

**BYLAWS OF THE COUNCIL OF CO-OWNERS OF  
THE PATIO HOMES OF VALLEY FARMS - A  
CONDOMINIUM**

The following Bylaws shall apply to **The Patio Homes of Valley Farms - A Condominium** regime (herein called the "Regime"), located in Valley Farms Subdivision in Jefferson County, Kentucky, more particularly described in and created by **Master Deed and Declaration of Condominium Property Regime of The Patio Homes of Valley Farms - A Condominium** (herein called the "Declaration") recorded in the Jefferson County Clerk's office, and to all present and future owners, tenants and occupants of any units of the Regime and all other persons who shall at any time use the Regime.

**ARTICLE I**

**Membership**

Section 1. **Qualification.** All owners of units of the Regime shall constitute the Council of Co-Owners, herein called "Council." The owner of any unit upon acquiring title thereto shall automatically become a member of the Council and shall remain a member thereof until such time as his ownership of such unit ceases for any reason, at which time its membership in the Council shall automatically cease.

Section 2. **Place of Meetings.** Meetings of the Council shall be held in the Regime or such other suitable place convenient to the unit owners as may be designated by the Board of Administration (herein after referred to as the "Board").

Section 3. **Annual Meetings.** Annual meetings of the Council shall be held on the first Monday of February of each year at a time set by the Board. However, the first organizational meeting of the Council shall occur within thirty (30) days following surrender by the Developer of control of the Council and Board as provided in the Declaration.

Section 4. **Special Meetings.** Special meetings of the Council may be held at any time upon the call of the President, a majority of the members of the Board or a petition signed by owners of units to which are appurtenant, in the aggregate, percentages of common interest totalling at least 30% and presented to the Secretary following surrender of the Developer's control.

Section 5. **Notice of Meetings.** The Secretary shall give written or printed notice of each annual and special meeting to every unit owner according to the Council's record of ownership at least 15 days before the date set for such meeting, stating whether it is an annual or special meeting, the authority for the call thereof, the place, day and hour of such meeting and the purpose therefor, in any of the following ways: (a) by delivering it to the unit owner personally, or (b) by leaving it at the unit owner's unit in the Regime, or (c) by mailing it, postage prepaid, addressed to the unit owner at the address for that unit owner as it appears on the Council's record of ownership. If notice is given pursuant to the provisions of this section, the failure of any unit owner to receive actual notice of any meeting shall in no way invalidate such meeting or any actions taken. The presence of any unit owner in person or by proxy at any meeting shall be deemed a waiver of any required notice to such owner unless he shall at the opening thereof object to the holding of such meeting because of the failure to give notice in accordance with the provisions hereof.

Section 6. **Quorum.** The presence at any meeting jointly (in person or by proxy) of owners of units to which are appurtenant, in the aggregate, percentages of common interest totalling at least 30% shall constitute a quorum, and the acts of a majority of the unit owners present, in person or by proxy, at any meeting at which a quorum is present shall be the acts of the Council except as otherwise provided herein.

Section 7. **Voting.** Subject to the rights of Developer with respect to the administration of the Regime, the adoption of rules and the making of assessments (as provided in the Declaration), each unit owner shall be entitled to one vote which shall be weighted in proportion to the undivided percentage of common interest appurtenant to such unit. Votes may be cast in person or by proxy by the respective unit owners as shown in the record of ownership of the Council. An executor, administrator, guardian or trustee may vote in person or by proxy at any meeting of the Council for any unit owned or controlled by it in such capacity, whether or not the same shall have been transferred to its name in the Council's record of ownership, provided that it shall first present evidence satisfactory to the Secretary that it owns or controls such unit in such capacity.

Section 8. **Proxies and Pledges.** The authority given by any unit owner to another person to represent it at meetings of the Council shall be in writing, signed by such owner and filed with the Secretary, and unless limited by its terms shall continue until revoked in writing filed with the Secretary or by the death or incapacity of such owner. Voting rights transferred or pledged by mortgage, deed of trust or agreement of sale or lease of any unit or interest therein, a true copy of which is filed with the Board through the Secretary, administrator or managing agent, shall be exercised only by the person designated in such instrument until the written release or other termination thereof is filed with the Board in like manner.

