

EXHIBIT DBY-LAWSOFTHE WOODS OF CRESCENT HILL CONDOMINIUMS
HOMEOWNERS' ASSOCIATION, INC.Article IPrincipal Office

THESE BY-LAWS OF THE WOODS OF CRESCENT HILL CONDOMINIUMS HOMEOWNERS' ASSOCIATION, INC. (the "Association"), a Kentucky non-profit corporation, are hereby adopted as of the 5th day of February, 2002. The principal office of the Association shall be 2206 Frankfort Avenue, Louisville, Kentucky 40202, but meetings of Members and directors shall be held at such places within or without the Commonwealth of Kentucky as may be designated by the Board of Directors.

Article IIDefinitions

Each of the terms used herein, unless otherwise defined, shall have the same meaning as set forth in the Master Deed:

"**Articles of Incorporation**" shall mean the Articles of Incorporation of the Association filed with the Kentucky Secretary of State on February 5, 2002.

"**Common Areas**" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

"**Developer**" shall mean Crescent Hill Development, LLC, a Kentucky limited liability company, its successors and assigns.

"**Management Company**" shall be any person or entity, whether one or more, employed by the Association to carry out any of the obligations of the Association.

"**Master Deed**" and "**Declaration**" shall mean the Master Deed and Declaration of Condominium Property Regime for The Woods of Crescent Hill Condominiums recorded in Deed Book 7822, Page 6061, in the Office of the Clerk aforesaid.

"**Member**" shall mean an Owner.

"**Owner**" shall mean the record owner, whether one or more persons or entities of fee simple title to a Unit in The Woods of Crescent Hill Condominiums, but excluding a mortgagee having merely a security interest.

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"Unit" shall mean each single-family residential condominium or townhouse unit which comprises a part of The Woods of Crescent Hill Condominiums as shown on the recorded subdivision plat or any amendments thereto.

"The Woods of Crescent Hill Condominiums" or "Project" shall mean the real estate development located in Jefferson County, Kentucky, the plat of which is recorded in Plat and Subdivision Book 07670, Page 0238, in the Office of the Clerk of Jefferson County, Kentucky, and such additional real estate as may be added thereto pursuant to the Master Deed.

Article III Membership and Voting Rights

A. **Appurtenant Membership.** Membership in the Association shall be appurtenant to and may not be separated from ownership of any Unit.

B. **Voting Rights.** Unless the Developer elects to surrender such right at an earlier date, the Developer shall have the sole and exclusive right to vote in the election of Directors and on all other matters pertaining to the Association, until the earlier of (i) the date which is 120 days after the date by which 75% of the Units which may be developed as a part of the Regime have been conveyed to unrelated purchasers, or (ii) the date which is six (6) years from the date upon which Developer first conveys a Unit to an unrelated purchaser. With respect to any Unit where the Owner consists of more than one person or entity, the vote for such Unit shall be exercised as such persons or entities determine among themselves, but in no event shall more than one vote be cast for each Unit.

C. **Suspension.** No Member who is delinquent in the payment of assessments shall be entitled to exercise the right to vote hereunder until such default has been cured.

Article IV Management Company

The Association may employ, by contract, a Management Company to carry out all or part of the functions of the Association, which Management Company may control, be under common control with, or be controlled by Developer, but until such time as the Members are entitled to vote in the election of Directors, the fee to be paid the Management Company shall not exceed the rate of \$15.00 per month per Unit, adjusted upward at the end of each annual period commencing on January 1, 2003, in proportion to the percentage of change of the Consumer Price Index, All Urban Consumers, All Cities, of the United States Bureau of Labor Standards. Any such management contract may be terminated by the Association without penalty upon 90 days prior written notice.

Article V Meetings of Members

A. **Annual Meetings.** The first annual meeting of the Members shall be held within 30 days after notice from Developer that the Members' voting rights have commenced pursuant to Article 3, Section B hereof, which notice shall fix the time and place for the meeting. Each subsequent regular annual meeting of the Members shall be held within 30 days of the anniversary of the first meeting at such time, date and place as may be determined by the Board of Directors.

B. **Special Meetings.** Special meetings of the Members may be called at any time by the President of the Association, by the Board of Directors, or by Members having at least 33% of the votes entitled to be cast at such meeting. Upon receipt of this request, the President shall immediately cause written notice to be given of the meeting to be held on a date not less than seven (7) nor more than thirty (30) days after receipt of this request. If written notice is not given within ten (10) days after the delivery of the request, the Members making the request may call the meeting and give written notice of it.

