

Exhibit B

MAIN & ROSE CONDOMINIUM ASSOCIATION, INC.

BYLAWS

I. PLAN OF OWNERSHIP

- A. Condominium Submission. The Condominium Project known as "The Lofts at Main & Rose", a Condominium Community, (hereinafter called the "Condominium Community") located in Lexington, Fayette County, Kentucky, has been declared and constituted a Horizontal Property Regime by the Master Deed to which these Bylaws are appended as a part, and shall be governed by the said Master Deed and these Bylaws.
- B. Bylaws Applicability. The provisions of these Bylaws are applicable to the Property described in the Master Deed including the land, building, and all improvements and structures thereon, as well as all easements, rights of way and appurtenances thereunto belonging, and the use, occupancy, sale, lease or other transfer thereof. All owners of any freehold or leasehold interest, all occupants or users of the premises, and the guests, agents, and servants of any of them (collectively referred to herein as "Occupant"), are subject to the provisions of the Master Deed, these Bylaws and the applicable laws of the Commonwealth of Kentucky.
- C. Personal Application. All present and future Co-Owners, tenants, their guests, licensees, servants, agents, employees, and any other person or persons that shall be permitted to use the facilities of the Condominium Community, shall be subject to these Bylaws and to the Rules and Regulations issued by the Association of Co-Owners ("Rules and Regulations") to govern the conduct of its members. Acquisition, rental or occupancy of any of the individual dwelling spaces (hereinafter referred to as "Units") in the Condominium Community shall constitute an acknowledgment that the said Co-Owner, tenant or Occupant has accepted and ratified these Bylaws, the provisions of the Master Deed and the Rules and Regulations of the Association of Co-Owners and will comply with them.

II. BOARD OF DIRECTORS

- A. Powers, Duties and Responsibilities. The affairs and business of the Condominium Community shall be managed by the Board of Directors (hereinafter referred to as the "Board") which may exercise such powers and perform such duties and lawful acts as are not required by statute or these Bylaws to be performed by the Association or others. The Board's powers and authority shall include, without limitation:

1. To adopt and amend the Rules and Regulations from time to time for the administration of the affairs of the Condominium Community and the enjoyment of its Co-Owners, provided that no rule or regulation shall be in conflict with the statutes, the Master Deed or these Bylaws, and provided, further, that no rule or regulation shall be so construed as to impair in any manner the lien of any mortgagee or holder of a note secured by a mortgage, deed of trust or other security interest if said rule or regulation is enacted after the execution of said mortgage, deed of trust or other security interest. Copies of the Rules and Regulations and any amendments thereto shall be furnished by the Board to all Unit owners and residents of the Condominium Community upon request.
2. To provide for the care, upkeep, protection, management, maintenance and improvement of the General Common Elements and the Residential Limited Common Elements of the Condominium Community and, in connection therewith, to enter into service, employment and other contracts incident thereto, and to employ, supervise and dismiss employees, agents and attorneys required for those purposes. A contract entered into by the Association shall be binding when signed by two (2) members of the Board. The care, upkeep, protection, management, maintenance and improvement of the Commercial Limited Common Elements of the Condominium Community shall not be provided by the Association, but by the owner(s) of the Commercial Units in compliance with the terms of the Master Deed.
3. To prepare for submission to the annual meeting of the Association a budget to facilitate the establishment of the amount to be assessed against the Co-Owners for common expenses.
4. To obtain insurance as hereinafter provided.
5. To open bank accounts on behalf of the Association and to designate the signatories required therefore;
6. To perform the duties of the office to which each is elected as described in Section H of this Article.
7. To Maintain and repair any Unit, if such maintenance or repair is required by the Master Deed or is necessary in the discretion of the Board to protect the Common Elements or any other Unit or if the Owner of such Unit has failed or refused to perform such

maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered or mailed by the Board to said Owner, provided that the Board shall levy a special assessment against such Owner for the costs of said maintenance or repair. The Board may authorize entry into any Unit when necessary in connection with any maintenance or construction for which the Board is responsible; provided, such entry shall be made during reasonable hours with as little inconvenience to the Owner as practicable, and any damage caused thereby shall be repaired by the Board and such expenses shall be treated as a Common Expense; and entering any Unit for the purpose of correcting or abating any condition or situation deemed by the Board to be an emergency or in violation of these Bylaws, the Master Deed or the Rules and Regulations then in affect.

8. To enforce the provisions of the Master Deed, these Bylaws and any amendments thereto, and the Rules and Regulations as the Board may issue from time to time concerning the operations of the Condominiums, parking, Common Area amenities, and similar matters, including the right to sue on behalf of the Association and the Condominium Community.
9. To establish reasonable reserve funds for emergencies and unforeseen contingencies and the repair and replacement of common elements.
10. To exercise any other powers and duties reserved to the Association exercisable by the Board in the Master Deed, the Articles of Incorporation, these Bylaws or the Kentucky Horizontal Property Laws.

B. Management. The Condominium Community, by and through the Board, shall employ for the Association a manager at a compensation to be established by the Board to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in Section II A. above. Should the Board employ a manager to provide any services to the Condominium Community, any such employment or contract shall not exceed a period of three (3) years and shall provide for termination thereof by either party thereto without cause and without payment of a termination fee on ninety (90) days written notice. The Commercial Limited Common Elements shall be managed by the owner(s) of the Commercial Units, its/their agent or employee as such owner or owners may determine in its/their sole discretion.

- C. Validity of Contracts. No contract or other transaction between the Board and any other legal entity, and no act of the Board shall in any way be affected or invalidated by virtue of the fact that any of the officers or members of the Board are pecuniarily or otherwise interested in, or are directors or officers of, such other legal entity.
- D. Number of Members of Board and Initial Selection of Board. The Board shall consist of five (5) Unit owners, who shall constitute the whole Board. The initial Board shall be comprised of persons appointed by the Grantor named in the Articles of Incorporation of The Lofts at Main & Rose Condominium Owners Association, Inc. All Unit owners shall be notified as to whom the appointees are, and said appointees shall serve until the election of the Board takes place at the first annual meeting of the Association. The Grantor's appointees need not be residents of, or owners of, any Unit, and the Grantor shall have the right in its sole discretion to replace such members of the Board and designate their successors if vacancies occur for any reason.
- E. Election and Term of Office. At the first annual meeting of the Association, five (5) members of the Board shall be elected from a proposed slate prepared by the outgoing Board containing the name and proposed office each is to hold. Two (2) of the members ("Commercial Delegates") shall be selected by the Board solely from the Co-Owners of the Commercial Units for so long as there exists any Commercial Units within the Condominium Community and this provision shall not be abrogated without the written consent of all of the Co-Owners of the Commercial Units. Two (2) of the members ("Residential Delegates") shall be selected by the Board solely from the Co-Owners of the Residential Units for so long as there exists any Residential Units within the Condominium Community and this provision shall not be abrogated without the written consent of all of the Co-Owners of the Residential Units. The remaining member may be either a Residential Delegate or a Commercial Delegate and shall be selected by the Board.

The affairs and business of the Condominium Community shall be separated between matters pertaining to the Commercial Units and those pertaining to the Residential Units as determined by the Board. All matters pertaining to the Commercial Units, including, without limitation, all matters pertaining to the **Limited Common Elements - Commercial** (the "Commercial LCE's") shall be decided by the Commercial Delegates, and all matters pertaining to the Residential Units, including, without limitation, all matters pertaining to the **Limited Common Elements - Residential** (the "Residential LCE's") shall be decided by the Residential Delegates. The Commercial Delegates shall have the sole and exclusive authority in all matters pertaining to the Commercial LCE's. Furthermore,

the Residential Delegates may make and amend reasonable rules and regulations governing the use and the rental of the Residential Units and the use of the Residential LCE's. The commercial delegates may make and amend reasonable rules and regulations governing the use and the rental of the Commercial Units and the use of the Commercial LCE's. Any issue determined by the Board to be an issue affecting both the Commercial Units and the Residential Units shall be decided by all members of the Board.

