

**BYLAWS
OF
RIVER CREST HOA INC.**

**ARTICLE 1.
NAME AND LOCATION**

The name of the corporation is River Crest HOA Inc., hereinafter referred to as the "Association". The principal office of the Association shall be located at P.O. Box 409, Mt. Washington, Kentucky 40047, but meetings of members of the Association and Board of Directors may be held at such places within the Commonwealth of Kentucky as may be designated by the Board of Directors. "Members" shall mean all owners of lots (the "Lot Owners") located in all Sections of Highland Ridge at River Crest, Central Park at River Crest, Twin Falls at River Crest, Washington Commons at River Crest, Villas at River Crest and any other community which the Declarant desires to be a part of the Association, which determination shall be made prior to the expiration of the Development Period (as defined below) (collectively, the "Subdivisions").

**ARTICLE 2.
MEETING OF MEMBERS**

Section 2.1 Annual Meetings. Each annual meeting (the "Annual Meeting") of the Members shall be held in the Commonwealth of Kentucky, within the third quarter of each calendar year, upon proper notice, at a date, time and place as may be reasonably set by the Board of Directors (hereinafter referred to as "Board" or "Director"). If the day for the Annual Meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday. Each Annual Meeting shall be open to all Members.

Section 2.2 Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board. Special meetings shall be called by the President upon written request, delivered to the President in person or by certified mail, of Members having at least one-third (1/3) of the voting power of all Members. Upon receipt of this request, the President shall immediately cause written notice to be given of the special meeting to be held on a date not less than ten (10) nor more than thirty-five (35) days after receipt of this request. If written notice is not given to the Members within ten (10) days after the delivery of the request, the Members making the request may call the special meeting and give written notice of it.

Section 2.3 Notice of Meetings. Written notice of each meeting of the Members shall be given by or at the direction of the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) days, but no more than thirty-five (35) days before such meeting to each Member entitled to vote thereat. The notice shall be addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the date, time and place of the meeting, and, in the case of a special meeting, the purpose of the meeting. Notice of the date, time and place, and purpose(s) of any meeting of Members may be waived by any Member, before or after the meeting, by a writing filed with the records of the Association.

The attendance of any Member at any meeting without protesting, before or at the beginning of the meeting, the lack of proper notice, shall be deemed a waiver by the Member of notice of the meeting.

Section 2.4 Quorum; Adjournment. Except as may be otherwise provided by law, the Articles of Incorporation, these Bylaws or the Declaration, there shall be a quorum at any meeting of Members where Members who hold at least fifteen percent (15%) of the total voting power of Members in good standing are present, in person or by proxy. For a vote on any matter to be valid, the quorum requirement must be met at the time of completion of that vote. If such quorum shall not be present or represented at any meeting, a majority of the Members entitled to vote thereat, shall have power to adjourn that meeting to a day which is not more than one (1) week from the day the original meeting was called. Notice of the adjournment may not be given if the time and place to which the meeting is adjourned are fixed and announced at the original meeting. When the meeting reconvenes, the quorum requirement shall be lowered to ten percent (10%) of the total voting power of the Members in good standing which must be present, in person or by proxy.

Section 2.5 Proxies. At all meetings of Members, each Member may vote in person or by proxy. The person designated a proxy need not be a Lot Owner. All proxies shall be in writing and filed with the Secretary at least twenty-four (24) hours prior to the meeting, except that the Board may waive this time requirement for a particular meeting if the waiver would not delay the meeting and would otherwise be fair and reasonable. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his/her Lot, except as otherwise provided in the Declaration or the Articles of Incorporation, about the proxy given to the Developer. If a first mortgagee has been designated a proxy under the terms of a first mortgage covering a Lot, the presentation to the Board of Directors of a copy of the mortgage containing the proxy designation shall be notice of that designation, and, if the mortgage so states, of the irrevocability of that designation. A proxy shall be void if it is not dated or purported to be revocable without notice.

Section 2.6 Voting by Mail by Association Members. Any Association Member may cast his/her written vote by mail on any proposal voted upon at any meeting of the Members of the Association by sending such written vote to the Secretary of the Association within the period seven (7) days before the date of the meeting. Such written votes shall be filed with the records of the Association and, in no event, shall any action be taken or approved by the Association with the approval of any less than the percentage of voting power required by the provisions of the Declaration or without the consent of any party that is required by any of said provisions. Members who have voted by mail shall not be counted in determining whether the quorum has been met at a meeting of the Members.