C. **Notice of Meeting.** Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by personal delivery or mailing a copy of such notice, postage prepaid, at least 10 days before such meeting to each Member entitled to vote, addressed to the Member's Unit or to such other address which has been supplied by such Member to the Association for the purpose of such notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting called other than by the President, the purpose of the meeting.

D. **Quorum.** The presence at the meeting in person or by proxy of the Members entitled to cast twenty (20) percent of the total votes shall constitute a quorum for any action. So long as Developer has the sole voting power, the presence of Developer by an authorized representative or by proxy shall constitute a quorum. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote who are in attendance shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present in person or by proxy.

E. **Proxies.** At all meetings of Members, each Member entitled to vote may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable.

F. **Voting.** At any meeting of the members at which a quorum is present all matters shall be determined by a majority vote of those voting on the matter, unless the question is one upon which a different vote is required by provisions of the laws of the Commonwealth of Kentucky, the Master Deed, the Articles of Incorporation or these Bylaws.

G. **Suspension of Voting Privileges.** No Member shall be eligible to vote or to be elected to the Board of Directors who is shown on the books of the Association to be more than thirty (30) days delinquent in the payment of any assessment due the Association.

Article VI
Board of Directors, Selection, Term of Office

A. **Number.** The initial Board of Directors shall be the three persons named as initial directors in the Articles of Incorporation. Commencing with the first annual meeting of the Members at which Members are eligible to vote, a Board of five (5) directors elected by the Members shall manage the affairs of the Association.

B. **Term of Office.** At the first annual meeting of the Members, they shall elect one director for a term of one year, two directors for terms of two years, and two directors for terms of three years. At each annual meeting thereafter the Members shall elect the number of directors necessary to fill any expired term in order to bring the number of directors to five for a term of three years each.

C. **Removal.** Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association entitled to vote at a meeting called for such purpose. In the event of death, resignation or removal of a director, a successor shall be elected by the remaining members of the Board of Directors and shall serve for the unexpired term of his predecessor.

D. **Compensation.** No director shall receive compensation for any service he may render to the Association; however, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

E. **Action Taken Without A Meeting.** The Board of Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

Article VII

Nomination And Election Of Directors

A. **Initial Board of Directors.** The Board of Directors shall be named by Developer until such time as the Members are entitled to vote, notwithstanding the following sections of this Article.

B. **Nomination.** A nominating committee shall make nominations for election to the Board of Directors. Nominations may also be made from the floor at the annual meeting. The nominating committee shall consist of a Chairman who shall be a member of the Board of Directors, and two or more voting Members of the Association. The first nominating committee shall be selected by the initial Board of Directors and announced in the notice of the first annual meeting. Thereafter, a nominating committee shall be appointed by the Board of Directors at its first meeting after the annual meeting of the Members, to serve until the close of the next annual meeting and such appointment shall be announced to the Members. The nominating committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

C. **Election.** Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Master Deed. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Article VIII Meetings of Directors

A. **Regular Meetings.** Meetings of the Board of Directors shall be held annually without notice at such place and hour as may be fixed from time to time by resolution of the Board of Directors. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

B. **Special Meetings.** Special meetings of the Board of Directors shall be held when called by the President of the Association or by any three directors after not less than three (3) days' notice to each director.

C. **Quorum.** A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board of Directors.

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

E. **Voting Power.** Every act or decision done or made by a majority of the Directors present and voting at a duly held meeting at which a quorum is present shall be regarded as the act of the Board of Directors, except as may be otherwise expressly provided in the Declaration and these Bylaws. The President may cast an additional vote to break a tie vote on any matter.

Article IX Board of Directors

A. **Powers.** The Board of Directors shall have the power to:

1. Adopt and publish rules and regulations governing the use of the Common Area and facilities, and the conduct of Members and their guests thereon, and other matters as set forth in the Master Deed, and to establish penalties for the infraction thereof;
2. Suspend a Member's voting rights and the right to use of the Common Areas, (a) during any period in which such Member shall be in default in the payment of any

assessment levied by the Association, and (b) after notice and hearing, for a period not to exceed sixty (60) days for an infraction of published rules and regulations;

3. Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not expressly reserved to the Members by other provisions of the Bylaws, the Articles of Incorporation or the Master Deed;

4. Employ as an independent contractor, a Management Company, or a manager, or such other employee(s) as they deem necessary, and to prescribe their duties; and

5. Authorize the borrowing of money by the Association in connection with the carrying out of its rights and obligations, provided that the principal amount of such borrowings outstanding at any time shall not exceed \$20,000 without the approval of at least two-thirds of the Members entitled to vote.