On the initial slate, the term of office of three (3) members (including the term of at least one (1) of the Commercial Delegates and one (1) of the Residential Delegates) shall be fixed at one (1) year, and the term of office of two (2) members shall be fixed at two years as will be shown on the proposed slate. At the expiration of the initial term of office of each respective Board member, a partial slate will be presented at subsequent annual meetings of the Association with each slated member to serve a term of two (2) years. A person may not be a Board Member for more than three (3) consecutive terms. A person who has held office previously may hold that office again and may hold any other office subject to the limitation immediately preceding.

The slate shall be accepted or rejected as a whole and will require an affirmative vote of seventy-five percent (75%) of the voting units. If the slate is rejected, a revised slate shall be submitted to the Co-Owner's within ten (10) days of the vote last taken vote. The Co-Owner's should mark acceptance or rejection on the most recent proposed slate and return it to the principal office of the Association within ten (10) days of the date printed on the slate. This process shall continue until a slate has been approved as hereinabove stated. The Board Members shall hold office until their successors have been elected and hold their first meeting.

Irrespective of anything contained in these Bylaws to the contrary, the Grantor shall have the right to select the Board of Directors and to fill any vacancy occurring from the death, resignation or removal of any Board Member until the expiration of one year from the recording of the Master Deed or such time as Grantor is the owner of less than eight (8) Residential Units in the Condominium Community, whichever is longer, provided, however, Grantor may waive the right to appoint the Board at any time in its sole discretion. This last paragraph of Section II. E., may not be changed except by unanimous vote of the Co-Owners.

- F. Officers. The Board Members shall hold the following offices: a President, a Vice President, a Secretary, a Treasurer and a member-at-large, unless circumstances dictate otherwise. The slate will be presented to the Association with the proposed office each member shall hold. The

Board may appoint assistant secretaries and such other officers as in its judgment may be necessary who will not be voting Board Members.

G. Duties of Officers. The officers shall perform the following duties along with all other duties of the Board:

1. President. The President shall be the chief executive officer; he or she shall preside at meetings of the Association of Co-Owners and the Board and shall be an ex-officio member of all committees; he shall have general and active management of the business of the Condominium Community and shall see that all orders and resolutions of the Board are carried into effect.
2. Vice President. The Vice President shall, in the absence or disability of the President, perform the duties and exercise the powers of the President, and shall perform such other duties as the Board shall prescribe. If neither the President nor the Vice President is able to act, the Board shall appoint a member of the Board to do so on an interim basis.
3. Secretary. The Secretary shall attend all sessions of the Board and all meetings of the Association and record all votes and the minutes of all proceedings in a book to be kept by him or her for that purpose and shall perform like duties for committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the Association, the Board and committees and shall perform such other duties as may be prescribed by the Board or President. The Secretary shall compile and keep up to date at the principal office of the Association a complete list of the Co-Owners and their last known post office addresses. The Secretary shall also keep current and retain custody of the minute books of the Association containing the minutes of all annual and special meetings of the Association and all sessions of the Board including resolutions adopted at such meeting. These duties may be assigned to the Manager, but shall be overseen by the Secretary.
4. Treasurer. The Treasurer shall have the custody of all funds and securities and shall keep full and accurate records of receipts and disbursements and shall deposit all monies and other valuable effects in such depositories as may be designated by the Board. He or she shall disburse funds as ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and Board, at the regular meetings of the Board, or whenever they may require it, an account of all of his or her

transactions as Treasurer and of the financial condition of the Condominium Community. These duties may be assigned to the Manager, but shall be overseen by the Treasurer. If required by the Board, the Treasurer shall give a bond, the premium therefore to be considered a common expense, in such sum, and with such surety or sureties as shall be satisfactory to the Board, for the faithful performance of the duties of his or her office and for the restoration, in case of death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control.

- H. Annual Accounting. All books and records shall be kept in accordance with good accounting practices on a fiscal year basis beginning with the first day of January in each year and the same shall be audited annually by a person or persons to be selected by the Board. The report of such audit shall be made available to the Association.
- I. Organizational Meeting. The first meeting of the newly elected Board shall be held within ten (10) days of election at such place as shall be fixed by the Board at the meeting at which such Board was elected, and no notice shall be necessary to the newly elected Board in order legally to constitute such meeting, providing a majority of the whole Board shall be present.
- J. Regular Meeting. Regular meeting 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, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board shall be given to each member, personally or by electronic mail, U. S. mail or telephone, at least three (3) days prior to the day named for such meeting.
- K. Special Meeting. Special meetings of the Board may be called by the President on three (3) days notice to each member of the Board. Such notice shall be given personally or by electronic mail, U.S. mail or telephone, and such notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least three (3) members of the Board.
- L. 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 a waiver of notice by him of the time and place thereof. If all the Board is present at any

meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

- M. Board Quorum. At all meetings of the Board a majority of the Board shall constitute a quorum for the transaction of business, and the acts of the majority of the Board Members present at a meeting at which a quorum is present shall be the acts of the Board. If at any meeting of the Board there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.
- N. Vacancies. Except as provided in Sections II D. and E., vacancies on the Board caused by any reason other than removal of a Board Member by a vote of the Association shall be filled by vote of the majority of the remaining Board Members, even though they may constitute less than a quorum of said Board; and each person so elected shall be a Board Member until a successor is elected at the next annual meeting of the Association.
- O. Removal of Board Members. At a regular or special meeting duly called, any Board Member, except as provided in Section II D. and E. above, may be removed with or without cause by the affirmative vote of seventy-five percent (75%) of the Co-Owners and a successor may then and there be elected to fill the vacancy thus created. Any Board Member whose removal has been proposed by a Co-Owner or the Association shall be given an opportunity to be heard at the meeting. The term of any Board Member who becomes more than sixty (60) days delinquent in payment of any assessments due the Association shall be automatically terminated, and the remaining Board Members shall appoint his successor as provided in this Section.
- P. Compensation. Board Members, as such, may receive for their services such compensation as shall be determined by the affirmative vote of seventy-five percent (75%) of the voting units. Board Members appointed by the Grantor, Main & Rose, LLC, shall serve without compensation for their services on the Board. Nothing herein contained shall be construed to preclude any Board Member from serving the Association in any other capacity and receiving additional compensation.
- Q. Report of Board. The Board shall present at each annual meeting, and when called for by vote of the Association at any special meeting of the Association, a full and clear statement of the business and condition of the Condominium Community.

- R. Fidelity Bonds. The Board may require that all officers, agents and employees of the Association handling or responsible for funds furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.
- S. Indemnification. Every Board Member and every Officer of the Association shall be indemnified by the Association against all expenses and liabilities including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he or she may be a party, or in which he or she may become involved, by reason of his or her being or having been a Board Member or Officer of the Association or any settlement thereof, whether or not he or she is a Board Member or Officer at the time such expenses are incurred, except in such cases wherein the Board Member or Officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his or her duties; provided that, in the event of a settlement, the indemnification herein shall apply only when the Board approves such settlement and reimbursement as being for the best interests of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which each Board Member or Officer may be entitled.