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

## ARTICLE II

### Board of Administration

Section 1. **Number and Qualifications.** The affairs of the Council and the Regime shall be governed by the Board composed of at least three (3) persons and no more than seven (7) persons, at the discretion of the Council of Co-Owners, each of whom need to either own a unit or have a beneficial interest in a unit. The Board members shall serve without compensation unless otherwise authorized by the Council of Co-Owners.

Section 2. **Powers.** The Board shall have all powers necessary for the administration of the affairs of the Council and may do all such acts and things therefor as are not by law, the Declaration or these Bylaws directed to be exercised or done only by the unit owners.

Section 3. **Election and Term.** Election of Board members shall be by cumulative voting by secret ballot at each annual meeting and any special meeting called for the purpose. Members of the Board shall hold office for a period of one year and until their respective successors have been elected, subject to removal as herein provided.

Section 4. **Vacancies.** Vacancies in the Board caused by any reason other than removal of a member by the Council shall be filled by vote of a majority of the remaining members of the Board, even though they may constitute less than a quorum, and each person so elected shall be a member of the Board until a successor is elected at the next annual meeting of the Council. Death, incapacity or resignation of any member, or continued absence from the Commonwealth of Kentucky for more than nine (9) months shall cause that member's office to become vacant.

Section 5. **Removal of Board Members.** At any regular or special meeting of the Council duly called, any one or more of the members may be removed with or without cause by vote of a majority of unit owners and a successor may then and there be elected to fill the

vacancy thus created. Any member whose removal has been proposed by the unit owners shall be given an opportunity to be heard at such meeting.

Section 6. **Annual Meeting.** An organizational meeting of the Board shall be held at the place of and immediately following each annual meeting of the Council, and no notice shall be necessary to any Board members in order validly to constitute such meeting, provided that a majority of the whole Board shall be present. At such meeting the Board shall elect the officers of the Council for the ensuing year.

Section 7. **Regular Meetings.** Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Board members, but at least one such meeting shall be held during each calendar quarter of every year. Notice of regular meetings of the Board shall be given to each Board member, personally or by mail, telephone or telegraph, at least three (3) days prior to the date of such meeting.

Section 8. **Special Meetings.** Special meetings of the Board may be called by the President on at least twenty-four (24) hours notice to each Board member, given personally or by telephone or telegraph, which notice shall state the time, place and purpose of such meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and with like notice on the written request of a majority of the Board members.

Section 9. **Waiver of Notice.** Before or at any meeting of the Board any Board member may in writing waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Board member at any meeting of the Board shall be deemed a waiver of notice to such member of that meeting. If all the Board members are present at any meeting of the Board, no notice thereof shall be required, and any business may be transacted at such meeting.

Section 10. **Quorum of Board.** At all meetings of the Board a majority of the total number of members of the Board shall constitute a quorum for the transaction of business, and the acts of a majority present at any meeting at which a quorum is present shall be the acts of the Board. If less than a quorum shall be present at any meeting of the Board, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 11. **Fidelity Bonds.** The Board may require that all officers, employees and agents of the Council handling or responsible for its funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Council.

### **ARTICLE III**

#### **Officers**

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

Section 2. **Election, Term and Compensation.** The officers of the Council shall be elected annually by the Board at its annual meeting and shall hold office at the pleasure of the Board. Reasonable compensation may be paid to one or more officers at the discretion of the Board.

Section 3. **Removal.** Any officer may be removed either with or without cause by vote of a majority of the members of the Board and that officer's successor elected at any regular meeting of the Board, or any special meeting.

Section 4. **President and Vice President.** The President shall be the chief executive officer of the Council and shall preside at all meetings of the Council and the Board. Subject to the control of the Board the President shall exercise general supervision and direction over the management and conduct of the business and affairs of the Council. The President shall also have such other powers and duties as may be provided by these Bylaws or assigned from time to time by the Board. The Vice President shall so serve in the absence of the President.

Section 5. **Secretary.** The Secretary shall attend and keep the minutes of all meetings of the Council and of the Board, give all notices thereof as provided by these Bylaws, maintain and keep a continuous and accurate record of ownership of all units, and have charge of such books, documents and records of the Council as the Board may direct.

Section 6. **Treasurer.** The Treasurer shall maintain and keep the financial records and books of account of the Council, prepare regular reports thereof and be responsible for the proper deposit and custody, in the name of the Council, of all its funds and securities.

Section 7. **Auditor.** The Council shall appoint annually an accountant or accounting firm as auditor, who shall not be an officer of the Council nor own any interest in any unit, to audit the books and financial records of the Council.