Section 2.7 Members. Every Lot Owner shall be a Member of the Association, and such membership shall be appurtenant to and may not be separated from ownership of any Lot. During the Development Period, the Association shall have Class A Members (being all Owners except Developer) and a Class B Member (Developer). At such time as the Class B Membership shall terminate, the Developer, if it is then a Lot Owner, shall become a Class A Member and continue as such so long as it shall remain a Lot Owner. Class B Membership shall terminate

upon the expiration of the Development Period. "Development Period" means the period commencing on April 22, 2009 and terminating on the earlier to occur of (i) within thirty (30) days following the date when one hundred percent (100%) of the Lots which may be built in each Section of the Subdivisions (the "Property") have been deeded by either Developer and/or any builder to a third party purchaser; or (ii) thirty (30) years from the date of recording of the first Declaration which is subject to these Bylaws.

Section 2.8 Voting. Each Class A Member shall be entitled to one (1) vote for each Lot owned by such Class A Member; provided that any Class A Member with respect to whom a notice of Default has been issued by the Board pursuant to the Declaration, or who has had his/her right or privilege of use and enjoyment of the Common Elements suspended pursuant to the Declaration, shall not be entitled to vote during any period in which any such Default or suspension continues; and further provided that if a Lot shall be owned by more than one (1) Lot Owner, such Lots Owners shall be deemed to constitute a single Class A Member as to such Lot for purposes of this Section. The Class B Member shall have seven (7) votes for each Lot in which the Developer holds the interest otherwise required for Class A Membership multiplied by the number of Dwelling Units located or proposed by the Developer to be located on such Lot, provided, however, that each Class B Membership shall terminate upon the expiration of the Development Period. At such time as Class B Membership shall terminate, the Developer which, for any Lot, holds an interest therein otherwise required for Class A Membership, shall be deemed a Class A Member with reference to such Lot or Lots and entitled to the voting and all other rights of such Class A Member.

Unless otherwise expressly set forth by law, the Declaration, the Articles of Incorporation or these Bylaws, the affirmative vote of fifty-one percent (51%) of the voting power of the Members voting on any matter at a meeting of Members shall be sufficient to determine that matter, provided that any quorum requirement is met at the time of completion of that vote.

Section 2.9 Order of Business. The order of business at all meetings of Members shall be as follows: (1) calling of meeting to order; (2) roll call, determination of whether there is a quorum; (3) proof of notice of meeting or waiver of notice; (4) reading of minutes of preceding meeting; (5) reports of Officers; (6) reports of committees; (7) election of the Board of Directors (when appropriate); (8) unfinished and/or old business; (9) new business; (10) adjournment.

Section 2.10 Action by Association Members Without a Meeting. Any action which may be authorized or taken at a meeting of the Members may be authorized or taken without a meeting in a writing or writings signed by all Members in good standing which writing or writings shall be filed with the records of the Association. Written notice of any action proposed to be taken by such written consent of Members shall be sent to all parties who are entitled to notices under the Declaration not less than ten (10) days prior to commencing the circulation of the action for written consent among the Members.

ARTICLE 4.
BOARD OF DIRECTORS-SECTION-TERM OF OFFICE

Section 4.1 Number and Term of Office. Until the expiration of the Development Period, the initial Board shall consist of three (3) persons appointed by the Class B Member who shall serve until their respective successors are elected and qualified. Directors appointed by the Developer need not be Members of the Association. However, a Director elected by Class A Members shall be a Lot Owner or a spouse of a Lot Owner, except that if a Lot Owner is a corporation, partnership, joint venturer, or other entity, the Lot Owner may elect as a Director an officer, partner, joint venturer, or like individual affiliated with this Lot Owner.

Within ninety (90) days after the expiration of the Development Period, the President of the Association shall call a special membership meeting (“Development Period Special Meeting”). At the Development Period Special Meeting, all Developer appointed Directors shall be deemed removed from office, and the Class A Members, including the Developer if it is then an Owner, shall elect a Director to fill each vacancy on the Board. Further, at the Development Period Special Meeting the Class A Members (including the Developer) shall elect a new Board consisting of three (3) or five (5) Directors who all shall be Class A Members or who shall otherwise be qualified pursuant to Section 3.1 hereinabove to be a Director. The persons so elected shall take office at the end of the meeting during which they are elected

Because the terms of not less than one-third of the Directors must expire annually, the Directors elected by the Class A Members at the Development Period Special Meeting shall be elected to staggered terms of the following lengths: one (1) or two (2) of the Directors shall be elected to a one-year term and two (2) or three (3) of the Directors shall be elected to a two-year term. The two (2) or three (3) Directors with the most votes shall be the Directors who shall serve the two-year term. A Director elected by the Class A Members at the Development Period Special Meeting shall serve for the term which he/she has been elected and shall remain a Director until the earlier of: (a) the Annual Meeting of Class A Members following the expiration of his/her respective term and until a successor is elected, or (b) until the Director’s earlier resignation, removal from office or death.

