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**DECLARATION OF HORIZONTAL PROPERTY REGIME  
AND MASTER DEED ESTABLISHING  
HITE AVENUE GARDENS CONDOMINIUMS**

**THIS MASTER DEED** (the "Master Deed") has been prepared at the direction of and caused to be recorded by **BELLEAU WOODS, LLC** (hereinafter referred to as the "Declarant"), a Kentucky limited liability company, having an office at 135 W. Market Street, New Albany, IN 47150.

**WITNESSETH:**

**WHEREAS**, Declarant is the owner in fee simple of the land (the "Land") described on Exhibit A attached hereto and made a part hereof; and

**WHEREAS**, Declarant wishes to create a residential condominium project by submitting the Land, together with the improvements and structures now existing and hereafter erected by, or at the direction of, Declarant thereon, and all easements, rights, and appurtenances belonging thereto (said Land, improvements, structures, easements, rights and appurtenances are together referred to hereinafter as the "property") to the provisions of the Horizontal Property Law of the Commonwealth of Kentucky, KRS 381.805 to KRS 381.910 (the "Horizontal Property Law");

**NOW, THEREFORE**, Declarant hereby submits said property to the provisions of the Horizontal Property Law and declares that said property shall be a residential condominium project (hereinafter referred to as the "condominium project") as defined in and pursuant to said Horizontal Property Law, and pursuant to the following provisions:

**ARTICLE I  
Definitions**

The words listed in this Article I when used in this Master Deed shall have the meanings as set forth in this Article I:

(A) "Articles of Incorporation" mean the articles of incorporation of the council, a nonstock, nonprofit corporation, which shall govern and control, in part, the affairs and administration of the condominium project.

(B) "Board of Directors" means the board of directors of the council who shall be elected and serve and shall have the powers and duties provided herein and in the articles of incorporation and the bylaws.

(C) "Buildings" mean, collectively six (6) buildings previously constructed on the Land, containing all of the units in the condominium project, subject to the provisions of Article XII herein. The location of the buildings on the Land and the area of each of the buildings are as set forth on the plans.

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(D) "Bylaws" mean the bylaws of the council, approved and adopted by the board of directors, which shall govern and control, in part, the affairs and administration of the condominium project.

(E) ~~"Common elements" mean all of the property, except the units, including, without limitation, the outside walls and roofs of the buildings, the foundations and structural members of the buildings and all columns, girders, beams, and supports, the Land and improvements on the property (including the Land under the units), all utility or other pipes and material located outside of the units, except such as are part of the units, all central installations for the furnishing of utilities and other services to the units, all driveways, roadways, grass areas, and sidewalks, all recreational facilities available in whole or in part for use by the unit owners and any easement rights over adjacent property.~~

(F) "Condominium documents" mean, collectively, the Master Deed, Articles of Incorporation, Bylaws, and Rules and Regulations.

(G) "Council" means Hite Avenue Gardens Condominiums Council of Co-Owners, Inc., a Kentucky nonstock, nonprofit corporation, the members of which shall be each an owner of record of a unit in the condominium project.

(H) "Hite Avenue Gardens Condominiums" means the name by which the condominium project will be known.

(I) "General common elements" means all of the common elements except for any limited common elements as more fully described in Article III below.

(J) "Limited common elements" mean and include those common elements (if any) designated by this Master Deed to be reserved for the exclusive use of a particular unit or combination of units as more fully described in Article IV below.

(K) "Person" means any natural person, firm, corporation, partnership, association, trust, or their legal entity or any combination thereof.

(L) "Phase" shall mean each of certain groups of units as shown on the Plans.

(M) "Plans" mean the plans and specifications for the condominium project, including the floor plans for the buildings dated April 4, 2005, prepared by Paul Primavera & Assoc., showing the layout, location, unit numbers and dimensions of the units, and recorded in Condominium and Apartment Ownership Book 107, Pages 69 through 70, in the Office of the County Court Clerk of Jefferson County, Kentucky, simultaneously with the recording of this Master Deed.

(N) "Rules and Regulations" mean the rules and regulations promulgated by the board of directors and governing, in part, the use and occupancy of the units.

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(O) "Unit" means an enclosed space (KRS 381.810(1)) within the buildings measured from interior unfinished surfaces of walls, ceilings, and floors, having a direct exit to a thoroughfare or to a common element leading to a thoroughfare.

Each unit shall include the interior unfinished surface of any doors, windows, vents, and other structural element as ordinarily are regarded as enclosures of space, and any wallpaper, paint, carpet, tile, and all other decorating or finishing materials affixed or installed as part of the physical structure of the unit, and all closets, cabinets, storage areas, and visible fixtures, mechanical systems, and equipment installed in and for the sole and exclusive use of an individual unit; provided, however, that neither pipes, wires, conduits, or other public utility lines or installations constituting part of the overall systems designed for the general service of an entire building, nor property of any kind which is not removable without jeopardizing the soundness and safety of the remainder of an entire building, shall be deemed to be included within any unit. "Entire building," as used in the preceding sentence, shall include any other unit and any common element, whether general or limited.

(O) "Unit owner" means any person having record title to a unit.

## ARTICLE II Units

(A) Number, location, designation, and plans for units

Subject to the provisions of Article XII herein, there shall be one hundred twenty (120) units within the condominium project. Twelve (12) of these units have been built, and for purposes of identification, each unit has been assigned a number as indicated on Exhibit B attached hereto and made a part hereof. No unit bears the same identification number as any other unit. The plans set forth the layout, location within the applicable building, unit number designation, and dimensions of each unit.

(B) Ownership of the units

Each unit owner shall obtain fee simple ownership of the unit acquired, the appurtenant undivided interest of the general common elements so the condominium project, and, if applicable, any limited common elements appurtenant to the unit. Each unit owner shall be a member of the Council. The form of ownership of a unit may be individual, corporate, in partnership, joint with right of survivorship, a tenancy in common, a tenancy by the entireties, or (subject to the other provisions of the condominium documents) any other estate in real property recognized by law and which may be conveyed and encumbered. All deeds to each unit shall describe such unit by reference to this Master Deed, the plans, the name of this condominium project, and the identifying number of the unit followed by the words "a condominium unit." No unit shall be subdivided, and no action for partition of a unit shall lie, except in the manner provided in the Horizontal Property Law of Kentucky and upon the prior written approval of the holder(s) of any mortgage(s) on such unit and approved by a majority vote of the Council. Any conveyance of a unit shall be deemed also to convey the undivided interest of the unit owner in the general common elements and any

limited common elements appurtenant to the unit, whether or not the instrument evidencing such conveyance expressly shall so state.

(C) Taxation of units

The owner of each unit shall be responsible for any and all ad valorem or real estate taxes and special assessments that may be assessed against the unit and its percentage of ownership in the common element by any governmental authority with jurisdiction over the unit. Nothing contained in this Master Deed shall be construed as giving to any unit owner any right of contribution or adjustment against any other unit owners on account of any deviation by any governmental authority from the percentages of ownership set forth in any valuation or assessment against the unit owned by such unit owner.

(D) Use of Units

Unless otherwise permitted by the Board of Directors (who shall take into consideration the interests of all Unit Owners) each Unit (except for one or more unsold Units which Declarant may use as a sales office or model) shall be occupied (1) as a residence by one family only, and (2) in the case of Unit Owners which are businesses, to house business guests from time to time for stays of temporary duration, provided the remuneration, if any received by such Unit Owner for any such stay is not a material inducement for permitting such use, and for incidental business meetings so long as such use is not the primary purpose of ownership and occupancy of the Unit. The Units shall be used for no other purpose. The word "family," as used in subsection (1) of the preceding sentence, shall mean (a) one or more natural persons related by blood, adoption, or marriage, living together as a single housekeeping Unit, or (b) no more than two persons in a one bedroom unit and no more than 4 persons in a two bedroom unit living together as a single housekeeping Unit though not related by blood, adoption, or marriage.

No industry, trade, business or profession of any kind (other than incidental business meetings as set forth above or as permitted by the Board of Directors as set forth above) shall be conducted, maintained, or permitted on any part of the Condominium Project except that the Declarant may use unsold Units and the common elements appurtenant to them as a sales office, model Unit, or otherwise as reasonably necessary to facilitate the sale of other unsold Units, such as erecting or storing signs and billboards within the Units and distributing promotional materials in and around the Condominium Project.