#### **ARTICLE IV**

##### **Administration**

Section 1. **Management.** The Board shall at all times manage and operate the Regime and have such powers and duties as may be necessary or proper therefor, including without limitation the following:

- (a) Supervision of the immediate management and operation of the Regime;
- (b) Inspection, maintenance, repair, replacement and restoration of the common elements and any additions and alterations thereto;

- (c) Purchase, maintain and replace any equipment and provide for all water and utility services required for the common elements;
- (d) Provision at each unit of all water, sewer, electricity and such other utility services and utilities as the Board shall deem necessary either at the expense of such unit or as a common expense as determined by the Board;
- (e) Employment, supervision and dismissal of such personnel as may be necessary for the maintenance and operation of the Regime;
- (f) Preparation at least ninety (90) days before the commencement of each fiscal year of a proposed budget and schedule of assessments for that fiscal year;
- (g) Collection of all installments of assessments levied and payment of all common expenses authorized by the Board and keep same in one or more federally insured instruments or institutions;
- (h) Purchase and maintain in effect all policies of hazard and liability insurance for the Regime required by the Declaration and such other insurance and bonds as may be required or authorized by the Declaration, the Council or the Board;
- (i) Notification of all persons having any interest in any unit, according to the Council's record of ownership, of any delinquency exceeding thirty (30) days in the payment of any assessment against such unit;
- (j) Assignment and supervision of motor vehicle parking including the authority to make reasonable rules, fines and charges in regard thereto;
- (k) Supervision of the use of the common elements, including use of limited common elements, which includes adoption and enforcement of Regime Rules and enforcement of the provisions of the Declaration and these Bylaws; and



(l) Borrow money to finance the installation of an irrigation system and for such other purposes as are specified in the Declaration.

Section 2. **Complaints.** Complaints or disputes regarding management of the Regime, grounds or regarding the actions of unit owners shall be made in writing to the Board. Such disputes shall be resolved as set forth herein, or in the Declaration. However, should the Board, at its sole discretion, determine by majority vote that the complaint or dispute is not of common interest to all of the unit owners, such dispute may be submitted to arbitrators selected by the Board to be decided in accordance with the Rules of the American Arbitration Association.

Section 3. **Managing Agent.** The Board may employ from time to time a responsible licensed managing agent or administrator to manage and control the Regime subject at all times to direction by the Board, with all the administrative functions set forth specifically in preceding Section 1, and such other powers and duties, and at such compensation as the Board may establish. The employment contract for a managing agent or administrator shall not exceed one (1) year in duration and shall be terminable by the Council for cause upon thirty (30) days notice.

Section 4. **Representation.** The President or managing agent, subject to the direction of the Board, shall represent the Council or any two or more unit owners similarly situated as a class in any proceeding affecting the Council, the common elements or more than one unit, and may participate in such proceedings without limiting the rights of any unit owners to participate individually.

Section 5. **Execution of Instruments.** All checks, drafts, notes, acceptances, conveyances, contracts and other instruments shall be signed on behalf of the Council by such two persons as shall be provided by general or special resolution of the Board or, in the absence of any such resolution applicable to such instrument, by the President or the Treasurer.

## ARTICLE V

### Committees of the Board

Section 1. **Designation and Appointment.** The Board may from time to time designate and appoint one or more committees consisting of a least one member of the Board, and may vest in each such committee such rights, duties, powers, and authority as the Board shall by resolution determine. The chairperson of each such committee shall be appointed by the President.

Section 2. **Procedure.** Unless the Board provides otherwise, a majority of the members of any committee, shall constitute a quorum at any meeting of that committee and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee. Action may be taken without a meeting by any committee by a written consent signed by all of the committee members. Each committee may prescribe its own rules for calling and holding meetings and its method for procedure, and shall keep a written record of all actions taken by the committee.