Except for the election of the Board of Directors at the Development Period Special Meeting in which the three (3) or five (5) Directors are elected to staggered terms of one or two years, as provided in the preceding sentence, each Director elected thereafter by the Class A Members shall serve for a two-year term and shall remain a Director until the earlier of (a) the Annual Meeting of Class A Members following the expiration of his/her respective term and until a successor is elected; or (b) until the Director’s earlier resignation, removal from office, or death.

Notwithstanding anything above to the contrary, the Class B Member may, by written notice to the Board, at or before any Annual Meeting, relinquish to the Class A Members, the Class B Member’s right to elect one or more Directors at such Annual Meeting pursuant to this Section.

Section 4.2 Resignation; Removal, Vacancies. A Director may resign at any time by giving written notice to the Board, the President or the Secretary. The resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless specified therein, the acceptance of such resignation shall not be necessary to make it effective.

A Director appointed by Developer may be removed by Developer at any time, with or without cause. An elected Director whose removal has been proposed by a Lot Owner shall be given an opportunity to speak at an annual or special meeting of the Members, after which that Director may be removed, with or without cause, by a majority vote of the Members voting at a meeting of the Members.

If a vacancy is created because of resignation, removal, or death, a successor shall be appointed or elected to serve for the unexpired term of the departed Director. Developer shall appoint a successor for any appointed Director, and the Members shall elect a successor for any elected Director using the procedure set forth in Section 4.1 above, at any Annual Meeting of the Members or at any special meeting of the Members called for the purpose of filling this vacancy.

Section 4.3 Compensation. No Director shall receive compensation for any service he or she may render to the Association, however, any Director shall be reimbursed for his or her actual expenses incurred in the performance of his or her duties.

ARTICLE 5. **NOMINATION AND ELECTION OF DIRECTORS**

Section 5.1 Nomination. Nomination for election to the Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the Annual Meeting of the Members. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board at least thirty (30) days prior to each Annual Meeting of the Members, to serve from the close of such Annual Meeting until the close of the next Annual Meeting and such appointment shall be announced at each Annual Meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations shall be made from among Members or non-members. Notwithstanding the foregoing, as long as Developer has the right to appoint all Directors, Developer also has the right to nominate all Directors.

Section 5.2 Election. Elections to the Board shall be by secret written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration and these Bylaws. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE 7.
MEETINGS OF DIRECTORS

Section 7.1 Annual Organizational Board Meeting. The Annual Organizational Board Meeting shall take place immediately after each Annual Meeting of the Members, at the time and place fixed from time to time by the Board.

Section 7.2 Regular Meeting. Unless waived by the Board regular meetings of the Board shall be held no less than quarterly, on the date and at the time and place fixed from time to time by the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 7.3 Special Meetings. Special meetings of the Board shall be held when called by the President of the Association, or by a majority of Directors.

Section 7.4 Notice of Meetings; Attendance by Members. Notice of the date, time, and place of organizational, regular, and special meetings of the Board shall be given to each Director by personal delivery, mail, facsimile, telegram or telephone at least three (3) days before the meeting. The notice need not specify the purposes(s) of the any meeting. Notice of the date, time and place of any meeting may be waived by a Director, before or after the meeting, by a writing filed with or entered upon the records of the meeting. Attendance of a Director at any meeting without protesting, before or at the beginning of the meeting, the lack of proper notice shall be deemed a waiver by the Director of notice of the meeting.

No notice need be given to non-Director Members of organizational, regular, or special meetings of the Board, however, a non-Director Member may attend any organizational, regular, or special meeting of the Board, but may not participate in any such meeting unless given permission to do so by the President or other officer of the Association who is presiding at the meeting. A non-Director Member may not vote at a meeting of the Board.