(E) Maintenance and repair of Units and common and limited common elements

It shall be the responsibility of the Council to maintain, repair, or replace:

(1) The Buildings and Limited Common Elements (except to the extent of the Units comprising a part of the same), including the roofs, and the grounds and parking lots, fireplaces, carports, porches and patios, pool and clubhouse.

- (2) All portions of any Unit which contribute to the support of any building, including main bearing walls (but excluding painting, wallpapering, decorating, or other work on the interior surfaces of walls, ceilings, and floors within the Unit, which shall be the Unit Owner's responsibility).
- (3) All portions of the Unit which constitute a part of the exterior of any building.
- (4) All common elements.
- (5) All incidental damage cause by work done at the direction of the Board of Directors.
- (D) Maintenance and repair of units

It shall be the responsibility of each unit owner with respect to the unit owned by such unit owner:

(1) To maintain, repair, and replace at the expense of such unit owner all portions of the unit except the portions to be maintained, repaired, and replaced by the Council, including all decorating and redecorating, painting, tiling, carpeting, waxing, papering, plastering, or varnishing which may be necessary to maintain the good appearance and condition of the unit. Such maintenance, repair, and replacement shall not change the appearance of any portion of the exterior of the building or unit without prior approval of the Board of Directors.

(2) To maintain, repair, and replace at the expense of each unit owner the appliances and fixtures located in the unit, or located in the limited common elements appurtenant to the unit, or located in the general common elements but benefiting the unit to the exclusion of any other unit, including, but not limited to, any plumbing fixtures, water heaters, heating and air conditioning equipment, interior and exterior lighting fixtures, refrigerators, dishwashers, disposals, ranges, hoods and fans, sinks, lamps, interior doors, telephones or any electric, gas or water pipes or lines or wires or conduits or ducts serving any such appliances and fixtures.

(3) To report promptly to the Council any defect or need for repairs for which the Council is responsible.

(4) To maintain, repair, or replace at the expense of such unit owner all portions of the unit which may cause injury or damage to the other units or to the common elements.

(5) To perform the responsibilities of such unit owner in such a manner and at such reasonable hours so as not to unreasonably disturb other unit owners in the building.

(F) Liability of unit owner for certain repairs

A unit owner shall be liable for the entire expense of any maintenance, repair, or replacement of any part of the condominium project, whether part of a unit or part of the general common elements or limited common elements, if such maintenance, repair, or replacement is rendered necessary by any negligent act or omission of the unit owner, or any member of the

family, or guests, employees, agents, or lessees of such unit owner. If any unit owner fails to undertake any such maintenance, repair, or replacement within 10 days after the Board of Directors notifies such unit owner in writing that the Board of Directors has determined that such maintenance, repair, or replacement is the responsibility of such unit owner under this section, the Board of Directors may undertake such maintenance, repair, or replacement, and the cost thereof shall be a lien on the unit owned by such unit owner until paid by the unit owner, and such lien shall be subject to the same remedies as are provided in this Master Deed for nonpayment by a unit owner of common charges and assessments.

(G) Alteration or improvements of units and common elements.

No alteration or improvement to any common element or to the unit which would alter or affect the common elements or any other unit may be made by any unit owner other than the Declarant without the prior written consent of the Board of Directors. This includes any change to any exterior colors or building materials. No application shall be filed by any unit owner other than the Declarant with any governmental authority for a permit covering an addition, alteration, or improvement to be made in a unit that alters or affects the common elements or other units, unless approved and executed by the Board of Directors. Such approval and execution shall not evidence any consent to any liability on the part of the Board of Directors, or any individual member of the Board of Directors, to any contractor, subcontractor, materialman, architect, or engineer by reason of such addition, alteration, or improvement or to any person having any claim for injury to person or damage to property arising therefrom. Consent shall be requested in writing through the manager or managing agent, if any, or through the president or secretary of the Council if no manager or management agent is employed. The Board of Directors shall have the obligation to answer within 30 days. The Board of Directors may require that the unit owner making such improvement, alteration, or addition obtain such insurance coverage and in such amounts as the Board of Directors deems proper.

**ARTICLE III**  
**Common Elements**

(A) General common elements

The general common elements of the condominium project include the Land and all other areas, and all structures and improvements, within the boundaries of the condominium project not included within the units and limited common elements. The general common elements include, but are not necessarily limited to, the Land, the foundations, structural columns, walls, floors (including slabs on which the buildings are built), and ceilings and roofs (other than the interior decorated surfaces thereof located within the boundaries of individual units) of the buildings, the gardens, outside walks, and outside driveways, breezeways, automobile parking spaces (other than those designated as limited common elements pursuant to the article of this Master Deed entitled "Limited Common Elements"), outside retaining walls and landscaping on the common elements, any recreational facilities located on the Land, and compartments or installations of central services such as pipes, ducts, electrical wiring and conduits, and public utility lines including water lines, fire hydrants and water meters.

**B) Interest in common elements**

Each unit shall have appurtenant to it that percentage interest in the common elements which the floor area of the unit bears to the sum of the floor area for all units (which percentage interest is set forth on Exhibit B attached and made a part of this Master Deed), and each unit owner shall bear the same percentage of the common expense of the condominium project. The undivided interest in the common elements shall not be separated from the unit to which it appertains and shall be deemed conveyed or encumbered with the unit even though such interest is not expressly mentioned or described in the instrument of such conveyance.

**(C) Common elements to remain undivided**

The common elements shall remain undivided and no unit owner shall bring any action for partition or division unless otherwise provided herein or by law.

**(D) Adjustments in percentage of ownership**

Except as provided in Article XII of this Master Deed and as otherwise may be expressly provided herein, the percentages of ownership in the common elements set forth in Exhibit B attached to this Master Deed shall remain constant regardless of the purchase price paid for any unit at any time. Except as provided in Article XII of this Master Deed and as otherwise may be expressly provided herein, no adjustment in percentages of ownership shall be made without the prior written approval of all unit owners, and all holders of record of first mortgages on all units in the condominium project for which the percentages of ownership are being adjusted.

**(E) Use of common elements**

The common elements shall be used for the benefit of the unit owners, the furnishing of services and facilities for which the same are reasonably intended, and for the enjoyment to be derived from such proper and reasonable use. Each unit owner may use the general common elements in accordance with the purposes for which they are intended so long as such use does not hinder the exercise of or encroach upon the rights of other unit owners. The Board of Directors shall, if any question arises, determine the purpose for which a common element is intended to be used. The Board of Directors shall have the right to promulgate the rules and regulations that may limit the use of the common elements to unit owners, their guests, permitted tenants, and invitees.

**(F) Maintenance and Repair of common elements**

The maintenance and operation, including landscaping, gardening, snow removal, cleaning, painting and all other repair, of the common elements, (including, but not limited to, the repair of major cracks in the slabs on which the units are built) shall be the responsibility and expense of the Council, unless and except as otherwise expressly provided in the condominium documents, and the Board of Directors of the Council, pursuant to authority found at Article VI of this Master Deed, shall have the authority to make all decisions of the Council as respects repairs and maintenance and the costs incurred pursuant thereto. It shall be the responsibility of the Council to maintain, repair, or replace:

(1) The buildings (except to the extent of the units comprising a part of the same), including the roofs, and the grounds and parking lots.

(2) All portions of any unit which contribute to the support of any building, including main bearing walls (but excluding painting, wallpapering, decorating, or other work on the interior surfaces of walls, ceilings, and floors within the unit, which shall be the unit owner's responsibility).

(3) All portions of what would appear to be the unit but which really constitute a part of the exterior of any building and, therefore, in actuality are common elements, including, but not limited to, all exterior doors and windows (except all interior painting, interior caulking and interior repair of same).

(4) All common elements not heretofore mentioned.

(5) All incidental damage caused by work done at the direction of the Board of Directors.

(6) All screened porches, patios and all fences around any portion of the condominium project, including, but not limited to, fencing around any and all patios.

(G) Alteration and improvement of common elements

The Board of Directors shall have the right to make or cause to be made such alterations and improvements to the common elements as, in the opinion of the Board of Directors, may be beneficial and necessary. The cost of any such alterations and improvements to the common elements shall constitute a part of the common expenses. When, in the sole opinion of the Board of Directors, the costs therefor shall be exclusively or substantially exclusively for the benefit of unit owner(s) that requested the alteration or improvement, the cost shall be assessed against such unit owner(s) in such proportion as the Board of Directors, in its discretion, reasonably shall determine is fair and equitable.