III. CONDOMINIUM ASSOCIATION

- A. Constitution. There is hereby created "The Lofts at Main & Rose Condominium Owners Association, Inc." (herein called the "Association") which shall be composed of every person, firm, corporation, trust or other legal entity, or any combination thereof, which owns any Unit in the Condominium Community.
- B. Voting. Voting at all meetings of the Association, in person or by proxy, shall be on a percentage basis with the Co-Owner of each Unit being entitled to vote the individual percentage interest allocated to his or her Unit in the Master Deed. Where a Unit is owned by more than one person, all the Co-Owners thereof shall be collectively entitled to the vote assigned to such Unit and such Co-Owners shall, in writing, designate an individual who shall be entitled to cast the vote or votes on behalf of the Co-Owners of such Unit in which he is a part owner until such authorization shall have been changed in writing. The written designation naming the authorized voter for each Unit shall be filed with the Association at the principal office. No Co-Owner shall be eligible to vote or to be elected to the Board of Directors who is delinquent in payment of assessments for common expenses or other debts or obligations of the Association.

- C. Majority of Co-Owners. "Majority of Co-Owners" means Co-Owners representing more than fifty percent (50%) of the total undivided percentage interests of the Condominium Community, as allocated in the Master Deed.
- D. Duties. The Association shall be responsible for overall policy and administration of the Condominium Community, but, except as otherwise provided in these Bylaws or by statute, shall act by and through its elected Board of Directors.
- E. Place of Meeting. Meetings of the Association shall be held at such place as may be designated by the Board of Directors and stated in the notice of the meeting.
- F. Annual Meeting. The first annual meeting of the Association shall be held within six (6) months after seventy-five (75%) percent of the Units have been sold and title has been conveyed, or the first Wednesday of December, 2008, whichever shall first occur. Thereafter, the annual meeting shall be held on the first Wednesday in December of each succeeding year if not a legal holiday, and if a legal holiday, then on the next business day following. At such meetings there shall be elected, by approval of proposed slate, a Board of Directors in accordance with these Bylaws. The Association may also transact such other business as may properly come before it.
- G. Notice of Annual Meeting. Written notice of the annual meeting including the date, time, place and agenda for the meeting, shall be personally served upon or mailed via electronic mail or U.S. mail (such mailing to be considered notice served) to each Co-Owner entitled to vote at such meeting at least ten (10) days but not more than thirty (30) days prior to the meeting.
- H. Special Meeting. A special meeting of the Association for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President of the Association, and shall be called by the President if so directed by resolution of the Board or upon a petition signed by a majority of the Co-Owners and presented to the Secretary of the Association. Such petition shall state the purpose or purposes of the proposed special meeting. No business shall be transacted at a special meeting except as stated in the notice.
- I. Notice of Special Meeting. Written notice of a special meeting, stating the time, place and object of such meeting and the purpose for which the meeting is called, shall be personally served upon or mailed via electronic mail or U.S. mail (such mailing to be considered notice served) to each

Co-Owner entitled to vote at such meeting at least ten (10) days but not more than thirty (30) days before such meeting.

- J. Voting Requirements. A Co-Owner shall be deemed to be in "good standing" and "entitled to vote" at any annual meeting or at any special meeting of the Association if, and only if, they shall not be delinquent in the payment of assessments made or levied against them and their unit by the Board of Directors as hereinafter provided.
- K. Proxies. At all meetings of the Association each Co-Owner having the right to vote shall be entitled to vote in person or by proxy appointed by an instrument in writing subscribed by such Co-Owner for such meeting. Such proxy shall only be valid for such meeting or subsequent adjourned meetings thereof. Proxies must be filed with the Secretary of the Association prior to the time appointed for each meeting in the notice. A Co-Owner may appoint any other Co-Owner or the Grantor as his or her proxy.
- L. Quorum. Except for purposes specified by law to require a greater representation for the taking of any particular action at any meeting of the Association, a majority of the Co-Owners, in the Condominium Community shall constitute a quorum and, once a quorum is established, departure of any Co-Owner or Co-Owners, present in person or by proxy, from the meeting shall not affect the right of the Co-Owners remaining present to conclude the conduct of any business which might regularly come before the meeting for consideration. If, however, such quorum shall not be presented or represented at any meeting, the Co-Owners entitled to vote at such meeting, present in person or by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting originally called.
- M. Association Action. When a quorum is present at any meeting, the vote of a majority in interest of the Co-Owners present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes, or of these Bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such question. Any matter that involves the expenditure of \$50,000.00 or more in a one year period must be approved by seventy-five percent (75%) of the voting units. Any matter costing less than \$50,000.00 may be approved by the Board without approval of the Co-Owners and the cost thereof shall constitute part of the Common Expenses.

N. Order of Business. The order of business at all meetings of the Association of Co-Owners shall be as follows: (a) roll call and certification of proxies; (b) proof of notice of meeting or waiver of notice; (c) reading and approval of minutes of the preceding meetings; (d) reports of officers including a full and clear statement of the business and condition of the Condominium Community; (e) reports of committees; (f) election of inspectors of election, if applicable; (g) election of directors, if applicable; (h) unfinished business; and (i) new business.

O. Dispensing with Vote. Whenever the vote of the Co-Owners at a meeting is required or permitted, by any provision of the statutes or of these Bylaws, to be taken, the meeting and vote of Co-Owners may be dispensed with if all the Co-Owners who would have been entitled to vote upon the action had such meeting been held shall consent in writing to such action being taken.

IV. OPERATION OF THE PROPERTY

A. Common Expenses. Common expenses, in general, shall include, but not necessarily be limited to, the costs of management, maintenance, operation, repair or replacement of the common elements and the appurtenances and amenities thereto including landscaping, garbage and trash collection, security services, supplies, exercise facilities, gas and electricity, water, sewer, utility service to the common elements, all water services to the Units, the expenses of administration and management, including, among other things, management fees and salaries, casualty and liability insurance premiums, the fees of the Insurance Trustee, service contracts and employee salaries. The common expenses shall also include such amounts as the Board may deem proper for the operation and maintenance of the Condominium Community, including, without limitation, an amount for working capital, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the common expenses for any prior year. All Co-Owners shall pay the assessment for common expenses, as provided in Paragraph B of this Article, monthly. Such assessment shall include monthly payments to a general operating reserve and a reserve fund for replacements. The Common Expenses shall exclude the amounts necessary for the management and maintenance of the Commercial LCE's, which are to be paid by the owner(s) of the Commercial Units and not by or through the Association.

B. Determination of Common Expenses and Fixing of Common Charges. At each annual meeting the Association shall fix and determine the amount deemed necessary to provide for the costs of administration and common expenses in the then current year, and shall assess said amount against all

Units in the Condominium Community in accordance with the percentages as set forth in the Master Deed. To assist the Association in determining such amount, the notice of the annual meeting mailed to Co-Owners shall be accompanied by the estimated budget prepared by the Manager and approved by the Board. Until the first annual meeting, common charges shall be based on the budget to be prepared by the Grantor or the initial Manager employed by the Grantor, and said budget is hereby fixed and assessed as a common charge on each Unit in accordance with the percentage interests stated in the Master Deed. The payment shall be made in advance in monthly installments or as otherwise determined by the Manager and approved by the Board. The initial monthly assessment for Common Expenses and for Insurance shall be as determined by the Board. This monthly assessment shall be valid until the first annual meeting after the sale of seventy-five percent (75%) of the Units at which time the assessment shall change in accordance with the budget proposed by the Board and approved by the Association.