Section 7.5 Waiver of Notice. Any requirement of notice to a Director provided under this Article 6 may be waived by the Director entitled thereto by written waiver of such notice signed by the Director and filed with the Secretary of the Association. Attendance at a meeting is considered waiver of notice.

Section 7.6 Quorum; Adjournment. A simple majority of the Directors then in office shall constitute a quorum for any meeting, provided that the quorum requirement must be met at the time of completion of a vote on any matter for that vote to be valid. Whether or not a quorum is present, a majority of the Directors present at a meeting may adjourn that meeting. Notice of the adjournment need not be given if the time and place to which the meeting is adjourned are fixed and announced at the meeting.

Section 7.7 Voting Power. At any meeting of the Directors at which a quorum is present, all matters shall be determined by a majority vote of those voting on the matter, except as may be otherwise expressly provided in the Declaration and these Bylaws. The President may cast an additional vote to break a tie vote on any matter.

Section 7.8 Action Taken Without a Meeting. Any action which may be taken at a meeting of the Board may be taken without a meeting in a writing or writings signed by all the Directors, which writing(s) shall be filed with the records of the Board. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE 8.
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 8.1 Powers. The Board shall exercise all powers and authority, under law, and under the provisions of the Declaration, that are not specifically and exclusively reserved to the Members by law or by other provisions thereof, and without limiting the generality of the foregoing, the Board shall have the right, power and authority to:

- (a) Adopt and publish Rules and Regulations (as hereinafter defined) governing the use of the Common Elements and the personal conduct of the Members, occupants and their guests thereon, and to establish penalties for the infraction thereof;
- (b) Declare the office of a Member of the Board of Directors to be vacant in the event such Member shall be absent from three (3) consecutive regular meetings of the Board of Directors;
- (c) Obtain insurance coverage not less than that required pursuant to the Declaration;
- (d) Enforce the covenants, conditions and restrictions set forth in the Declaration;
- (e) Repair, maintain, and improve the Common Elements;
- (f) Suspend the voting rights of a Member during any period in which such Member shall be in Default in the payment of any Assessment levied by the Association, as more fully provided in the Declaration;
- (g) Employ a manager, an independent contractor and/or such other employees as it deems necessary, and to prescribe their duties; and
- (h) Exercise for the Association all powers, duties and authority vested in or delegated to the Association by provisions of these Bylaws, the Articles of Incorporation, or the Declaration not specifically reserved thereby to others, including any powers necessary or convenient to carry out its duties and authority. The powers of the Board shall be construed to be as broad as possible.

Section 8.2 Duties. It shall be the duty of the Board of Directors to:

- (a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the Annual Meeting of the Members, or

at any special meeting when such statement is requested in writing by Members representing thirty percent (30%) of each class of Members who are entitled to vote;

(b) Supervise all Officers, agents and employees of the Association, and to see that their duties are properly performed, with the Board having full power to hire and fire;

(c) As more fully provided in the Declaration, to:

(i) Establish, enforce, levy and collect Assessments as provided in the Declaration;

(ii) Give written notice of each Assessment to every Member subject thereto within the time limits set forth therein;

(iii) Foreclose the lien against any property for which Assessments are not paid within a reasonable time after they are authorized by the Declaration to do so, or bring an action at law against the Member(s) personally obligated to pay the same, or both;

(iv) Pay the Association's Common Expenses through the Assessments and/or the borrowing of funds as provided in the Declaration;

(d) Issue, or to cause an appropriate Officer to issue, upon demand by any person, a certificate setting forth whether or not any Assessment has been paid. A reasonable charge may be made by the Board for issuance of these certificates. If a certificate states an Assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) Procure and maintain insurance as provided in the Declaration, and as the Board deems advisable;

(f) Cause the property subject to the Association's jurisdiction to be maintained within the scope of authority provided in the Declaration;

(g) Cause the restrictions created by the Declaration to be enforced; and

(h) Take all actions deemed necessary or desirable to comply with all requirements of law and the Declaration.

Section 8.3 Professional Management Contracts. The Association may delegate all or any portion of its authority, subject to the Board of Directors supervision, to discharge its responsibilities herein to a manager or managing agent. Any management agreement shall not exceed three (3) years and shall provide for termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice.