**ARTICLE IV**  
**Limited Common Elements**

(A) Limited common elements

The limited common elements of the condominium project are areas that are reserved for the use of unit owners of a certain unit or units to the exclusion of the unit owners and/or occupants of other units. The limited common elements of the condominium project include any attics, patios or porches adjacent to or associated with a particular unit and intended for use exclusively by occupants of that particular unit, and shall also include carports or automobile parking areas and storage areas designated as being intended for the exclusive use of a unit or units pursuant to the plans.

(B) Limited common elements to remain undivided



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The limited common elements shall remain undivided and no unit owner shall bring any action for partition or division unless otherwise provided by law. Any covenant to the contrary shall be void.

(C) Changes to Limited Common Elements

No porches or patios shall be altered or repaired in any way other than routine maintenance without the express written consent of the Council.

(D) Parking spaces

Any parking spaces not a part of a unit and not expressly designated on the plans as being appurtenant to any unit as a limited common element shall remain general common elements and shall be available for use generally by all unit owners, their tenants, or guests without reservation or restriction, other than any reasonable restrictions imposed by the Board of Directors and applicable to all unit owners.

**ARTICLE V**  
**Assessments**

The making and collection of assessments against unit owners for common expenses of the condominium project, including, but not limited to, maintenance and repair of, and insurance charges and utility expenses related to, the common elements, shall be pursuant to the bylaws and subject to the following provisions:

(A) Share of common expense

Each unit owner shall be personally liable for the proportionate share of the common expenses and shall share in the common surplus (after due allowance for the retention of any reserve to cover future common expenses), such shares being the same as the unit owner's undivided share in the common elements as set forth in Exhibit B to this Master Deed. No unit owner shall be exempt from contributing toward such expenses by waiver of the use or enjoyment of the common elements or by abandonment of the unit owned by such unit owner or by claiming that the quantity or quality of services does not warrant such payment or is not as contemplated by such unit owner as of the time of purchase; provided, however, the Board of Directors may, but is not required to, abate or reduce a unit owner's contribution for a reasonable period of time during which the unit owned by such unit owner is uninhabitable as the result of damage or destruction.

(B) The Council shall maintain a separate account for capital improvements to meet the long term maintenance of the condominium, including but not limited to: repairing parking areas, replacing roofs, resurfacing the pool and tennis court and any other long term maintenance needs. In no event shall the Declarant use this working capital account to defray the costs of construction or any other expense not of the condominium, but of the Declarant.

(C) Interest; application of payments

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Assessments and installments on such assessments paid on or before 10 days after the day when due shall not bear interest, but all sums not paid on or before 10 days after the date when due, including any sums due as a result of acceleration of unpaid assessments as may be provided in the Bylaws, shall bear interest from the date when due until paid at the rate of interest per annum provided in the bylaws. All payments upon account shall be first applied to interest and then to the assessment payment first due.

(D) Lien for assessments

Except as provided in Article V (E) of this Master Deed, any unpaid common expenses assessed to a unit owner shall constitute a lien against the unit owned by such unit owner and against such unit owner's interest in the condominium project prior to all other liens except the lien of a first mortgage on the unit and tax or assessment liens on the unit by the taxing subdivision of any governmental authority, including but not limited to state, county, city, and school district taxing agencies.

The lien created by this section shall be deemed to be incorporated by reference in and reserved by each deed or other instrument conveying any interest in a unit whether or not such deed or instrument by its express terms refers to said lien. In addition to any other remedies or liens provided by law, if any unit owner is in default in the payment of any common expenses assessed to such unit owner for 30 days, including any sums due as a result of acceleration of unpaid assessments as may be provided in any of the condominium documents, the Council may bring suit for and on behalf of itself and as representative of all unit owners to enforce collection of the assessment and all costs of collection thereof, including reasonable attorney fees, and to foreclose the aforesaid lien in accordance with the laws of the Commonwealth of Kentucky, in like manner as a mortgage on real property. The lien for unpaid assessments shall also secure legal interest and reasonable attorney fees incurred by the Council incident to the collection of such assessment or enforcement of such lien. In the event the proceeds of the foreclosure sale are not sufficient to pay such unpaid common charges, the unpaid balance shall be charged to all unit owners as a common expense.

(E) Transfer of units

A unit owner shall not be liable for any common expenses accruing after the sale of his unit and the recording of a deed to the purchaser. The purchaser of a unit subject to any lien arising under this Master Deed prior to the date of purchase and the recording of the deed shall take title to the unit subject to the lien; provided, however, that, at the request of any unit owner or a prospective purchaser of the unit, the Board of Directors shall provide a statement disclosing whether the unit owner is then in default under any of the obligations hereunder and whether and in what amount a lien exists against the unit owned by the unit owner under the section hereof entitled "Lien for Assessments," which statement shall be conclusive as to the facts stated therein as against the Council and the other unit owners and may be relied upon by a prospective purchaser or mortgagee or assignee of any mortgagee upon the unit of such unit owner.

(F) Limitation on mortgage liabilities

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Where the mortgagee of a first mortgage of record or the purchaser or purchasers of a unit obtain title to the unit as a result of foreclosure of a first mortgage, or by voluntary conveyance in lieu of such foreclosure, said mortgagee or purchaser shall not be liable for the shares of common expenses or assessments by the Council pertaining to such unit or chargeable to a former unit owner of such unit which became due prior to acquisition of title by said mortgagee or purchaser as a result of the foreclosure or voluntary conveyance in lieu of said foreclosure. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the other unit owners of units, including a successor or assign of the mortgagee. The waiver of liability granted herein for the payment of past due assessments shall not apply to a unit owner who takes back a purchase money mortgage or to any other mortgagee which is not an "institutional mortgagee." The term "institutional mortgagee" herein used shall mean a first mortgage holder which is a bank, savings and loan association, life insurance company, pension fund, trust company, credit union, or other similar institutional lender.

(G) Rental pending foreclosure

In any foreclosure of a lien for assessments, the unit owner of the unit subject to the lien shall be required to pay a reasonable rental for the unit, and the Council shall be entitled to the appointment of a receiver to collect the same.

(H) Determination of Regular Assessment, Reserves, Special Assessments, Fine Assessments, Expansion, Start Up Assessment.

(1) The Council, acting through the Board of Directors, shall, from time to time, but not less than once every twelve (12) months, determine the amount of the regular total assessment necessary to defray the Common Expenses for a given period not to exceed twelve (12) months. When setting the regular total assessment, the Council should include both (A) those funds required during the period for general operating purposes, and (B) those reserve funds estimated to be necessary for future capital improvements. All funds required for general operating purposes under (A) above may be held in the name of the Council. All funds required for reserves for capital improvements under (B) above shall be held in an account in the name of the Council, for the benefit of all of the Unit Owners in the Regime. Each Unit Owner, by the acceptance of a deed, does authorize the disbursement of any and all of the escrow funds solely upon the written authorization of the Board.

(2) Each Unit Owner is liable to pay that percentage of the regular total assessment that is equal to his or her Unit's percentage of the common interest.

(3) The Council may from time to time levy special assessments for reasonable purposes. The special assessment may be levied against one Unit, or a group of Units or all of the Units, as circumstances reasonably warrant according to the Unit or Units benefited by the assessment. If the assessment is apportioned among Units, the method of apportionment shall be based upon square feet unless for some reason that method would be very unfair. In that case, Council can determine another reasonable method of apportionment.

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(4) The Council may levy a reasonable assessment, as a fine or penalty, for violation of this Declaration. A lien may be filed for this assessment and this assessment may be enforced by foreclosure and otherwise treated as a regular assessment.

(5) A special assessment, due immediately, arises against a Unit upon the initial transfer of record of the Unit from the Declarant to the Unit Owner (other than a successor developer or designated developer). The special assessment shall be in an amount equal to the sum of two months of the full regular assessment. It shall be collected at closing and paid to the Council for use by the Council for common expenses. This special assessment is in addition to the regular assessment. Any reduced assessment on the Unit ends as of the first day of the month immediately following the month in which title was transferred of record from the Developer.