## ARTICLE VI

### Obligations of Unit Owners

Section 1. **Assessments.** All unit owners shall pay to the Board, or if a managing agent is appointed, to the managing agent, in advance, on the first day of each and every month the monthly assessments against their respective units for Common Expenses of the Regime in accordance with the Declaration. The assessment is delinquent if not received on or before the first day of the month that it is due. If any unit owner is delinquent in the payment of any monthly assessment for a period in excess of thirty (30) days, the unpaid amount shall bear interest from the due date thereof until paid at a fixed rate of eighteen percent (18%) per annum

or the highest rate permitted by law, whichever is less, and a late charge of one and one half percent (1.5%) of the delinquent assessment shall be payable for each month of delinquency beginning with the initial month. If any unit owner is delinquent in the payment of any monthly assessment, including any late charge due thereon, for a period in excess of thirty (30) days, the Board (or managing agent, if appointed) may declare the entire assessment for the next twelve (12) full calendar months with respect to such unit to be immediately due and payable. In addition, the Board may, from time to time, post in a conspicuous place upon the common elements the names of such delinquent unit owners and the delinquent amounts, and take such other actions as may be permitted by the Declaration.

Section 2. **Maintenance of Units.** Every unit owner shall at his own expense at all times repair, maintain, and keep his unit, including without limitation all internal installations therein, such as water, electricity, telephone, sewer, sanitation, lights and all other fixtures and accessories belonging to such unit (such as the gas furnace and air conditioning unit), the interior decorated or finished surfaces (including, without limitation, glass) of all doors, walls, floors, ceilings and windows of such unit and any casita, patio, front porch or garage of such Unit and the garage door (and to the extent same needs to be maintained, repaired and/or replaced using only materials as are substantially the same, with respect to paint color and door style as used in connection with the original construction or as approved by the Board), in good order and condition except as otherwise provided by law or in the Declaration, and shall be liable for all loss or damage whatsoever caused by its failure to perform any such work diligently, and, in case of such failure after reasonable notice to perform, shall reimburse to the Council promptly on demand all expenses incurred by the Council in performing any such work authorized by the Board or the managing agent. In addition, each unit owner shall replace light bulbs in exterior light fixtures, and keep clean all interior and exterior windows and any

appurtenant sidewalks even though such items may be a part of the general or limited common elements. Each unit owner shall also maintain and keep in a neat and attractive condition, all grounds located within any gated area of its unit and any landscaping planted by such unit owner on grounds comprising a portion of the limited common elements. Every unit owner and occupant shall reimburse the Council promptly on demand for all expenses incurred by the Council in repairing or replacing any loss or damage to the common elements, where caused by such owner, owner's employees, lessees, customers, or invitees, or incurred for cleaning or repairing appurtenant limited common elements. Each unit owner shall give prompt notice to the Board or managing agent of any loss or damage or other defect in the Regime when discovered.

Section 3. Use of Regime.

(a) No unit of the Regime shall be used for any purpose other than a single family residence.

(b) All common elements of the Regime shall be used solely for their respective purposes as designed by the Board.

(c) No unit owner or occupant shall place, store or maintain in the common elements any furniture, packages or objects of any kind or otherwise obstruct transit through the common elements or permit the common elements to be unsightly or disorderly. Certain areas may be designated on the recorded plans (or later designated by the Board) for special common usage.

(d) Every unit owner and occupant shall at all times keep its unit and any limited common element appurtenant thereto (including all windows with no further tinting allowed unless specifically approved by the Board), in a strictly clean and sanitary condition and

observe and perform all laws, ordinances, rules and regulations now or hereafter made by any governmental authority, the Council or the Board applicable to the Regime.

(e) No unit owner or occupant shall make or suffer any waste or unlawful, improper or offensive use of its unit or the Regime nor alter or remove any furniture, furnishings or equipment of the common elements.

(f) No unit owner or occupant shall erect or place in the Regime any structure including fences, walls and patios, nor make any additions or alterations to any common elements (including limited common elements) of the Regime, except as may be permitted in the Declaration and except in accordance with plans and specifications, including detailed plans prepared by a licensed architect, if so required by the Board, unless approved by the Board, which approval may be given with accompanying restrictions as to the unit owner's duties of maintenance, repair and replacement of such improvements and any common elements affected thereby.

(g) No sign of any kind may be erected, displayed or maintained in or on any of the common elements or limited common elements, or on any improvements erected within the Regime without the prior written consent of the Board except one (1) neat and attractive sign for advertising the sale or lease of a unit, which shall not be greater in area than nine (9) square feet and shall be acceptable in condition, format, appearance and content to the Board. Notwithstanding the foregoing, the Developer may maintain one sign in the common elements identifying the development and a reasonable number of "For Sale" signs on the Regime until all units are initially sold.