- C. Special Assessments. The Association, acting through the Board of Directors, may levy a special assessment during any calendar year for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any capital improvement comprising or to comprise a portion of the Common Elements, including fixtures and personal property; provided, however, that any such special assessment must be approved by the vote of Owners of Units to which at least seventy-five percent (75%) of the votes in the Association are allocated, cast in person or by proxy at a meeting duly held in accordance with the provisions of these Bylaws.
- D. Initial Assessment. The Association, shall collect from each initial purchaser of a Unit at the time of closing an "initial capital assessment" equal to twice the estimated monthly assessment for Common Expenses. Such funds shall not be considered advance payments of assessments. The Grantor will deliver the funds so collected to the Association to provide the necessary working capital for the Association. Such funds may be used for certain prepaid items, initial equipment and supplies, organizational expenses and other start-up costs, and for such other purposes as the Board of Directors may determine.
- E. Notification of Common Charges. The Co-Owners will receive a written budget and notification of the Common Charges for the first year at closing. Thereafter, the Board shall advise all Co-Owners promptly, in writing via regular U.S. mail or electronic mail at the address most recently provided to the principal office of the Association, of the amount of common charges payable by each of them, respectively, and shall furnish copies of each budget on which such charges are based to all Co-

Owners. The notification shall provide the amount due and the due date(s).

F. Lien for Common Expenses. Each Co-Owner is obligated to pay the charges levied and assessed against his or her Unit for payment of Common Expenses, and including late charges and interest, in amounts set by the Board, which will be assessed for any payment more than ten (10) days past due. The total amount and costs and attorney's fees if allowed by law, shall constitute a lien against said Unit from the day of assessment until the date of full payment. The lien hereinabove set forth shall be inferior only to general and special assessments for real estate taxes and amounts due under first mortgages or similar encumbrances of record in accordance with KRS 381.883.

G. Payment of Lien after Transfer.

1. Voluntary Transfer. A purchasing Co-Owner shall be jointly and severally liable for the payment of any part of the common charges assessed against his or her Unit subsequent to a sale, transfer or other conveyance by the selling Co-Owner (made in accordance with the provisions of these Bylaws) of such Unit. Upon the voluntary sale or conveyance of a Unit, there shall be paid or provided from the sales proceeds, or by the grantee, an amount sufficient to satisfy any unpaid portion of assessments due and payable as of the date of conveyance. Any purchaser or lender in connection with any such sale or conveyance shall be entitled to a statement furnished by the Board setting forth in detail the amount of any unpaid assessment owed by the seller, or borrower, and such purchaser or lender shall be entitled to rely on such statement and shall have no liability for, nor shall the Unit be encumbered with, an amount of unpaid assessments greater than that shown in said statement. The foregoing shall not be construed to prevent the Association from collecting from Seller by any legal means available.
2. Involuntary Transfer. Upon an involuntary sale through foreclosure of a deed of trust, mortgage or encumbrance having a preference, a purchaser thereunder shall not be liable for any installments of such lien as became due subsequent to the recording of such deed of trust, mortgage or encumbrance. The foregoing shall not be construed to prevent the Association from filing and claiming liens for such assessments and enforcing same as provided by law, and that such assessment liens shall be subordinate to such first mortgage or security interest.

- H. Default in Payment of Lien. In the event of default in the payment of any one or more installments of the assessments established for the payment of Common Expenses, the Board of Directors may declare any remaining balance of said lien at once due and payable. The Board shall have the right and duty to take all appropriate actions and steps to collect any assessments which shall remain unpaid for a period of more than thirty (30) days from the due date thereof. The Board may institute a suit to recover a money judgment for the same, together with interest thereon at a rate not to exceed the prime rate as shown in the Wall Street Journal plus five percent (5%) per annum and reasonable expenses of collection, including attorneys' fees, without foreclosing or waiving the lien hereinbefore provided.
- I. Lien Enforcement. The lien for unpaid assessments may be enforced and foreclosed in such manner as may from time to time be provided by the laws of the Commonwealth of Kentucky for the foreclosure of mortgages. In any action brought by the Board to foreclose a lien on a Unit because of unpaid charges the Co-Owner shall be required to pay a reasonable rental for the use of his or her Unit and the Board as plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same.
- J. Restrictions on Use. To assist the Association in providing for congenial occupancy and the protection of the value of the Condominium Community it is necessary that the Board of Directors have the right and authority to exercise reasonable controls over the use of the Units. Violation of the following shall be deemed prohibited uses or nuisances:
1. Common Elements.
 - a) In the use of any of the Common Elements of the Condominium Community, Co-Owners shall obey and abide by all valid laws, ordinances and zoning and other governmental regulations affecting the same and all applicable rules and regulations adopted by the Board. The common elements shall be used only for the furnishing of the services and facilities for which they are reasonably suited and which are incident to the use and occupancy of the Units.
 - b) The Common Elements shall not be used for the storage of personal property of any kind. A Co-Owner shall not place or cause to be placed in the public hallways, walkways, parking lots or other common areas or common facilities, other than a patio, balcony or outdoor room to which such

Co-Owner has sole access, any furniture, packages or objects of any kind.

- c) The public walkways shall be used for no purpose other than for normal transit through them. Stairs, entrances, lobbies, hallways and walkways shall not be used as a place to congregate or gather.
- d) No portion of the Common Elements shall be decorated or furnished by any Occupant in any manner.
- e) Except for the Accessible Rooftop Courtyard as shown on the Plans, no Occupant shall enter upon the roof of the Building without the prior consent of the Board of Directors or managing agent.
- f) All persons using any of the recreational or common facilities which are part of the Common Elements do so at their own risk and sole responsibility. The Board does not assume responsibility for any occurrence, accident, or injury in connection with such use. Each Occupant waives any right to make any claim against the Board, its servants, agents, or employees, for or on account of any loss or damage to like, limb or property sustained as a result of or in connection with any such use of any recreational or Common Elements/facilities. Each Unit Owner shall hold the Board harmless from any and all liabilities and any action of whatsoever nature by any Occupants of such Unit arising out of the use of the recreational or Common Elements/facilities, except where such loss, injury, or damage can be clearly proved to have resulted from and been proximately caused by the direct willful action or gross negligence of the Board or its agents, servants, or employees in the operation, care or maintenance of such facilities.

2. Residential Units. These restrictions shall not apply to the Units designated for commercial use.

- a) No residential Co-Owner or other Occupant of the Residential Units of the Condominium Community shall post any advertisement or posters of any kind in or about the Condominium Community. The following are exceptions to the foregoing restriction and shall be permitted: (a) signs advertising units for sale by the

developer only, limited to one sign per Unit not to exceed 30 x 36 in overall size, and (b) notices or advertisements may be posted on the community bulletin board in compliance with other Rules and Regulations made by the Board.

- b) All Residential Units shall be used for private residential purposes except for such temporary non-residential uses as may be permitted by the Board from time to time. Provided that Grantor may use unsold Residential Units and the Common Elements appurtenant thereto as a sales office, model Unit or otherwise as reasonably necessary to facilitate the sale of other unsold Units.
- c) Unless otherwise permitted by the Board of Directors (who shall take into consideration the interests of all Unit Owners), each Residential Unit shall be occupied as a residence by no more than two (2) persons per each bedroom.
- d) Waterbeds are expressly prohibited.
- e) Any owner of a Unit may lease said Unit provided that (i) the lease term equals or exceeds six (6) months; (ii) the owner uses a lease with terms consistent with and referencing the provisions of the Master Deed, these Bylaws, as the same may be amended from time to time, and with the Rules and Regulations of the Condominium Community as may be promulgated from time to time; (iii) a fully executed copy of said lease or renewal thereof shall be delivered to the Board within five (5) days of execution or within ten (10) days prior to occupancy, whichever occurs first; (iv) that the Board shall have the power to enforce the Master Deed, the Bylaws and the Rules and Regulations against the tenant(s) of said Unit, and any attorneys' fees and court costs incurred in order to enforce said Master Deed, Bylaws, the Rules and Regulations shall be charged to the Owner and shall constitute a lien against said Unit from the date of assessment until the date of full payment; and (v) that the Board shall have the power (but not the duty) to terminate such lease and/or to bring summary proceedings to evict the tenant in the name of the landlord thereunder in the event of default by the tenant in the performance of such lease, with the court costs and attorneys' fees incurred thereby to be charged to the owner

and constituting a lien against said Unit from the date of assessment until the date of full payment.