(I) Anything to the contrary contained in this Master Deed or in the Bylaws of the Council notwithstanding, until the Declarant transfers control and management to the Council, the Declarant shall not be liable for the payment of any assessment, monthly or otherwise, for common expenses or for reserve or contingency accounts, and the units owned by the Declarant, prior to the Declarant transferring control to the Council, shall not be subject to any lien therefor; and the Declarant shall not have any liabilities of a unit owner. The Declarant shall, however, until the Declarant transfers control to the Council, be responsible for the maintenance costs of the condominium project incurred over and above assessments or amounts paid by unit owners for common expenses and other appropriate charges.

#### **ARTICLE VI Council of Co-owners**

(A) Council manages condominium project

The management and operation of the condominium project shall be the responsibility of the Council, acting through the Board of Directors and the elected officers thereof, and the Council shall fulfill its functions pursuant to the provision of the condominium documents.

(B) Bylaws

The Bylaws adopted by the Council from time to time shall be the Bylaws of the condominium project.

(C) Rules and regulations

Each unit owner's ownership and use of the unit(s) owned by such unit owner shall be subject to the Rules and Regulations promulgated by the Board of Directors from time to time, applicable to all unit owners including Declarant. Such Rules and Regulations shall have the same force and effect as, and shall be enforceable in the same manner as, the provisions of this Master Deed. The Council shall furnish a copy of the Rules and Regulations, including any amendments thereto, to all unit owners and residents of the condominium project upon request.

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(D) Limitation upon liability of council

Notwithstanding the duty of the Council to manage, operate, maintain, and repair the condominium project, subject to and in accordance with the provisions of the condominium documents, the Council shall not be liable to unit owners for injury or damage, other than the cost of maintenance and repair, caused by any latent condition of the condominium project required to be maintained and repaired by the Council, or caused by the weather or other element, or by other unit owners or persons, including, but not limited to, defects which are the result of characteristics common to the materials used, damage due to ordinary wear and tear and normal use, and damage due to wind, rain, snow, hail, and condensation on or expansion or contraction of materials due to weather.

(E) Board of Directors

The members of the Board of Directors shall be elected and serve and shall have the duties and powers as provided in the Articles of Incorporation and Bylaws. The Board of Directors shall have the right to delegate its duties to a managing agent. The Board of Directors shall be the final arbiter of any dispute concerning the operation of the condominium project and the interpretation and effect of the condominium documents.

(F) Declarant's written consent necessary for certain actions

Anything to the contrary contained in any of the condominium documents notwithstanding, during the interval (the "declarant's marketing interval") from the date of recordation of this Master Deed until the earlier of such time as (1) Declarant or its designee(s) shall cease to own 25% or more of the units in the condominium project plus 120 days, or (2) seven (7) years from the date of recording this Master Deed, or (3) prior thereto, at the sole election of the Declarant, the Board of Directors may not, without the Declarant's prior written consent, (1) amend any of the condominium documents; (2) make any addition, alteration, or improvement to the common elements or to any unit; (3) assess any common charges for the creation of, addition to, or replacement of all or part of a reserve, contingency, or surplus fund if the effect of such assessment would be to increase the amount of such reserve, contingency, or surplus fund in excess of an amount equal to that proportion of the then existing budget which the amount of reserves in the initial budget of estimated expenses for the condominium project bears to the total amount of such initial budget of estimated expenses; (4) hire any employee in addition to the employees, if any, provided for in the initial budget; (5) enter into any service or maintenance contract for work not covered by contracts in existence on the date of the first closing of title to a unit; (6) borrow money on behalf of the condominium project; or (7) reduce the quantity or quality of service to or maintenance of the condominium project. During the Declarant's marketing interval, an irrevocable power of attorney coupled with an interest is hereby granted and reserved unto Declarant, its successors and assigns (however, individual unit owners are not included within the meaning of successors and assigns as used in this paragraph) to amend any condominium document so long as any such amendment does not (1) increase the share of common expenses which are the obligation of unit owners other than Declarant at the time of such amendment, or (2) materially alter the responsibilities and obligations of Declarant as developer of the condominium project to other unit owners under the condominium documents.

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(G) Approval or disapproval of matters

Whenever the decision of a unit owner is required upon any matter, whether or not the subject of a Council meeting, such decision shall be expressed by the same person who would cast the vote of such unit owner if in a Council meeting, unless joinder of all unit owners of record is specifically required by the applicable provision of the condominium documents.

**ARTICLE VII**  
**Easements**

(A) Existing easements

Easements are hereby declared and granted by each unit owner in favor of each other unit owner, and reserved by Declarant, for all utility purposes as they exist on the date of the recording of this Master Deed or as are contemplated by the plans, or as may be required to be incorporated in the final construction of the buildings and the common elements. Each unit owner shall have an easement in common with all other unit owners to use all pipes, wires, ducts, cables, conduits, public utility lines, and other common elements located in any of the other units and serving the unit(s) of such unit owner. Each unit shall be subject to an easement in favor of all of the unit owners to use the pipes ducts, cables, wires, conduits, public utility lines, and other common elements, service such other units and located in such unit. Easement are further declared and granted and reserved for ingress and egress for pedestrian traffic over, through, and across sidewalks, paths, walks, and lanes as are now and from time to time may exist upon the common elements; and for vehicular traffic over, through, and across such driveways, parking areas (subject to the rights of applicable unit owners in parking spaces which are limited common elements), and other portions of the common elements as are now and from time to time may be paved and intended for such purposes. All easements and rights described in this Master Deed are easements appurtenant, running with the Land, and shall inure to the benefit of and be binding upon the Declarant, unit owners, and any other person having any interest in the condominium project, but shall be subject to and limited by the provisions of the condominium documents. The deed of conveyance of any unit, or any mortgage or trust deed or other evidence of obligation, shall be subject to the easements and rights described in this Master Deed, and reference to this Master Deed shall be sufficient to create and reserve such easements and rights to the respective grantees, mortgagees, and trustees of such units as fully and completely as if such easements and rights had been recited fully and set forth in their entirety in such documents. Hite Avenue Gardens is benefited by an easement over property adjacent to it as shown on the plans. The Council shall be responsible to maintain that easement, including providing to the grantor of that easement any and all proof of insurance on the easement property and maintaining the fence to be constructed thereon.

(B) Future easements

The Council may grant further easements for utility purposes for the benefit of the condominium project, including the right to install, lay, maintain, repair, and replace water mains and pipes, sewer lines, gas mains, telephone wires and equipment, cable television wires and equipment, and electrical conduits and wires over, under, along, and on any portion of the

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condominium project, and each unit owner hereby grants the Council (acting through its president) an irrevocable power of attorney to execute, acknowledge, and record, for and on behalf of each unit owner, such instruments or documents as may be necessary to effectuate such easements; provided, however, that any easement through a unit shall be only according to the plans and specifications for the building in which such unit is located, or as such building is contracted, unless approved in writing by the unit owner. The power of attorney granted by this section shall survive any disability or death of the unit owner and shall be binding on each successive unit owner.

(C) Access to units by Council

The Council shall have a right of access to each unit upon reasonable prior notice and at reasonable hours: (1) to inspect the same for compliance with the provisions of the condominium documents; (2) for the maintenance, repair, replacement, or improvement of any portion of the common elements (or any portion of the unit which is the responsibility of the Board of Director), including any pipes, wires, ducts, cables, conduits, and public utility lines located in or adjacent to any unit; (3) to prevent damage to the common elements or any other unit; (4) to abate any violation of law, order, rules, or regulations of any governmental authority having jurisdiction thereof; (5) to abate any violation of any provision of any of the condominium documents. The Council shall have such other right of access to each unit as may be provided under any other provisions of the condominium documents. The Council shall be obligated to repair any damage to a unit incurred by reason of exercise of this right of access.

(D) Declarant's easement for marketing purposes

Declarant reserves the right with respect to its marketing of units to use the common elements for the ingress and egress of itself and for prospective purchasers and lessees of units, including the right of such prospective purchasers and lessees to park in parking spaces which are not limited common elements. Any damage to the common elements resulting from this easement shall be repaired by Declarant promptly after the same occurs.

(E) Declarant's easement for completion of units

Declarant reserves the right for the purpose of completing the development of the condominium project, including the buildings and units, to have access to the common elements and (but only to the extent reasonably necessary and only upon reasonable prior notice to the applicable unit owner and at reasonable hours) to any units presently existing, for the ingress and egress of itself and its subcontractors, materialmen, and suppliers for the purpose of constructing, installing, maintaining, and repairing equipment and fixtures pursuant to such development, and for other activities reasonably necessary in connection with such development, including the right to use the roadways and to park in those parking spaces which are not limited to common elements at the condominium project. Declarant agrees to repair any damage that may be caused to the building or to any unit resulting from the actions of Declarant permitted by this section promptly after Declarant is notified that such damage has occurred.