Section 8.4 Rules and Regulations. The Board may adopt and amend rules and regulations (hereinafter, "Rules and Regulations") for the maintenance, use, conservation, and beautification of the Property and for the health, comfort, safety, and general welfare of Members and their families, tenants, and invitees. The Board, or any committee created by the Board, may impose fines on a Member who violates, or whose family members, tenants or invitees violate the Rules and Regulations. The Board may establish a schedule of fines for particular violations of the Rules and Regulations to be paid by any Member who violates such Rules and Regulations. Any fines assessed by the Board shall be due and payable on the date the next installment of any Assessment is due. In the event that a Member shall fail to pay when due any fines assessed by the Board under this Section, then the amount of the assessed fines, in addition to any and all expenses incurred by the Board in enforcing this Section, including reasonable attorneys' fees to the extent permitted by Kentucky law, may be levied as a Special Assessment against the Lot Owner in question and his or her Lot. The levying of a fine against a defaulting or delinquent Member shall not operate as a waiver of any other rights that the Board may have against such Member pursuant to the Declaration or these Bylaws. In the event such Rules and Regulations shall conflict with any provisions of the Declaration or these Bylaws, the provisions of the Declaration and of these Bylaws shall govern.

Section 8.5 Annual Review. The Board may arrange annually for a certified public accountant to review the Association's books. Upon written request, the Board shall provide a first mortgagee with a copy of any annual review report.

ARTICLE 9. **OFFICERS AND THEIR DUTIES**

Section 9.1 Enumeration of Officers. The Association may have a President, Vice-President, Secretary and Treasurer. The Board may create other offices from time to time. The President, Vice-President, Secretary and Treasurer shall be Members, or representatives of the Developer.

Section 9.2 Election of Officers. Prior to the Development Period Special Meeting, the Officers of the Association will be elected by the Board of Directors at the Annual Organizational Board Meetings. Thereafter, the Officers of the Association will be elected by the Board of Directors promptly after the Development Period Special Meeting and at each Annual Organizational Board Meeting and the persons so elected shall take office immediately upon election.

Section 9.3 Term. The Officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year and until a successor is elected, unless he or she shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 9.4 Special Appointments. The Board may elect such other Officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 9.5 Resignation and Removal. The Board may remove any Officer at any time, with or without cause, by a majority vote of the Directors. Any Officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 9.6 Vacancies. A vacancy in any office may be filled by appointment of the Board. The Officer appointed to such vacancy shall serve for the remainder of the term of the Officer he or she replaces.

Section 9.7 Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall hold more than two (2) offices simultaneously. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 8.4 above, or except by resolution of seventy-five (75%) percent of the Board of Directors. No Officer shall execute an instrument in more than one capacity if the signatures of two or more Officers are required by law, the Articles of Incorporation, the Declaration or these Bylaws.

Section 9.8 Duties. The duties of the Officers are as follows:

(a) President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Members and all meetings of the Board and shall see that orders and resolutions of the Board are carried out. The President may sign all legal instruments authorized by and on behalf of the Association.

(b) Vice-President. The Vice-President shall act in the place of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the names and addresses of Members; give each Member a copy of any Rules and Regulations or amendments thereto; and shall perform such other duties as required by the Board.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board; keep proper books of accounts, specifying the receipts and expenses, together with records showing the allocation, distribution, and collection of the common profits, losses, and expenses among and from the Members; and shall prepare an annual budget and annual statement of income and expenditures to be presented to the Members at the Annual Meeting, with a copy to be mailed or delivered to each Member.

(e) Reliance on Professional Advice. As long as the Directors and the Officers are acting in good faith, the Directors and Officers may rely upon the advice of professionals hired or retained to advise the Association. It is understood that the Directors and Officers will be unpaid volunteers.

ARTICLE 10.
COMMITTEES

The Board may appoint and disband such committees as it chooses.

ARTICLE 11.
OPERATING DEFICIT

If the Association incurs an operating deficit, Developer, builder or any other affiliated entity of Developer (“Affiliated Entity”), may, at its option, loan funds to the Association to fund the deficit. In the event that Developer, builder and/or Affiliated Entity elects to fund the deficit, the Association shall execute a loan agreement and promissory note for the benefit of Developer, builder and/or Affiliated Entity, as the case may be, the form of which shall comply with the terms and conditions set forth in **Exhibit A** attached hereto and made a part hereof. The Homeowners Association shall be obligated to repay to the Developer, builder and/or Affiliated Entity, as the case may be, any and all monies lent by such entity to the Association in accordance with this Section in order to fund any deficit. Such repayment of monies shall be in accordance with the terms and conditions of said loan agreement and promissory note.