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

1. Cause to be kept a record of its meetings and of the Association's affairs, and to allow inspection of such records by any Member upon reasonable written request;

2. Supervise all officers, agents and employees of the Association, and see that their duties are properly performed;

3. As more fully provided in the Master Deed to:

a. Fix the amount of the assessments against each Unit; and

b. Enforce collection of all assessments;

4. Procure and maintain insurance coverage related to the Project:

a. Such insurance coverage shall include (i) a master policy of fire and extended coverage, vandalism, malicious mischief and liability insurance, and worker's compensation insurance if required by law, (ii) officers' and directors' liability and indemnification insurance, and (iii) fidelity insurance coverage against dishonest acts on the part of the officers, directors, employees and/or Members of the Association and of all other persons responsible for handling funds of or administered by the Association. Any master policy shall be purchased by the Association for the benefit of the Association, the Unit owners and their mortgagees as their interest may appear, subject to the Master Deed and these By-Laws. The "master policy" may be made up of several different policies purchased from different agencies and issued by different companies.

b. Such insurance coverage shall be maintained with generally acceptable insurance carriers, and reference should be made to the FNMA

Conventional Home Mortgage Selling Contract Supplement and the FHLMC Sellers Guide for specific requirements regarding the qualifications of insurance carriers.

c. All buildings (excluding insurance on Improvements as that term is defined below), structures, Common Elements of the Project or other improvements now or at any time hereafter constituting a part of the Project shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount not less than 100% of the replacement value thereof, with a deductible agreed to by the Board of Directors, exclusive of the cost of the land, foundations, footings, excavation and engineer's, architect's and other professional fees, without deduction for depreciation, but inclusive of the cost of the following improvements and betterments (collectively, the "Improvements") to any Unit added by the Developer: any partitioning, trim, drywall and other improvements or betterments. Such insurance policy(ies) shall:

- i. Have the cost of demolition, water damage (excluding floods, backing up of sewers and drains, the running off of surface water and the overflow of a body of water), and agreed amount endorsements and a deductible of any single loss or group of losses within one year in such amounts as shall be found reasonable by the Board of Directors, after carefully considering and comparing the increased premium costs resulting from a low deductible with the lower premium costs by higher per loss risk resulting from a high deductible, together with all other pertinent factors;
- ii. Provide that no mortgagee shall have any right to apply the proceeds thereof to the reduction of any mortgage debt;
- iii. Provide coverage for built-in fixtures and equipment in an amount not less than 100% of the replacement cost thereof (subject to the deductibles described above), and shall also provide that the insurer shall have no right to contribution from any insurance which may be purchased by any Unit owner as permitted herein or in the Master Deed;
- iv. Contain either a waiver by the insurer of any increased hazard clause, a severability of interest endorsement, or a provision stating that the coverage will not be affected by the act, omission or neglect of any person unless such act, omission or neglect is within the knowledge and control of the Board of Directors prior to the occurrence of the loss;

- v. Not provide coverage for any items of personal property installed by or for any Unit owner, or other unattached personal property located within any Unit;
- vi. Include provisions requiring the issuance of certificates of coverage and the issuance of written notice to the Board of Directors and to any mortgagee or mortgagees of any Unit not less than 30 days prior to any expiration, substantial modification or cancellation of such coverage;
- vii. Be without prejudice to the right of the Unit owner to obtain individual contents and chattel property insurance;
- viii. Be reviewed annually by the Board of Directors, and if any of such coverage becomes impossible or impractical to obtain, the Board of Directors shall obtain coverage which most closely approximates the required coverage with the deductible provisions as determined by the Board of Directors.

d. If the Project is intended to be qualified under the requirements of FHLMC, FNMA, HUD, FHA, VA or other similar programs, the insurance requirements of any such 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 OF DIRECTORS OF THE ASSOCIATION. OTHERWISE, THE BROADEST COVERAGE SHALL BE PRESUMED, IF THERE IS ANY AMBIGUITY.**

5. Cause the Common Areas, Common Elements and all Building exteriors (as those terms are defined in the Master Deed) and other areas and improvements as required under the Master Deed to be maintained; and

6. Otherwise act as required under the Master Deed.

Article X

Officers And Their Duties

A. **Enumeration of Offices.** The officers of the Association shall be a President and a Vice President, who shall at all times be members of the Board of Directors, a Secretary and a Treasurer, and such other officers as the Board of Directors may from time to time by resolution, create.

B. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors, and at the first meeting of the Board of Directors following each annual meeting of the Members.