(F) Easements for encroachments

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An easement shall exist for any portion of a unit or the common elements which encroaches upon any other unit or the common elements as a result of (1) the original or future construction of settling or shifting of any part of a building, or (2) any repair or restoration undertaken by the Board of Directors, or (3) any construction after a partial or total destruction as a result of a fire or other casualty or as a result of condemnation or eminent domain proceedings. Such easements as provided in this section shall exist so long as the building in which the encroachment exists (or any replacement thereof permitted under any condominium document) shall stand.

(G) Additional easement

The Board of Directors shall have the right to grant such additional easements burdening the common elements as are reasonably determined by it to be compatible with the intended uses and future development of the condominium project, including, without limitation, additional easements for ingress and egress to and from and over the Land.

## ARTICLE VIII

### Insurance

The Council shall maintain insurance coverage upon the condominium project in accordance with the provisions of this Article:

(A) Authority to purchase; named insured

All insurance policies upon the condominium project shall be purchased by the Council. The named insured shall be the Council individually and as agent for the unit owners, without naming them, and as agent for the mortgagees of the unit owners. Provision shall be made for the issuance of mortgagee endorsements and memoranda of insurance to the mortgagees of unit owners. Such policies shall provide that payments by the insurer for losses shall be made to the insurance trustee designated below, and all policies and their endorsements shall be deposited with the insurance trustee. Unit owners may obtain coverage at their own expense for their own units, their own personal property, and other risks.

(B) Coverage

(1) All buildings, common elements, and other improvements upon the Land shall be insured in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors on behalf of the Council; provided, however, the Council shall not be required to insure any part of the condominium project within the boundaries of individual units except structural columns, load-bearing walls and pipes, conduits, wires, or other installations for the provision of services to the entire buildings. All personal property included in the common elements shall be insured for its value, as determined annually by the Board of Directors on behalf of the Council. Such coverage shall afford protection against:



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(a) Loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and

(b) Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location, and use as the buildings on the Land, including, but not limited to, vandalism and malicious mischief, earthquake, and plate glass insurance.

(2) Public liability insurance coverage shall be provided in such amounts and with such coverage as shall be required by the Board of Directors and with cross liability endorsement to cover liabilities of the unit owners jointly and severally and of the Council.

(3) Workers' compensation insurance to meet the requirements of Kentucky law.

(4) Blanket Fidelity insurance coverage for anyone, including any management agent, who either handles or is responsible for funds held or administered by the Council, whether or not that individual receives compensation for services, in an amount equal to the maximum funds that will be in the custody of the Council at any time but in no event less than an amount equal to three months of assessments on all units. Said policy shall name the Council as the insured and all premiums for said policy shall be paid as a common expense. Said policy may not be cancelled or substantially modified for any reason without ten (10) days written notice to the Council.

(5) Such other insurance as the Board of Directors from time to time shall determine is desirable.

(C) Premiums

Premiums upon insurance policies purchased by the Council shall be paid by the Council as a common expense; provided, however, that, should the amount of any insurance premium be affected by a particular use of a unit or units, the owner or owners of such unit or units shall be required to pay any increase in premium resulting from such use.

(D) Insurance trustee

All insurance policies purchased by the Council shall be for the benefit of the Council and the unit owners and mortgagees of the units as their interests may appear, and shall provide that all proceeds covering property losses shall be paid to National City Bank, as trustee, or to such other bank in Kentucky with trust powers as may be designated as insurance trustee by the Board of Directors, which trustee is referred to in this instrument as the "insurance trustee." Payment of premiums, renewal and sufficiency of policies, settlement of claims with insurers, and collection of insurance proceeds shall be the responsibility of the Board of Directors, and the sole duty of the insurance trustee shall be to receive such proceeds as are paid and hold the proceeds in trust for the purposes elsewhere stated in this Article.

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(E) Shares of the proceeds; mortgagees

The insurance trustee shall hold all insurance proceeds covering property losses in shares, which shares need not be set forth on the records of the insurance trustee, as follows: each unit owner shall have an undivided share in such proceeds, such share being the same as the undivided share in the common elements appurtenant to the unit(s) owned by such unit owner as set forth in Exhibit B to this Master Deed. In the event a mortgagee endorsement has been issued with respect to a unit, the share of the unit owner shall be held in trust for the mortgagee and the unit owner as their interests may appear; provided, however, that no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds which, pursuant to the provisions of this Article, are to be held by the insurance trustee, except distributions of such proceeds made pursuant to this Article.

(F) Distribution of proceeds

Proceeds of insurance policies received by the insurance trustee shall be distributed to or for the benefit of the beneficial owners in the following manner:

(1) Expense of the trust

All expenses of the insurance trustee shall be paid first or provision made for such payment.

(2) Reconstruction or repair

If the damage for which the proceeds are paid is to be repaired or reconstructed substantially in accordance with the original plans for the buildings, the remaining proceeds shall be paid to defray the cost of such as provided in Article IX of this Master Deed. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners, remittances to unit owners and their mortgagees being payable jointly to them. All mortgages and other liens existing against any unit(s) at the time of damage shall attach to such repaired or reconstructed unit(s) in the same priority as existed prior to such damage. All such repaired or reconstructed units shall bear the same unit numbers as those of the original units and shall retain the same percentage of ownership in the common elements as those of the original units (subject to "as built" adjustment as may be required by statute. If the damage for which the proceeds are paid is not to be repaired or reconstruct in accordance with the original plans for the buildings as permitted by Article IX of the Master Deed, the mortgagees of units in that building may demand that the remaining proceeds be applied to reduction of the mortgage debt on such units up to the total amount of the mortgage debt then due. Any proceeds remaining after such application to reduction of the mortgage debt shall be paid to defray the costs of repair and reconstruction as provided in the Article of this Master Deed entitled "Reconstruction or Repair after Casualty." This section is a covenant for the benefit of any mortgagee of a unit and may be enforced by such mortgagee.

(3) Failure to reconstruct or repair

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If it is determined in the manner provided in Article IX of this Master Deed that the damage for which the proceeds are paid shall not be reconstructed or repaired, the net proceeds remaining after all mortgages on the damaged or destroyed buildings have been paid shall be distributed in the manner determined by all of the unit owners at the special meeting of the Council provided by Article IX (A), provided that such distribution complies with the provisions of the Horizontal Property Law as amended.

(4) Certificate

In making distribution to unit owners and/or the mortgagees of the units, the insurance trustee may rely upon a certificate of the Council made by its president and secretary as to the names of the unit owners and their respective shares of the distribution, and the insurance trustee shall have no liability to the Council or to any unit owner for any distribution made in reliance upon such a certificate.

(G) Council as agent

The Council is irrevocably appointed for each unit owner and for each holder of a mortgage or other lien upon a unit and for each owner of any other interest in the condominium project to adjust all claims arising under insurance policies purchased by the Council and to execute and deliver releases upon the payment of claims.

(H) Directors' and Officers' Errors and Omissions Insurance

The Council may purchase insurance to protect itself and to indemnify any director or officer, past or present, against expenses actually and reasonably incurred by a director or officer in connection with the defense of any action, suit or proceeding, civil or criminal, to which he is made a part by reason of being or having been such director or officer, except in relation to, matters as to which he shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty to the Council; or to obtain such fuller protection and indemnification for directors and officers as the law of Kentucky permits. The policy or policies shall be in an amount to be reasonably determined by the Council.

(I) Premiums

The premiums upon insurance purchased by the Council shall be Common Expenses.

(J) Proceeds

Proceeds of all insurance policies owned by the Council shall be received by the Council for the use of the Unit Owners and their mortgagees as their interest may appear; provided, however, the proceeds of any insurance received by the Council because of property damage shall be applied to repair and reconstruction of the damaged property, except as may otherwise be permitted by this Declaration.

(K) Power of Attorney

Each Unit Owner shall be deemed to appoint the council as his or her true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of the master policy or any other insurance policy obtained by the Council. Without limitation on the generality of the foregoing, the Council as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit the premiums therefore, to collect proceeds and to distribute the same to the Council, the Unit Owners and their respective mortgagees as their interest may appear, to execute releases of liability and to execute all documents and to do all things on behalf of such Unit Owners and the Condominium Project as shall be necessary or convenient to the accomplishment of the foregoing; and any insurer may deal exclusively with the Council in regard to such matters.