- f) No person shall be allowed to utilize the Non-accessible Rooftop Courtyard. The Accessible Rooftop Courtyard, as shown on the Plans, shall be used in accordance with the Master Deed, the Bylaws, and the Rules and Regulations

3. Commercial Units.

- a) The Commercial Units may be used for any lawful use.
- b) In addition to other signage permitted for the Commercial Units, Grantor shall have the right to erect one (1) free standing advertising sign as a Commercial LCE for the benefit of the Commercial Units.

4. All Areas of the Condominium Community.

- a) Except as provided in the Master Deed and these By-Laws, no exterior lighting or sign of any kind shall be displayed to the public view on or from any Unit or any Common Element, without the prior written approval of the Board of Directors. An Owner shall be required to obtain approval of the Board to replace the outdoor room light fixture.
- b) No clothing, laundry, rugs or wash shall be hung from or spread upon or from any patio, outdoor room, window or exterior portion of a Unit or in or upon any common element.
- c) A maximum of two (2) common household pets may be kept or maintained in any Unit if not for commercial purposes. Provided, however, the pet must be registered with the Board at the principal office of the Association and may not weigh more than fifty (50) pounds, unless a licensed assistance animal. No pet shall be permitted upon the Common Elements unless carried or leashed by a person that can control the pet. All pets shall be registered and inoculated as required by law. All pets shall be controlled so as not to create a nuisance or unnecessary disturbance (including loud and excessive barking) on the property. Unit owners shall be financially responsible for any damage done by their pets to any part of the Condominium Community; and shall hold the Association

harmless from any claim resulting from any action of his pet. Each Occupant shall immediately clean up after their pets. No other animals, livestock or poultry of any kind shall be kept or maintained on the Property or in any Unit. If any Occupant violates these rules more than twice in any twelve (12) month period, then in addition to any fines provided herein, the Association shall have the right to require the Owner to remove the pet permanently from the Property upon not less than ten (10) days notice.

- d) Co-Owners shall provide and maintain termite and pest extermination services covering the premises, to be rendered not less frequently than quarterly. Co-Owner shall deliver certificates evidencing such services to the management office, without the prior request.
- e) No smoking shall be permitted in any interior common area.
- f) No Co-Owner, resident or lessee shall install wiring for electrical or telephone installation, television antennae, machines or air-conditioning units, etc., or any other object which protrude through the walls or the roof of the project or is otherwise visible on the exterior of the project except as authorized by the Board.
- g) No truck, trailer, boat, camper, bus, mobile home or similar device, or any other piece of equipment designated by the Board shall be parked or permitted to stand within or upon any part of the Limited or General Common Elements without the approval of the Board.
- h) No elements of the Condominium Community may be used for any unlawful, offensive, immoral or improper purpose, provided, however, any otherwise lawful use of a Commercial Unit shall not be deemed to violate this restriction.
- i) No nuisances shall be allowed on the Condominium Community property, nor shall any use or practice be allowed which is a source of annoyance to its residents or which interferes with the peaceful possession or proper use of the Condominium Community by its residents. No Owner shall make or permit any unreasonably loud or disturbing noises or vibrations in the Building or do or

permit anything to be done which will unreasonably interfere with the rights, comforts, or convenience of other Owners. All Unit Owners shall keep the volume of any radio, television, musical instrument or other sound-producing device in their Units sufficiently reduced at all times so as not to disturb other Owners. Nothing shall be done or kept in any Unit or in the Common Elements that will result in the termination of, or an increase in the premium for, the policy of property insurance for the Property.

- j) The outdoor room, patio or balcony shall be kept in a clean, neat and orderly condition at all times and shall not be used for the storage of garbage, or for the drying of laundry. The light fixture and paint color of the outdoor room may be changed by the Owner only upon prior written approval of the Board. Towels or banners shall not be hung on the railings, and any dead plants shall be removed promptly. No carpeting, hot tub, or other pool shall be installed on any outdoor room. No grills may be used or stored on any outdoor room at any time. No articles which might prove potentially hazardous, such as window boxes, shall be placed upon the railings of any Unit. Safety and insurance considerations dictate that no one shall be allowed to sit or lie on any rails.
- k) No garbage, trash, rubbish, dirt or debris shall be thrown, dumped, swept or allowed to remain anywhere except in the place or places designated by the Board. No gasoline or other explosive or inflammable material may be kept in any Unit or storage area. No dirt, water, or other substance shall be swept or thrown or permitted to be swept or thrown from the Unit, from the doors, or windows or outdoor rooms thereof. All garbage and trash must be bagged and placed in the proper receptacles designated for refuse collection and no garbage or trash shall be placed elsewhere. Should there be a failure to comply herewith, in addition to any other remedies granted herein or by law, the Board may take such action on behalf, and at the expense, of such Unit Owner. All oversized refuse shall be taken directly to the dumpster and not placed in any trash chute.
- l) There shall be no floor load in any Unit in excess of forty (40) pounds per square feet, unless an engineering

determination of the floor load capacity in the area of heavy use is approved by the Association.

- m) All window treatments shall be approved by the Board prior to installation. The portion of the window treatments visible from the exterior of the Building shall be of the type to match the color of the window frames. No windows may be replaced by any Owner and no storm windows may be installed.
- n) No discharge of firearms or other weapons in or from any Unit, outdoor room or patio or on the Common Elements is permitted. The term "firearms" includes "B-B" guns, paint guns, pellet guns, and other firearms of all types, regardless of size. The term "weapon" shall include bows, crossbows and/or other projectile weapons.
- o) Except as otherwise set forth herein, no exterior satellite dish may be placed on the exterior of any Unit or in the Common Elements, without the prior written approval of the Board, which may be withheld in its sole discretion. Any exterior television antenna or satellite dish less than one meter in diameter, shall be subject to the prior approval of the Board, taking into account the appropriate standards set forth in the regulations of the Federal Communications Commission, as may be amended from time to time, and to the extent reasonably practical, the Board may require that such antenna or satellite dish be screened from the public view and/or painted to match the exterior of the Building. Prior to installing the antenna or satellite dish, the Owner shall furnish to the Board a copy of his installation plans. The Association shall have the right to perform any portion of the installation work at the expense of the Owner, or to require that any portion of the work be performed by contractors designated by the Board. In particular, no roof penetration that is required to install any antenna or satellite dish shall be performed by or on behalf of Owner. The Owner shall also be responsible for any damage caused by the removal of the antenna or satellite dish. Any Owner installing an antenna or satellite dish under this Section shall indemnify, defend and hold the Association harmless from and against any loss, damage, claim or other liability resulting from the installation, maintenance, repair, use and/or removal of the antenna or satellite dish, including any damage to the Building or other property. In lieu of an

Owner installing an antenna or satellite dish, the Association may offer a central antenna or satellite dish for the use of all Owners.

5. Right of Access. A Co-Owner shall grant a right of access to his or her Unit to the managing agents and/or any other person authorized by the Board for the purpose of making inspections or for the purpose of correcting any condition originating in his or her Unit and threatening another Unit or a Common Element, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements in his or her Unit or elsewhere in the building(s) or to correct any condition which violates the provisions of any deed of trust or mortgage covering another Unit, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Co-Owner. In case of an emergency, such right of entry shall be immediate whether the Co-Owner or Occupant is present at the time or not.

