owner or against any unit or class or group of units unless the unit owners so affected shall consent.
- (d) Repeal. The repeal of these Bylaws in their entirety and their replacement by new bylaws shall be accomplished in the same manner as provided by this Section VIII for the amendment of these Bylaws.



ARTICLE IX

Dissolution

IX.1 Vote by Membership. The Council may dissolve and wind up its affairs at any time upon the appropriate action by the Board of Directors and the members in the manner provided in Chapter 273 and Chapter 381 of the Kentucky Revised Statutes, as amended.

ARTICLE X

Miscellaneous

X.1 Invalidity. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the remainder of these Bylaws.

X.2 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.

X.3 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 hereof.

X.4 Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders, and the use of the singular shall be deemed to include the plural, whenever the context so requires.

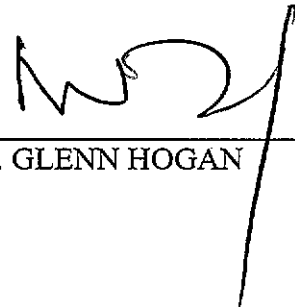
X.5 Notices. Except as otherwise required herein, all notices to the Council and the Board

of Directors shall be delivered personally or sent by registered or certified mail in care of the manager or managing agent; all notices to any unit owner shall be delivered personally or sent by registered or certified mail to the unit or to such other address as may have been designated by him in writing from time to time to the Board of Directors; and all notices to mortgagees of units shall be delivered personally or sent by registered or certified mail to their respective addresses as designated by them in writing from time to time to the Board of Directors. All notices sent by mail shall be deemed to have been given when mailed.

The foregoing Bylaws and the attached Rules and Regulations were adopted as the Bylaws and Rules and Regulations of Prospect Village Professional Office Condominiums Council of Co-Owners on March 16, 2001.

35/13

BY



W. GLENN HOGAN

CONDOMINIUM  
OR  
APT. OWNERSHIP  
BOOK 81 PAGE 29-30  
FILE NO. 1330

Document No.: DN2001042817  
Lodged By: CLT  
Recorded On: 03/21/2001 12:19:42  
Total Fees: 90.00  
Transfer Tax: .00  
County Clerk: Bobbie Holsclaw-JEFF CD KY  
Deputy Clerk: TERHIG

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