(L) Responsibility of Unit Owner

The Council shall not be responsible for procurement or maintenance of any insurance covering the contents or the interior of any Unit nor the liability of any Unit Owner for injuries therein not caused by or connected with the Council's operation, maintenance or use of the Condominium Project. Each Unit Owner shall obtain insurance coverage at his own expense upon his Unit's furnishings and personal property; and in addition, shall obtain comprehensive personal liability insurance covering liability for damage to persons or property of others located within such Unit Owner's Unit, or in another Unit in the project or upon the Common Areas, resulting, from the negligence of the insured Unit Owner, in such amounts as shall from time to time be determined by the Council.

(M) Release

Council shall use its best efforts to provide all policies purchased under this Article by either the Council or the individual Unit Owners shall provide for the release by the issuer thereof of any and all rights of subrogation or assignment and all causes and rights of recovery against any Unit Owners, member of their family, their employees, their tenants, servants, agents and guests, the Council, any employee of the Council, the Board, or any occupant of the Condominium Project, for recovery against any one of them for any loss occurring to the insured property resulting from any of the perils insured against under the insurance policy.

(N) Approximate Coverage

If any of the required insurance coverage under this Article becomes or is impossible to obtain or can be obtained only at an unreasonable cost, the Council shall obtain coverage which most closely approximates the required coverage, if such substitute insurance is available.

(O) Additional Policy Requirements

All such insurance coverage obtained by the Council shall be written in the name of the Council, for the use and benefit of the Council, the Unit Owners and their mortgagees, as further identified below. Such insurance shall be governed by the provisions hereinafter set forth:

(1) Exclusive authority to adjust losses under policies in force on the Condominium Project obtained by the Council shall be vested in the Council provided, however, that no mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

(2) In no event shall the insurance coverage obtained by the Council hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their mortgagees, and the insurance carried by the Council shall be primary.

(3) All casualty insurance policies shall have an agreed amount endorsement with an annual review by one or more qualified persons.

(4) The Council should make reasonable efforts to secure insurance policies that will provide for the following:

(i) a waiver of subrogation;

(ii) that no policy may be canceled, invalidated, or suspended on account of the acts of any one or more individual Owners;

(iii) That no policy may be canceled, invalidated or suspended on account of the conduct of any director, officer or employee of the Council or its duly authorized manager without prior demand in writing delivered to the Council to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Council, its manager, any owner or mortgagee; and

(iv) that any "other insurance" clause in any policy exclude individual Owner's policies from consideration.

**(P) Other Insurance Requirements**

If this Project is intended to be qualified under the requirements of FHLMC, FNMA, HUD, FHA, VA or other similar program, the insurance requirements of that program are incorporated herein by reference. If any insurance company is unsure of the coverage intended, it should ask for an interpretation from the Board. Otherwise, the broad coverage shall be presumed, if there is an ambiguity.

**ARTICLE IX  
Reconstruction or Repair after Casualty**

**(A) Determination to reconstruct or repair**

If any part of the condominium project shall be damaged or destroyed by casualty, whether or not it shall be reconstructed or repaired shall be determined in the following manner:

(1) Common element

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If the damaged or destroyed improvement is a common element (other than portions of any of the buildings), the damaged or destroyed property shall be reconstructed or repaired.

(2) Buildings

If the damaged or destroyed improvements is one or more of the buildings, such building or buildings also shall be reconstructed or repaired except that, as to each building (if any) as to which more than two-thirds of such building has been destroyed, such building shall not be reconstructed or repaired if (and only if) (a) all of the unit owners of units in such building shall agree in writing within 30 days after the date of the occurrence of such destruction that they desire that such building not be repaired or reconstructed and request the secretary of the Council in writing to call a special meeting of the unit owners for the purpose of deciding whether such building shall be repaired or reconstructed, and (b) unit owners of units in the entire condominium project to which greater then 67% of the common elements are appurtenant and by eligible mortgage holders who represent at least fifty-one percent (51%) of the common elements shall vote not to repair or reconstruct such building at the meeting of all of the unit owners, which shall be duly called by the secretary of the Council within 10 days after the receipt by the secretary of the written request from the unit owners of the affected building. In the event the building is not reconstructed or repaired, the unit owners of such building (and their mortgagees) shall be entitled to receive their proportionate share of the insurance proceeds payable as a result of such destruction, and the Board of Directors shall cause the Master Deed to be amended to revise the allocation of the common elements amount the units located in the remaining buildings according to the proportion which the floor area of each such unit bears, respectively, to the sum of the floor area for all of remaining units.

(3) Certificate

The insurance trustee may rely upon a certificate of the Council made by its president and secretary to determine whether or not the damage or destroyed property is to be reconstructed or repaired.

(B) Manner of reconstruction

The original plans for the condominium project shall be the property of the Council and shall be kept by the Board of Directors in a fireproof safe or safe deposit box. Any reconstruction or repair must be substantially in accordance with the original plans, or, if not, then according to plans and specifications approved by the Board of Directors and, if the damaged property is all or part of any building, by all mortgagees of units in the damaged or destroyed building(s), and by all of the unit owners of units in that building.

(C) Responsibility

If the damage is only to those parts of a unit for which the responsibility of maintenance and repair is that of the unit owner, then the unit owner shall be responsible for reconstruction and

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repair after casualty. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the Council.

(D) Estimate of costs

Immediately after a determination is made to rebuild or repair damage to property for which the Council has the responsibility of reconstruction and repair, the Council shall obtain reliable and detailed estimates of the cost to rebuild or repair.

(E) Assessments

If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Council, or if, at any time during reconstruction and repair, or upon completion of reconstruction and repair, the proceeds are determined to be insufficient, assessments shall be made against the unit owners in amounts sufficient to provide funds for the payment of such costs. Such assessments against unit owners for damage to units shall be in proportion to the cost of reconstruction and repair of their respective units. Such assessments on account of damage to common elements shall be in proportion to the share in the common elements appurtenant to the unit owned by such unit owner as set forth in Exhibit B to this Master Deed.

(F) Construction funds

The funds for payment of costs of reconstruction and repair after casualty, which shall consist of proceeds of insurance held by the insurance trustee and funds collected by the Council from assessments against unit owners, shall be disbursed in payment of such costs in the following manner:

(1) Council

If the total of assessments made by the Council in order to provide funds for payments of costs of reconstruction and repair that is the responsibility of the Council is more than \$10,000.00, then the Council shall deposit the sums paid upon such assessments with the insurance trustee. In all other cases the Council shall hold the sums paid upon such assessments and disburse them in payment of the costs of reconstruction and repair.

(2) Insurance trustee; construction fund

The proceeds of insurance collected on account of a casualty, and the sums deposited with the insurance trustee by the Council from the collections of assessments against unit owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner and order:

(a) Council--lesser damage

If the amount of the estimated cost of the reconstruction and repair that is the responsibility of the Council is less than \$10,000.00, then the construction fund shall be disbursed

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in payment of such costs upon the order of the Council; provided, however, that, upon request to the insurance trustee by a mortgagee that is a beneficiary of an insurance policy the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner provided for the reconstruction and repair of major damage.

(b) Council—major damage

If the amount of the estimated costs of reconstruction and repair that is the responsibility of the Council is more the \$10,000.00, then the construction fund shall be disbursed in payment of such costs in the manner required by the Board of Directors and upon approval of an architect licensed to practice in Kentucky and employed by the Council to supervise the work.

(c) Unit owner

The portion of insurance proceeds representing damage for which the responsibility of reconstruction and repair lies with a unit owner shall be paid by the insurance trustee to the unit owner, or if there is a mortgagee endorsement as to the unit, then to the unit owner and the mortgagee, jointly, who may use such proceeds as they determine.

(d) Surplus

It shall be presumed that the first monies disbursed in payment of costs of reconstruction and repair shall be from insurance proceeds. If there is a balance in a construction fund after payment of all costs of the reconstruction and repair for which the fund is established, such balance shall be distributed to the beneficial owners of the fund in the manner elsewhere stated; provided, however, that the part of the distribution to a beneficial owner that represents assessments paid by such owner into the construction fund shall not be made payable to any mortgagee.