K. Abating and Enjoining Violations by Co-Owners. The violation of any rule or regulation adopted by the Board, or the breach of any provision of the Bylaws contained herein, or the breach of any provision of the Master Deed, shall give the Board the right, in addition to any other rights set forth in these Bylaws or by law: (a) to enter the Unit in which or as to which such violation or breach exists and to summarily abate and remove, at the expense of the Co-Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed guilty in any manner of trespass; (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity the continuance of any such breach (in any proceeding arising because of an alleged failure to comply with the terms of the Master Deed, the Bylaws or the Rules and Regulations adopted by the Board, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees); and/or (c) after notice and opportunity to be heard, to levy reasonable fines initially not to exceed One Hundred Fifty and No/100 (\$150.00), per occurrence, as may be amended by the Board from time to time.

L. Maintenance and Repair. Each Co-Owner shall be responsible for the care, upkeep, protection and maintenance of his or her Unit except to the extent that the obligation therefore is imposed on the Board by Article II, Section A.1. The Co-Owner's responsibility shall include, but shall not be limited to, the following: the interior walls, floors and ceilings, kitchen and bathroom fixtures, appliances and equipment, refrigerator and range, and those parts of the plumbing, lighting, heating and air-conditioning

systems which are wholly contained within his or her Unit or which serve only his or her Unit and no other. Every Co-Owner must perform promptly all maintenance and repair work within his or her own Unit which, if omitted, would affect the Condominium Community in its entirety or in a part belonging to another Co-Owner or other Co-Owners, and every Co-Owner shall be expressly responsible for any damages and liabilities suffered by other Co-Owners or by the Association resulting from or caused by said Co-Owners' failure to maintain or repair as herein provided. Each Co-Owner shall perform his or her responsibility in such manner as shall not unreasonably disturb or interfere with the other Co-Owners.

The Co-Owner of any Unit shall, at his or her own expense, clean and maintain all windows of the Unit and shall at his or her own expense, clean and maintain the glass surfaces of all glass entry doors of the Unit including the interior and exterior surfaces of any door leading to any balcony, patio or outdoor room appurtenant to such Unit, provided, however, that the Board may determine to employ a window cleaner for all exterior windows as a part of the Common Area Maintenance.

Each Co-Owner shall promptly report to the Association, or its agent, any defect or need for repairs, which is the responsibility of the Association. A Co-Owner shall promptly reimburse the Association for any expenditure incurred in repairing or replacing any common area and facility damaged through his or her fault or negligence. Every Co-Owner shall be responsible for keeping all portions of the premises restricted to use of his or her particular Unit (including, without limitation, any balcony, outdoor room, terrace, patio or pertinent parking space to such Unit) free and clear of trash, dirt, garbage, etc. in good order and appearance.

- M. Alterations, Additions and Improvements. No Co-Owner shall make any alterations to any portion of the Condominium Community property which is to be maintained by the Association or remove any part or portion thereof; nor shall any Co-Owner make any additions thereto or do anything which would or might jeopardize the safety or soundness of the structure; nor shall any Co-Owner or occupant make any alteration to the water, gas, heating, electrical, plumbing or air-conditioning systems, or make any structural addition, alteration or improvement in or to his or her Unit, without the prior written consent thereto of the Board. Notwithstanding the foregoing, a Co-Owner may consolidate two or more units and/or relocate interior partitions and make other changes within his or her Unit which does not adversely affect the other Units, Common Areas, etc., but written approval for same shall first be obtained from the Board. In addition, (i) any Residential Unit that is greater than 3,000

square feet may be divided into two (2) units; provided that each of such Units comprises a minimum of 1,300 square feet and (ii) the Commercial Units may be divided into Units having at least five hundred (500) square feet. The Board shall have the obligation to answer any written request by a Co-Owner for approval of a proposed division, consolidation, structural addition, or other alteration or improvement in such Co-Owner's Unit within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board to the proposed addition, alteration or improvement. All repairs and replacements shall be substantially similar to the original construction and installation. A Co-Owner shall notify the Association of all improvements made to that Co-Owner's Unit having a value in excess of Five Thousand (\$5,000.00) Dollars. The provisions of this paragraph shall not apply to Units owned by the Grantor until such Units have been initially sold by the Grantor and conveyed by the Grantor to a purchaser.

- N. Registration and Limitations on Number of Vehicles. Due to the limited number of parking spaces on the premises, each Co-Owner is entitled to park in the Residential Parking Garage or in the Residential Overflow Parking Lot, no more than two (2) cars per respective Residential Unit. All vehicles shall be registered with the Board at the principal office of the Association and shall bear a "Main & Rose" parking sticker. Each one bedroom and two bedroom Unit shall be allocated one (1) reserved parking space in the Residential Parking Garage, provided, however, Unit 430 shall be allocated two (2) spaces so long as it is a single Unit and in the event that it is divided into two (2) Units, each of such Units shall be allocated one (1) reserved parking space in the Residential Garage. Owners that have been specifically assigned a Parking Space shall park in the Parking Space (and not in the area available for unassigned Parking Spaces or the Residential Overflow Parking Lot), and no Owner shall park in the space assigned to another Owner. A two bedroom Unit may also be issued one (1) sticker for a non-reserved space in the Residential Overflow Parking Lot. The distribution of these stickers shall be based on availability. Should there be any remaining stickers for the over-flow lot, these may be issued to the one bedroom Units. The reserved parking spaces hereby allocated shall be deemed to be limited common elements and appurtenant to the respective unit. The rights to utilize the respective parking spaces are not assignable, and shall be transferred and run with the Units to which they are assigned. Any additional parking shall be on a non-reserved basis.

V. INSURANCE, DESTRUCTION, RESTORATION AND DISTRIBUTION

- A. Authority. The Board shall obtain and maintain casualty and liability insurance under such terms and for such amounts as shall be deemed

necessary by the Board, but in no event less than the amount required by Section V. B. below with a commercially reasonable deductible initially not to exceed Ten Thousand Dollars (\$10,000.00). The insurance premiums paid by the Board shall be charged as items of common expense. Such insurance coverage shall provide for the issuance of certificates of insurance and mortgage endorsements to all mortgagees of Units and to all owners of said Units. Such insurance coverage shall be written on the Condominium Community and shall provide for the insurance proceeds covering any loss in excess of Fifty Thousand Dollars (\$50,000.00) to be payable to the Insurance Trustee named, as hereinafter provided, or to its successor, for the benefit of each Co-Owner and his mortgagee according to his or her Individual Percentage Interest in the Condominium Community as set out in the Master Deed. Any such proceeds amounting to \$50,000.00 or less shall be payable to the Board for like benefit.

Provisions for such insurance shall be without prejudice to the right of each Co-Owner to insure his or her own Unit for his benefit, but such insurance shall not diminish the liability of the insurance carrier with whom contracts of insurance have been made by the Board on behalf of all Co-Owners. The Insurance Trustee, at the time of the deposit of such policies and endorsements, shall first acknowledge that the policies and any proceeds thereof will be held in accordance with the terms of the Master Deed and these Bylaws.

B. Coverage.

1. Property and Casualty Insurance. The Condominium Community shall be insured, to the extent available, against casualty in a minimum amount equal to the maximum insurable replacement value (i.e. 100% of replacement cost) thereof (exclusive of excavations and foundations) as determined annually by the Board with assistance of the insurance company affording such coverage. The policy shall cover all the improvements on the Property except those made by a Co-Owner at his or her expense and shall contain "agreed amount" and "condominium replacement cost" endorsements. Such coverage shall be "all risk" coverage, and a sub-limit amount of coverage for earthquakes and floods shall be obtained at an insurable limit deemed appropriate by the Board. Such coverage, at a minimum, shall insure the improvements on the Property (including, without limitation, all of the Units and fixtures therein as delivered from the developer, the plumbing, air conditioning, heating and other equipment associated with the Units, the General Common Elements and the Limited Common Elements, but not including furniture, furnishings or

improvements or other personal property of the Co-Owners) and other Condominium Community property.