ARTICLE 12.
INDEMNIFICATION PROVISIONS

In addition to any other right or remedy to which the persons hereinafter described may be entitled, under the Articles of Incorporation, Bylaws, Declaration, any other agreement, or by vote of the Members or otherwise, the Association shall indemnify any Director or Officer of the Association or former Director or Officer of the Association, who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he is or was a Director or Officer of the Association, against expenses (including attorney’s fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Association, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful, except as to matters as to which the Director or Officer shall be finally adjudged in this action, suit or proceeding to be liable for willful misconduct or bad faith. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plead of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful. The Board may purchase insurance in the amount it deems appropriate to provide this indemnification, and the cost of this insurance shall be a Common Expense. In the event of a settlement, indemnification shall be provided only in connection with those matters covered by the settlement as to which the Association is advised by counsel that the Director or Officer has not been guilty of willful misconduct or bad faith as a Director or Officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which a Director or Officer may be entitled. All liability, loss, damage, cost and expenses incurred or suffered by the Association by reason or arising out of or in connection

with the foregoing indemnification provisions shall be treated by the Association as Common Expenses. Nothing in this Section shall be deemed to obligate the Association to indemnify any Member, who is or who has been a Director or Officer, with respect to any duties or obligations assumed or liabilities incurred by the Member as a Member rather than as a Director or Officer.

ARTICLE 13.
MISCELLANEOUS

Section 13.1 Service of Notices on the Board of Directors. Notice required to be given to the Board of Directors or to the Association may be delivered to any Directors or Officer of the Association either personally or by certified mail addressed to such Director or Officer at his/her residence address.

Section 13.2 Service of Notices on Devisees and Personal Representatives. Notice required to be given to any devisee or personal representative of a deceased Owner may be delivered either personally or by certified mail to such party at his, her or its address appearing on the records of the Court within the state of such deceased Owner is being administered.

Section 13.3 Nondiscrimination. No Member (including the Developer) and no employee, agent, or representative of a Member shall discriminate on the basis of sex, race, color, creed, or national origin in sale or lease of any Lot, or in the use of the Common Elements.

Section 13.4 Nonwaiver of Covenants. No delay or failure on the part of the Board and/or on the part of any Officer in exercising any right, power or privilege or in failing to enforce a covenant, condition, obligation, or a provision contained in the Declaration, Articles of Incorporation, Bylaws, or Rules and Regulations shall be or be deemed to be a waiver thereof, or be or be deemed to be a waiver of any subsequent exercise of such a right, power, or privilege, or be deemed to be a waiver of any subsequent violation or breach of such covenant, condition, obligation, or privilege, nor shall any single or partial exercise of any right, power, or privilege preclude any other or future exercise thereof or preclude the exercise of any other right, power, or privilege. All rights, powers, and privileges given hereunder or at law or in equity are cumulative, and any one or more or all of such rights, owners, and privileges may be exercised simultaneously or consecutively.

Section 13.5 Board's Power to Bind. A lawful agreement or determination made by the Board or an Officer, in accordance with procedures established in the Declaration and Bylaws, shall bind all Members, their successors and their assigns.

Section 13.6 No Act of Business for Profit. These Bylaws shall not be construed to give the Association authority to conduct any act of business for profit on behalf of one or more Members.

Section 13.7 Books and Records. The books, records and papers of the Association shall at all time, during reasonable business hours, be subject to inspection by any Member. The Declaration, Articles of Incorporation, Bylaws and Rules and Regulations, if any, shall be available for inspection by any Member at the principal office of the Association or at such other reasonable place as the Board might direct, where copies may be purchased at reasonable cost.

Section 13.8 Fiscal Year. The fiscal year shall begin on the first day of January of every year, except that the first fiscal year of the Association shall begin at the date of incorporation. The commencement date of the fiscal year herein established may be changed by the Board of Directors.

Section 13.9 Execution of Corporation Documents. With the prior authorization of the Board of Directors, all notes, contracts and other documents shall be executed on behalf of the Association by either the President or the Vice-President, and all checks and other drafts shall be executed on behalf of the Association by such Officers, agents or other persons as are, from time to time, by the Board, authorized so to do.

Section 13.10 Conflict. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control; and in the case of conflict between the Declaration and these Bylaws, the Declaration shall control.