(e) Certificate

Any provisions of this Master Deed to the contrary notwithstanding, the insurance trustee shall not be required to determine whether or not sums paid by the unit owners upon assessments shall be deposited by the Council with the insurance trustee, nor to determine whether the disbursements from the construction fund are to be upon the order of the Council or upon approval of an architect or otherwise, nor whether a disbursement is to be made from the construction fund, nor to determine the payee nor the amount paid. Instead, the insurance trustee may rely upon a certificate of the Council made by its president and secretary as to any and all of such matters and stating that the sums to be paid are due and properly payable and stating the name of the payee and the amount to be paid; provided that when a mortgagee is required in this instrument to be named as payee, the insurance trustee shall also name the mortgagee as a payee of any distribution of insurance proceeds to a unit owner; and further provided that when the Council, or a mortgagee that is the beneficiary of an insurance policy whose proceeds are included in the construction fund, so requires, the approval of an architect named by the Council shall be first obtained by the Council upon disbursements in payment of costs of reconstruction and repair.



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(G) Eminent domain

Appropriation, taking, injury to or destruction of, or condemnation by eminent domain be federal, state, or local government or any instrumentality thereof of any portion of the condominium project, respectively, shall be considered to be included in the terms "damage and destruction" for purposes of this Article, and the decision whether or not to restore, insofar as is possible, any building of which two-thirds or more is taken, and the proceeds of the eminent domain taking, respectively, shall be treated in the same manner as is provided in this Master Deed upon the occurrence of damage and destruction to the condominium project. The Board of Directors shall give to all holders of first mortgages on units prompt notice of any eminent domain proceedings, and the distribution of the proceeds of any eminent domain proceeding shall be subject to the provisions of Article VIII (F) with respect to the rights of the holders of mortgages on units.

**ARTICLE X**  
**Sale and Mortgaging of Units**

(A) Right to sell units

The unit owner of each unit shall have the right to sell such unit and the common elements appurtenant thereto, subject to all of the provisions of the condominium documents.

(B) Grantee to be liable with grantor for unpaid common charges

In any conveyance of a unit either by voluntary instrument, operation of law, or judicial proceedings in accordance with this Master Deed or Bylaws, the grantee of the unit shall be jointly and severally liable with the former unit owner for any unpaid common charges against the latter assessed and due up to the time of the grant or conveyance without prejudice to the grantee's right to recover from the former unit owner the amounts paid by the grantee therefor. "Grantee" as used in this section shall not include either the holder of an institutional mortgage of record or a purchaser of a unit at a foreclosure sale of an institutional mortgage.

(C) Rights of Mortgage Holders, Insurers, or Guarantors

The holder, insurer, or guarantor of a mortgage on any Unit shall have the right to timely written notice of (1) any condemnation or casualty loss that affects either a material portion of the project or the unit securing its mortgage; (2) any 60-day delinquency in the payment of assessments or charges owned by the owner of any unit on which it holds the mortgage; (3) a lapse, cancellation, or material modification of any insurance policy maintained by the Council; and (4) any proposed action that requires the consent of a specified percentage of eligible mortgage holders. Any such mortgage holder, insurer or guarantor must submit a written request for this information to the Council, stating both its name and address and the number or address of the unit on which it has (or insures or guarantees) the mortgage. Eligible mortgage holders shall include those holders of a first mortgage on a Unit who have submitted a written request that the Council notify them on any proposed action requiring the consent of a specified percentage of eligible mortgage holders.

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**ARTICLE XI****Obligations of Unit Owners and Remedies upon Default**

- (A) All unit owners and tenants subject to condominium documents that run with the Land

All present or future unit owners, tenants, occupants, or any other person that might use the condominium project in any manner are subject to the terms and provisions of the condominium documents, as they may be amended from time to time, and the decisions of the Council acting through the Board of Directors acting, in turn, through its resolutions, the officers of the Council, and the managing agent. The acceptance of a deed or conveyance or entering into of a lease, or the entering into occupancy of any unit shall signify that the provisions of the condominium documents, and the decisions of the Board of Directors are accepted and ratified by such unit owner, tenant, or occupant, and all of such provisions shall be deemed and taken to be covenants running with the Land and shall bind any person having at any time any interest or estate in such units, as though such provisions were recited and stipulated at length in each and every deed or conveyance or lease of the unit.

- (B) Remedies upon default

Failure of a unit owner (or other person subject to the condominium documents) to comply with the provisions of the condominium documents shall entitle the Council (and the Declarant, in the proper case) to the following remedies provided by the Horizontal Property Law and by any other provisions of the condominium documents:

(1) The right to enter any unit or any portion of the condominium project upon which, or as to which, such violation or breach exists which requires emergency attention or emergency repairs, and on an emergency basis to abate and remove, at the expense of the defaulting unit owner, any structure or thing or condition that may exist in violation of the condominium documents; and the Council, or its employees or agents, shall not thereby be deemed guilty of trespass.

(2) The right to enjoin, abate, or remedy by appropriate legal proceedings, at law or equity, the continuance of any breach; and, pursuant to the appropriate court action, the right, if any unit owner or any occupant of his unit shall continue to be in violation of the aforesaid documents and rules and regulations for 30 days after notice in writing from the Council, to issue to the defaulting unit owner a 10-day notice in writing to terminate the rights of said unit owner to continue as a unit owner and to continue to occupy, use, or control his unit and to file a suit in equity against the defaulting unit owner for a mandatory injunction against the unit owner or occupants or, in the alternative, a decree declaring the termination of the defaulting unit owner's right to occupy, use, or control the unit and ordering that the unit shall be sold at a judicial sale upon such notice and terms as the court shall establish, except that the defaulting unit owner shall not be entitled to reacquire the unit at such sale or by virtue of right of redemption.

- (C) Cost and attorney fees

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In any proceeding arising because of an alleged failure of a unit owner or the Council to comply with the terms of the condominium documents, as they may be amended from time to time, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorney fees as may be awarded by the court.

(D) No waiver of rights

The failure of the Council or any unit owner to enforce any covenant, restriction, or other provision of the Horizontal Property Law or the condominium documents shall not constitute a waiver of the right to do so thereafter.

(E) Rights are cumulative

All rights, remedies, and privileges granted to the Council, Declarant, the Board of Directors, its designated agent(s), or a unit owner, pursuant to any terms, provisions, covenants, or conditions of the condominium documents shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies, or privileges as may be granted to such party hereunder, under the other condominium documents, or at law or in equity.

## ARTICLE XII

### Future Development and Withdrawal

Hite Avenue Gardens Condominiums, as initially built, consists of twelve (12) units in the buildings previously constructed, and may consist of additional units contained in additional buildings, which may be constructed. These buildings and the units therein together with the common elements appurtenant thereto will automatically become subject to this condominium regime by amendment(s) to the Master Deed upon the filing of their respective floor plans. Declarant specifically reserves the right, from time to time, to further amend the Master Deed to the extent of adding additional units and general common elements (not to exceed a total of one hundred twenty (120) units or one hundred eight (108) additional units) and limited common elements and, once added by amendment, the units therein shall have the same rights, privileges, and obligations as appear herein. In furtherance of the foregoing, an irrevocable power coupled with an interest is hereby granted and reserved unto Declarant, its successors and assigns (however, individual unit owners shall not be included within the meaning of successors and assigns as used in this paragraph), to amend the Master Deed to accomplish the foregoing and to SHIFT AND REALLOCATE from time to time the percentage of ownership in the common elements appurtenant to each unit to the percentages set forth in each amendment pursuant to this paragraph. Each execution of a deed of conveyance, mortgage, or other instrument with respect to a unit, and the acceptance thereof, shall be deemed a grant, and an acknowledgement of and conclusive evidence of the parties thereto to the consent of such reservation of power to Declarant as attorney in fact and shall be deemed to reserve to Declarant and its successors and assigns the power to shift and reallocate from time to time the percentages of ownership in the common elements appurtenant to each unit set forth in each such recorded amendment. Further, Declarant specifically reserves

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unto itself, and its successors and assigns, the rights to determine the location of all future units, common elements, and limited common elements.

Each unit owner by acceptance of a deed to a unit further acknowledges, consents, and agrees to this Master Deed and to each such amendment that is recorded, as follows:

(A) The portion of the additional common elements and any additional limited common elements described in each such amendment shall be governed in all respects by the provisions of this Master Deed.