2. General Liability. The Condominium Community shall be insured under a comprehensive general liability form for personal injury and property damage in such amounts and in such forms as shall be required by the Board, which, however, in no event shall be less than Three Million (\$3,000,000.00) Dollars with respect to any individual, and Three Million (\$3,000,000.00) Dollars with respect to any one accident or occurrence, and Three Million (\$3,000,000.00) Dollars with respect to any claim for property damage. All liability insurance shall contain cross-liability endorsements to cover liabilities of the Association as a group, the Board and each individual Co-Owner.
 3. Workmen's Compensation. Workmen's Compensation insurance shall be obtained where necessary to meet the requirements of law.
 4. Directors and Officers/Fidelity Insurance. The Board shall obtain Director's and Officer's Liability coverage and coverage against dishonest acts on the part of all persons responsible for handling funds belonging to or administered by the Association as it may deem necessary. Any such fidelity insurance policy must name the Association as the named insured and shall be written in an amount as may be determined by the Board of Directors, but in no event less than one-half the annual budgeted amount of Common Expenses, or the amount required by any Mortgagee, whichever is greater.
 5. Other insurance. In addition to the foregoing, the Association shall be authorized to purchase such additional insurance coverage as it may in its sole discretion deem advisable and appropriate, taking into consideration inflationary factors and other changes in value.
- C. Limitations. Any insurance obtained pursuant to the requirements of this Article shall be subject to the following provisions:
1. All policies shall be written with a company or companies licensed to do business in the Commonwealth of Kentucky and holding a rating of "A" or better in Best's Insurance Guide.

2. In no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Article be brought into contribution with insurance purchased individually by any of the Co-Owners or their mortgagees, as herein permitted, and any "no other insurance" or similar clause in any policy obtained by the Association pursuant to the requirements of this Article shall exclude such policies from consideration.
3. All policies shall provide that such policies may not be cancelled or substantially modified without at least thirty (30) days' prior written notice to any and all insureds named thereon, including any and all mortgagees.
4. All policies of casualty insurance shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore or repair damage or reconstruction in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Board (or any Insurance Trustee) or when in conflict with the provisions of these Bylaws or the provisions of Horizontal Property Law of Kentucky.
5. All policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Co-Owners, the Association, the Board, the Managing Agent, if any, and their respective agents, employees or invitees.
6. Each of the policies of insurance obtained by the Association shall contain provisions (i) that they may not be cancelled, invalidated or suspended on account of the conduct of one or more of the individual Co-Owners; (ii) that they may not be cancelled, invalidated or suspended on account of the conduct of any officer or employee of the Association without a prior demand in writing that the Association cure the conduct of such officer or employee with appropriate time to effect such cure; and (iii) that if the Association fails to cure the conduct of an officer or employee within the allotted time, the policies may still not be cancelled or substantially modified without at least ten (10) days' prior written notice to all of the insureds, including all mortgagees and Co-Owners.

D. Individual Policies. Any Co-Owner and any mortgagee shall obtain and keep continuously in force, at his or her own expense, (1) additional fire and casualty and extended coverage insurance upon his Unit as well as his improvements thereon and personal property, and (2) public liability insurance in the amount of at least \$100,000.00 for bodily injury,

including deaths of persons and property damage, arising out of a single occurrence. Such insurance should contain the same waiver of subrogation provision as that set forth in Section V.C.5. of this Article. Such policy should include a "condominium unit owner's endorsement" covering losses to improvements and betterments to the condominium unit made or acquired at the expense of the Co-Owner and the amount of any deductible, should the Co-owner so desire. No Co-Owner shall maintain insurance coverage which will tend to decrease the amount which the Association may realize under any insurance policy which it may have in force at any particular time. A copy of such insurance shall be filed with the Association within thirty (30) days after purchase of a Unit.

E. Insurance Trustee. The Board shall from time to time designate a bank or trust company in the Commonwealth of Kentucky whose accounts or deposits are insured by an agency of the State or Federal Government as the Insurance Trustee. All insurance policies purchased by the Board shall be for the benefit of the Association, each Co-Owner, and his or her mortgagee, as their respective interests may appear, and shall provide that all proceeds payable as a result of casualty losses shall be paid to the Insurance Trustee, except that if the net proceeds are Fifty Thousand (\$50,000.00) Dollars or less, they shall be payable directly to the Board. All policies shall provide that adjustment of loss shall be made by the Board or designee with the approval of the Insurance Trustee. The Insurance Trustee shall not be liable for payment of premiums, nor for the renewal of the policies, nor for the sufficiency of coverage, nor for the form or content of the policies, nor for the failure to collect any insurance proceeds. The sole duty of the Insurance Trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes elsewhere stated herein, and for the benefits of the Association and the Co-Owners and their respective mortgagees, in shares equal to the Individual Percentage Interest of each Co-Owner, but such shares need not be set forth upon the records of the Insurance Trustee. Nor shall the Insurance Trustee have any obligation to inspect the property to determine whether a loss has been sustained or to file any claim or claims against any insurer or any other person.

F. Covenants for Benefit of Mortgagees. Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the Co-Owner entitled thereto, after first paying or making provision for the payment of expenses of the Insurance Trustee, in the following manner:

1. Proceeds are to be paid first to repair or restore damage or destruction as elsewhere provided herein. After defraying the cost of the repair or restoration, all remaining proceeds shall be

payable jointly to the Co-Owners and mortgagees, if any, entitled thereto. This covenant is for the benefit of any mortgagee and may be enforced by it.

2. If it is determined in the manner elsewhere provided herein that the damage for which the proceeds are paid shall not be repaired or reconstructed, then, and in that event, the project shall be deemed to be owned in common by the Co-Owners and shall be subject to an action for partition upon the suit of any Co-Owner or mortgagee, in which event the net proceeds of sale together with the net proceeds of any insurance shall be distributed pro rata to the Co-Owners per their respective percentage interests after first paying off, out of the respective share of each Co-Owner, to the extent sufficient for that purpose, all liens, including mortgage liens, on the Unit of each Co-Owner. This is a covenant for the benefit of any mortgagee and may be enforced by it, and shall not impede the direct payment of sales and insurance proceeds to any Co-owner of a Unit not subject to a mortgage.
3. In making distributions to Co-Owners and their mortgagees, the Insurance Trustee may rely upon a certificate of the Association or Board as to the names of the Co-Owners and their respective shares of the distribution. Upon the request of the Insurance Trustee, the Association or Board shall deliver such certificate forthwith. The Insurance Trustee shall not incur any liability to any Co-Owner, mortgagee or other person for any disbursements made by it pursuant to and in accordance with any such certificates or written authorizations.
4. All insurance policies shall continue in force for ten (10) days following notice to the mortgagee of cancellation by either the company or the insured.
5. Upon the withdrawal of any Unit or portion thereof due to eminent domain, the percentage of interest in the Common Elements appurtenant to such Unit or portion thereof shall be reallocated among the remaining Units on a basis of a percentage of interest of each remaining Unit or portion of a remaining Unit as set forth in the Master Deed. If only a portion of the Unit is withdrawn, the percentage of the interest appurtenant to that Unit shall be reduced accordingly, upon the basis of the ratio the remaining square footage of the Unit bears to the total remaining square footage in the Project, as determined by the Association. The allocation of any condemnation award or other proceeds to

any withdrawing or remaining Co-Owner, after paying off any mortgage lien on the Unit of the Co-Owner, shall be on an equitable basis, with the withdrawing Unit to receive the award for that Unit and its percentage of any award for the taking of any Common Elements as determined by its percentage interest therein. Any condemnation award or other proceeds available in connection with the withdrawal of any portion of the General Common Elements shall be allocated on the basis of each Unit Owner's percentage interest therein, after paying off any mortgage liens on the Unit of the Co-Owner. Proceeds available from the withdrawal of any Limited Common Elements will be distributed in accordance with the interests of those entitled to their use, after paying off any mortgage liens on the Unit of each Co-Owner entitled to the use of said Limited Common Elements.