Section 13.11 Amendments. These Bylaws may be amended from time to time, at any Annual Meeting or special meeting of the Members in accordance with the provisions set forth in the Declaration for amendment thereto. Notwithstanding the foregoing, the Developer, or any person or entity whom the Developer has designated, must consent in writing to the amendment before the amendment is effective if the amendment is passed during the Development Period.

Section 13.12 Governing Law. The Bylaws shall be interpreted and enforced under the laws of the Commonwealth of Kentucky.

Section 13.13 Perpetuities; Restraints on Alienation. If an option, privilege, covenant, or right created by the Bylaws shall be unlawful or void for violation of (a) the rule against perpetuities or some analogous statutory provision, (b) rule restriction restraints on alienation, or (c) any other statutory or common law rule imposing time limits, then that provision shall continue only until twenty-one years after the death of the last survivor of the now living decedents of Timothy McMahan. .

Section 13.14 Severability. The invalidity of part or all of any provision of the Bylaws shall neither impair the validity of nor affect in any manner the Declaration, the Articles of Incorporation or the rest of the Bylaws.

Section 13.15 Heirs, Successors and Assigns. These Bylaws shall be binding upon and shall inure to the benefit of the Association, the Developer, Members and the Developer's and Members' heirs, successors, and assigns.

Section 13.16 Interpretation. These Bylaws shall be interpreted reasonably and in good faith. They should not be applied so strictly so as to thwart justice or common sense. Kentucky law shall control. If the Bylaws or the Articles of Incorporation are silent on a subject, the Directors may follow the applicable corporation laws of Kentucky and shall have all powers given to a board of Directors under the applicable corporation laws of Kentucky. These Section headings are for convenience only and shall not affect the meaning or construction of the Bylaws. A reference to a specific Section without a further identification of the document containing that Section is a reference to a Section in the Bylaws. Where the context requires

ADOPTED this 14th day of November, 2017.

RIVER CREST HOA INC., a Kentucky not-for-profit corporation


By: 
Name: Richard Miles
Title: President

EXHIBIT A

Loan Agreement(s) and Promissory Note(s) to fund Operating Deficit(s) pursuant to Article 9 of the Bylaws of River Crest HOA Inc. shall conform with the following provisions which shall govern the terms and conditions of said Agreement(s) and Notes(s):

1. Type of Note:

The Note(s) may be issued in any of the following forms:

(a) Demand Note:

This type of Note shall be payable on the date of demand by Lender; or

(b) Open-end Note:

This type of Note shall permit additional borrowing and prepayment of principal, without penalty; or

(c) Closed-end Note:

This type of Note shall not permit additional borrowing against this note; but prepayment of principal, without penalty, shall be permitted.

2. Method of Payment:

Repayment of the loan(s) may be by any of the following methods:

(a) Installment Plan:

This method of payment shall require payments, of both principal and interest, at regular intervals over the term of the loan; or

(b) Lump Sum Payment:

This method of payment shall require Periodic payments, of both principal and interest, for a specified time and a lump sum payment at maturity to discharge the outstanding balance of the loan; or

(c) Balloon Payment:

This method of payment shall require periodic interest payments for a specified time and a lump sum payment at maturity to discharge the outstanding balance of the loan.

3. Interest:

The Interest Rate established by Lender shall be reasonable, but no greater than two (2) percentages points over the "prime rate" as published in the Wall Street Journal and shall be designated by lender to be either:

(a) Fixed:

The Lender shall establish a rate of interest at the time of the making of the Note and this rate of interest shall remain constant over the term of the Note; or

(b) Variable:

The Lender can periodically adjust the interest rate in accordance with fluctuations in the "prime rate" as published in the Wall Street Journal.

Furthermore, Interest shall be designated by Lender to be either:

(c) Compound:

Interest shall be paid on both the principal and the previously accumulated interest; or

(d) Simple:

Interest shall be paid on the principal only and not on accumulated interest.

4. Limit on Term:

The Note(s) may be issued for a term up to, but not to exceed, ten (10) years.

5. Waiver of Defenses:

Borrower shall waive presentment, demand, protest, and notice of demand, protest, non-payment and dishonor. Borrower shall also waive all defenses based on surety ship or impairment of collateral.

6. Agreement(s) and Note(s) shall contain clauses addressing the following issues:

- (a) Order of payment
- (b) Default
- (c) Expenses
- (d) Omission or waiver by Lender
- (e) Severability
- (f) Choice of law

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