(B) The percentage of ownership in the common elements appurtenant to each unit shall automatically be shifted and reallocated to the extent set forth in each such recorded amendment and upon recordation thereof the amount by which such percentage appurtenant to a unit is adjusted as set forth therein shall thereby be and be deemed to be reallocated from or to such unit owner and reconveyed and reallocated among the other unit owners as set forth in such recorded amendment.

(C) Each deed, mortgage, or other instrument affecting a unit shall be deemed given subject to the conditional limitation that the percentage of ownership in the common elements appurtenant to each unit shall, upon the recording of each amendment, be adjusted in proportion to the revised percentage set forth in such amendment and vested among all the other owners, mortgagees, and others owning an interest in the other units in accordance with the terms and percentages of each such recorded amendment.

(D) A right of revocation is hereby reserved by the grantor in each such deed, mortgage, or other instrument of a unit to so amend and reallocate the percentage of ownership in the common elements appurtenant to each unit.

(E) The percentage of ownership in the common elements appurtenant to each unit shall include and be deemed to include any additional common elements made a part of the condominium project by a recorded amendment, and each deed, mortgage, or other instrument affecting a unit shall be deemed to include such additional common elements and the ownership of any such unit and lien of any such mortgage shall automatically include and attach to such additional common elements as such amendments are recorded.

(F) Each unit owner shall have a perpetual easement, appurtenant to his unit, for the use of any additional common elements annexed thereto by and described in any recorded amendment for the purposes therein set forth, except as to any portion the use of which is limited by exclusive easements granted to the owners of specific units as may be provided in any such amendment.

(G) The recording of each such amendment shall not alter the amount of the lien for expenses assessed to a unit prior to the date of such amendment.

(H) Each unit owner by acceptance of the deed conveying his unit agrees for himself and all those claiming under him, including mortgagees, that the Master Deed and each Amendment is and shall be deemed to be in accordance with the Horizontal Property Law and, for purposes of the Master Deed and Horizontal Property Law, any changes in the respective percentages of ownership

in the common elements as set forth in each Amendment shall be deemed to be made by agreement of all unit owners and mortgagees.

(I) Declarant reserves the unilateral right to amend the Master Deed for the purpose of shifting and reallocating the percentages of ownership in the common elements in the manner provided by this article and any applicable law. If requested by Declarant, each unit owner agrees to execute and deliver such documents necessary or desirable to cause the provisions of this Article to comply with the Horizontal Property Law as it may be amended from time to time.

(J) Additional units shall be substantially completed prior to being subjected to the regime and shall be consistent with other units in terms of quality of construction.

(K) The provisions of the Master Deed and in deeds and mortgages of the units and common elements may contain clauses intended to confirm the right to shift the common elements. None of said provisions shall invalidate the other, but each shall be deemed supplementary to the other toward the end that a valid shifting of the common elements can be accomplished.

No future Board of Directors acting for and on behalf of the Council shall amend the Master Deed or adopt or amend any Bylaws which would hinder, obstruct, or jeopardize Declarant's interest in the present or future development of the condominium project.

### **ARTICLE XIII** **Amendment to Declaration**

After such time as Unit Owners are entitled to exercise a vote in the Council as described in Section VI (F), this Master Deed may be modified, altered, amended, or added to at any time, as long as consistent with the design, scheme and purposes of this Master Deed and as long as such amendment does not materially and adversely affect the value of a Unit Owner's property and by an instrument signed by Unit Owners who represent not less than sixty-seven percent (67%) in interest in common elements and by eligible mortgage holders who represent at least fifty-one percent (51%) in interest in common elements that are subject to mortgages held by eligible holders. A change to any of the provisions governing the following would be considered as material:

- a) Voting rights;
- b) Increases in assessments that raise the previously assessed amount by more than 25%, assessment liens, or the priority of assessment liens;
- c) Reductions in reserves for maintenance, repair and replacement of common elements;
- d) Responsibility for maintenance and repairs;
- e) Reallocation of interests in the general or limited common elements, or rights to their use;
- f) Redefinition of any unit boundaries;
- g) Convertibility of units into common elements or vice versa;
- h) Expansion or contraction of the project, or the addition, annexation, or withdrawal of property to or from the project;
- i) Hazard or fidelity insurance requirements;
- j) Imposition of any restrictions on the leasing of units;
- k) Imposition of any restrictions on a unit owner's right to sell or transfer his or her unit;

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- l) Restoration or repair of the project after damage or partial condemnation in a manner other than that specified in the Master Deed; and
- m) Any provisions that expressly benefit mortgage holders, insurers, or guarantors.

No such agreement to amend, in whole or in part, shall be effective unless approved by the Board of Directors and unless written notice of the proposed amendment is sent to every member at least thirty (30) days in advance of any action taken. An instrument evidencing the change and signed by the president or any vice president of the Council shall be duly recorded in the Office of the Jefferson County Clerk. Such instruments need not contain the written consent of any unit owners but shall contain the verified statement and certification of the secretary or other officer of the council not otherwise signing the instrument that the requirements of this section have been satisfied.

#### ARTICLE XIV General

##### (A) Severability

The invalidity of any provision of this Master Deed shall not be deemed to impair or affect in any manner the validity, enforceability, or effect of the remainder of this Master Deed, and, in such event, all of the other provisions of this Master Deed shall continue in full force and effect as if such invalid provision had never been included herein.

##### (B) Waiver

No provision contained in this Master Deed shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

##### (C) Captions

The captions herein are inserted only as a matter of convenience, and in no way define, limit, or describe the scope of this Master Deed or the intent of any provision hereof.

##### (D) Gender

The use of the masculine gender in this Master Deed shall be deemed to refer to the feminine gender whenever the context so requires.

IN WITNESS WHEREOF, the Declarant has caused this Master Deed to be executed actually on the date indicated in the notarial certificate affixed hereto but effective April 6, 2005.

**BELLEAU WOODS, LLC**  
A Kentucky limited liability company

Michael A. Kopp *Manager*  
Signature  
By: Michael A. Kopp  
Title: Manager

STATE OF KENTUCKY     )  
                                          )  
COUNTY OF JEFFERSON    )

I, a Notary public in and for the State and County aforesaid, do hereby certify that on this 6<sup>th</sup> day of April, 2005, Michael Kopp, Manager of Belleau Woods, LLC appeared before me and before me acknowledged that he executed and delivered the foregoing instrument as his free and voluntary act and deed and as the free and voluntary act and deed of Belleau Woods, LLC, a Kentucky limited liability company.

My Commission expires: Oct 22, 2008  
Anna Muller  
Notary Public, State at Large, Kentucky

**THIS INSTRUMENT PREPARED BY:**  
Clifford H. Ashburner  
Clifford H. Ashburner  
**BARDENWERPER & TALBOTT, PLLC**  
8311 Shelbyville Road  
Louisville, Kentucky 40222  
(502) 426-6688

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**EXHIBIT A**

**Legal Description of Land**

**BEING** Tract 1 as shown on Minor Subdivision Plat dated 12/31/04, approved by the Louisville Metro Planning Commission under Docket No. 05105, of record in Deed Book 8594, Page 549, in the Office of the Clerk of Jefferson County, Kentucky.

**BEING** a portion of the same property conveyed to Belleau Woods, LLC, a Kentucky limited liability company by Deed of record in Deed Book 7847, Page 274, in the Office of the Clerk of Jefferson County, Kentucky.

**EXHIBIT B**

**HITE AVENUE GARDEN CONDOMINIUM**

**Percentage Interest in Common Elements**

<u>Building No.</u>	<u>Unit No.</u>	<u>Area in Square Feet</u>	<u>Percentage Interest</u>
1	721-1	873.64	8.33%
1	721-2	873.64	8.33%
1	723-1	873.64	8.33%
1	723-2	873.64	8.33%
1	725-1	873.64	8.33%
1	725-2	873.64	8.33%
1	721-3	873.64	8.33%
1	721-4	873.64	8.33%
1	723-3	873.64	8.33%
1	723-4	873.64	8.33%
1	725-3	873.64	8.33%
1	725-4	873.64	8.33%
<b>Totals</b>		<b>10,483.68</b>	<b>100.00%</b>

**Recorded in Condo Book**  
 No. 107 Page 69-70  
 Part No. 1993

Document No.: DW2005052211  
 Lodged By: hardenmerger law firm  
 Recorded On: 04/06/2005 11:39:55  
 Total Fees: 78.88  
 Transfer Tax: .00  
 County Clerk: BOBBIE HILSLOH-JEFF CO KY  
 Deputy Clerk: YOLLOE2

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