G. Reconstruction. If any part of the Condominium Community shall be damaged by casualty, the determination of whether or not to reconstruct or repair the same shall be made as follows:

1. Where there is partial destruction, which shall be deemed to mean destruction which does not render two-thirds (2/3) or more of the Units of the entire Condominium Community untenable, there shall be compulsory reconstruction or repair.
2. Where there is total destruction, which shall be deemed to mean destruction which does render more than two-thirds (2/3) of the Units or the entire Condominium Community untenable, reconstruction or repair shall not be compulsory unless at a meeting which shall be called within ninety (90) days after the occurrence of the casualty, or, if by such date, the insurance loss has not been finally adjusted, then within thirty (30) days thereafter, the majority of the Co-Owners vote in favor of such reconstruction or repair.
3. Any such reconstruction or repair shall be substantially in accordance with the original plans and specifications under which the Condominium Community was originally constructed with the proceeds of insurance available for that purpose, if any.
4. Encroachments upon or in favor of Units which may be created as a result of such reconstruction or repair shall not constitute a claim or basis for action by the Co-Owner upon whose property such encroachment exists, provided that such reconstruction was substantially in accordance with the plans and specifications under which the Condominium Community was originally

constructed. Such encroachments shall be allowed to continue in existence for so long as the buildings stand.

5. The Insurance Trustee may rely upon a certificate of the Association or the Board which certifies whether or not the damaged property is to be reconstructed or repaired. The Association or the Board, upon request of the Insurance Trustee, shall deliver such certificate as soon as practicable. If the damage is only to those parts of one Unit for which the responsibility of maintenance and repair is borne by the Co-Owner, then the Co-Owner shall be responsible for reconstruction and repair after casualty. In all other instances the responsibility of reconstruction and repair after casualty shall be that of the Association.

H. Assessments if Insurance is Inadequate. Immediately after a casualty causing damage to property for which the Association has the responsibility of maintenance and repair the Board shall obtain reliable and detailed estimates of the cost to place the damaged property in as good a condition as it was before the casualty. Such costs may include professional fees and premiums for such bonds as the Board desires. If the proceeds of insurance are not sufficient to defray such estimated costs, a special assessment shall be made against all the Co-Owners in proportion to their Individual Percentage Interest in sufficient amounts to provide funds to pay the estimated costs. If at any time during reconstruction and repair, or upon completion of reconstruction or repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against all the Co-Owners in proportion to their Individual Percentage Interest in sufficient amounts to provide funds for the payment of such costs.

I. Disbursements. Any and all disbursements of funds, whether such funds consist of insurance proceeds, special assessments, sales proceeds, or any combination thereof, to be made by the Insurance Trustee for any purpose whatsoever, shall be made pursuant to and in accordance with a certificate from the Association specifying the method of disbursement.

J. Notice to Mortgagees. The Board shall notify (1) the mortgagee whenever damage to the Unit covered by the mortgage exceeds Three Thousand (\$3,000.00) Dollars or (2) mortgagees of all Units whenever damage to Common Elements exceeds Ten Thousand (\$10,000.00) Dollars.

VI. MORTGAGES

- A. "Mortgagee" and "Mortgage". As used in this title and generally in the Master Deed and Bylaws, the term "mortgagee" includes the holder of a note secured by a mortgage or other security interest encumbering a Unit and recorded among the land records of Lexington, Fayette County, Kentucky; and the term "mortgage" includes any vendor's lien, mortgage or other security interest recorded among the said land records.
- B. Notice to Board. A Co-Owner who mortgages his Unit shall notify the Board through the Managing Agent of the name and address of his mortgagee, if any; and the Board shall maintain such information in a book entitled "Mortgagees of Units" at the principal office of the Association.
- C. Notice of Unpaid Common Charges. The Board whenever so requested in writing by a mortgagee, title company or attorney shall promptly report any then unpaid common charges due from, or any other default by, the Co-Owner of the mortgaged Unit.
- D. Notice of Default. The Board, when giving notice to a Co-Owner of a default in paying common charges or other default, shall send a copy of such notice to each mortgagee whose name and address has theretofore been furnished to the Board. In the event that such default is not cured within thirty (30) days, the Board shall so advise the mortgagee in writing.
- E. Examination of Books. Each Co-Owner and each mortgagee shall be permitted to examine the Books of Account of the Condominium Community at reasonable times on business days, but no more often than once a month.

VII. NOTICE

- A. Manner of Notice. Whenever any notice is required to be given under the provisions of applicable statutes or of the Master Deed or these Bylaws to any mortgagee, Board Member or Co-Owner, it shall not be construed to require personal notice, but such notice may be given in writing, by electronic mail or by U. S. mail, by depositing the same in a post office or letter box, in a post-paid sealed envelope, addressed to such mortgagee, Board Member or Co-Owner at such address as appears on the books of the Condominium Community, and such notice shall be deemed to be given at the time when the same shall be thus mailed.
- B. Waiver of Notice. When any notice is required to be given under the provisions of the statutes, the Master Deed or these Bylaws, a waiver

thereof, in writing, signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto.

VIII. AMENDMENT OF BYLAWS

These Bylaws may be amended by the affirmative vote of Co-Owners representing more than sixty-six percent (66%) of the total voting Units at any regular or special meeting of the Association; provided, however, (i) that no amendments affecting express rights of mortgagee shall be valid unless approved in writing by all mortgagees; and (ii) that so long as the Grantor owns one (1) Unit or more in the Condominium Community, the fifth paragraph of Article II E hereof, shall not be amended without the Grantor's written consent.

IX. COMMERCIAL UNITS

No Bylaw amendment, rule or regulation, the effect of which would be to diminish the rights of the Co-Owners of the Commercial Units located on the first level of the Condominium Community (or of their respective tenants, employees, customers and invitees) from their rights as established in these Bylaws, may be adopted by the Association or Board without the prior written consent of the Co-Owners of the Commercial Units.

X. COMPLIANCE, CONFLICT AND MISCELLANEOUS PROVISIONS

- A. Compliance. These Bylaws are set forth in compliance with the requirements of the Horizontal Property Law of the Commonwealth of Kentucky (herein referred to as the "Act").
- B. Conflict. These Bylaws are subordinate and subject to all provisions of the Master Deed and to the provisions of the Act. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as they are defined to have in the Master Deed or the Act. In the event of any conflict between these Bylaws and the Master Deed, the provisions of the Master Deed shall control; and in the event of any conflict between the Master Deed and the Act, the provisions of the Act shall control.
- C. Severability. If any provision of these Bylaws or any section, sentence, clause, phrase or word, or the application thereof in any circumstance is held invalid, the validity of the remainder of these Bylaws shall not be affected thereby, and to this end the provisions hereof are declared to be severable.

- D. Waiver. No restriction, condition, obligation or provision of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.
- E. Captions. The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws.
- F. Gender. Whenever in these Bylaws the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.

XI. DEFINITIONS

- A. Master Deed. "Master Deed" as used herein means that certain Master Deed and Declaration to which these By-laws are appended, made the 31st day of October, 2007, by Main & Rose, LLC, for the purpose of submitting the property described therein to the Act and which Master Deed and Declaration is recorded among the land records of Lexington, Fayette County, Kentucky.
- B. Other Definitions. Unless it is plainly evident from the context that a different meaning is intended, all other terms used herein shall have the same meaning as they have in the Master Deed or in the Act.