(h) No unit owner shall decorate or landscape any entrance or other planting area adjacent to its unit except in accordance with standards therefor established by the Board or specific plans approved in writing by the Board, which approval may be arbitrarily withheld,

and which standards or approval may be given with accompanying restrictions as to the unit owner's duties of maintenance, repair and replacement of such decorating or landscaping and any common elements affected thereby.

(i) No unit owner or occupant shall without the written approval of the Board install any wiring for electrical or telephone installations, television antenna, satellite dish, machines, air conditioning units, or other equipment or appurtenances whatsoever on the exterior of the Regime or protruding through the walls, windows or roof thereof.

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

(k) The Developer or its agent, shall have the right to maintain and show units, including the maintenance and showing of model units and unsold Developer units. A unit owner, or its agent, shall have the right to show its unit at reasonable times of the day for the purpose of sale or lease.

Section 4. **Regime Rules.** The Board may adopt, amend or repeal any rules and regulations governing details of the operation and use of the Regime not inconsistent with any provision of law, the Declaration or these Bylaws.

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

Section 6. **Record Ownership.** Every unit owner shall promptly cause to be duly recorded the deed, assignment or other conveyance to it of such unit, or other evidence of its title thereto, and shall file a copy of same, or any lease affecting such unit, with the Board, and the Secretary shall maintain all such information in the record of ownership of the Council.

Section 7. **Mortgages.** Any unit owner who mortgages his unit, or any interest therein, shall notify the Board of the name and address of his mortgagee, and also of the release of such mortgage, and the Secretary shall maintain all such information in the record of ownership of the Council. The Board or managing agent at the request of any mortgagee or prospective purchaser of any unit, or interest therein, shall report to such person the amount of any assessments against such unit then due and unpaid.

## **ARTICLE VII**

### **Miscellaneous**

Section 1. **Amendment.** Subject to the rights of the Developer with respect to the administration of the Regime, the adoption of rules and the making of assessments (as provided in the Declaration), these Bylaws may be amended in any respect not inconsistent with provisions of law or the Declaration by vote of a majority of the unit owners (as defined in the Declaration) at any meeting of the Council duly called for such purpose.

Section 2. **Indemnification.** The Council shall indemnify every Board member and officer, and his executors and administrators, against all expenses reasonably incurred by or imposed on him in connection with any action, suit or proceeding to which he may be made a party by reason of being or having been a Board member, except in relation to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for fraud or bad faith in his conduct; and in the absence of such final adjudication, indemnification shall be provided only in connection with such matters as to which the Council is advised by its legal

counsel that the person to be indemnified committed no such breach of duty. The foregoing right of indemnification shall not be exclusive of any other rights to which such person may be entitled.

Section 3. **Interpretation.** In case any provision of these Bylaws shall be held invalid, such invalidity shall not render invalid any other provision hereof which can be given effect.

Section 4. **Incorporation.** In the event the Council of Co-Owners chooses to incorporate as permitted in the Declaration, these Bylaws shall become the bylaws of said corporation.

Section 5. **Inter-Council Association.** By action of the Board, the Council may participate in and contract with other such boards and councils of condominium regimes for the purposes of efficiency and economy in the operation and maintenance of the condominium regimes participating therein.

Section 6. **Enforcement.** Violation of the provisions of the Declaration, these Bylaws or any Regime rules may be remedied in any court of law or equity having jurisdiction thereof by the Council, its Board or managing agent or administrator, or any unit owner or owners entitled to relief, with the remedies available to such person or persons including damages, restraining order, injunction, accounting, lien enforcement and specific performance, or any combination thereof.

Section 7. **Developer's Rights.** During the period of control of the Regime by the Developer, the Developer may, to accommodate prospective buyers, amend the floor plans of any unsold units and shall have the right to enforce the provisions of the Declaration, Bylaws, and Regime Rules.



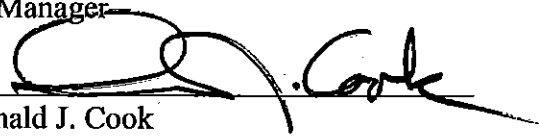
**Certificate of Adoption**

The undersigned Developer and owner of all units of the Regime hereby adopts the foregoing as the Bylaws of the Council Of Co-Owners of The Patio Homes of Valley Farms - A Condominium on July 30, 2007.

**DEVELOPER AND OWNER:**

VALLEY FARMS PATIO HOMES, LLC  
a Kentucky limited liability company

BY: DKCD, INC., a Kentucky corporation,  
Manager

By .  
Donald J. Cook

Title: President