C. Term. The officers of the Association shall be elected annually by the Board of Directors and each shall hold office for one year and until a successor is elected and qualified, unless the officer shall sooner resign, or shall be removed, or is otherwise disqualified to serve.

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

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

F. Vacancy. A vacancy in any office may be filled by appointment by the Board of Directors. The appointed to such vacancy shall serve for the remainder of the term of the officer replaced.

G. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created by the Board of Directors pursuant to Section 10(A) of this Article.

H. Duties. The duties of the officers are as follows:

1. **President.** The President shall preside at all meetings of the Board of Directors and all meetings of the Members; shall see that orders and resolutions of the Board of Directors are carried out; shall sign all leases, mortgages, deeds and other written instruments; and shall co-sign all checks and promissory notes.

2. **Vice President.** The Vice President shall act in the place and stead of the President in the event of the President's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board of Directors.

3. **Secretary.** The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board of Directors.

4. **Treasurer.** The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolutions of

the Board of Directors; shall co-sign all checks and promissory notes of the Association; keep proper books and accounts; and shall prepare a statement of income and expenditures to be presented to the Members at regular annual meetings, and deliver a copy to the Members.

Article XI
Indemnification of Directors and Officers

The Association shall indemnify each of its directors and officers who was or is a party or is threatened to be made a party to any threatened, pending or contemplated action, suit, or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association), by reason of the fact that he is or was a director or officer of the Association, against expenses (including court costs and reasonable attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful.

Except as provided hereinbelow, any such indemnification shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because he has met the applicable standard of conduct set forth above. Such determination shall be made (a) by the Board of Directors by a majority vote of a quorum of directors who were not, or are not, parties to such action, suit, or proceedings, or (b) by the Members.

Expenses (including attorneys' fees) incurred in defending a civil or criminal action, suit, or proceeding may be paid by the Association in advance of the final disposition of such action, or proceeding if authorized by the Board of Directors and upon receipt of an undertaking by or on behalf of the director or officer to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association.

To the extent that a director or officer has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including court costs and reasonable attorneys' fees) actually and reasonably incurred by him in connection therewith, without any further determination that he has met the applicable standard of conduct set forth above.

Article XII
Committees

The Board of Directors shall appoint a Nominating Committee as provided in Article 7 of these Bylaws, and in addition, shall appoint such other committees as deemed appropriate in carrying out its purpose.

Article XIII
Books And Records

The books and records and papers of the Association, including, without limitation, financial statements, the Declaration, the Articles of Incorporation, these By-Laws and other rules and regulations regarding the Association, shall at all times during reasonable business hours, be available and subject to inspection by any Member as well as the lenders, holders and insurers of any first mortgage on any Unit. Further, the Association shall also make available to prospective purchasers of the Units current copies of the Master Deed, the Articles of Incorporation, these Bylaws and any rules and regulations of the Association and the most recent annual audited financial statements of the Association, if prepared. Upon the written request of any of HUD, FNMA, FHLMC and/or VA which has an interest or prospective interest in the Regime, the Association shall prepare and furnish within a reasonable time an audited financial statement of the Association for the immediately preceding fiscal year.

Article XIV
Miscellaneous

A. **Amendment.** The power to alter, amend or repeal or adopt new Bylaws shall be vested in the Board of Directors, but shall be subject to change or repeal by the Members from and after the date when the Members become entitled to vote in the election of the Directors by an affirmative vote of fifty-one percent (51%) of the total numbers of Members of the Association.

B. **Conflicts.** In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control; and in the case of any conflict between the Master Deed and these Bylaws, the Master Deed shall control.

C. **Fiscal Year.** The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation of the Association.

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

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

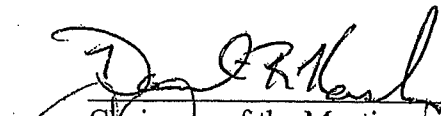
F. **Severability.** The invalidity of part of all of any provision of the Bylaws shall neither impair the validity of nor affect in any manner the Master Deed or the rest of the Bylaws.

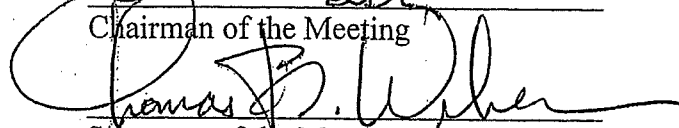
G. **Successors and Assigns.** These Bylaws shall be binding upon and shall inure to the benefit of the Association, the Developer, Members and the Developer's and Members' heirs, personal representatives, successors and assigns.

H. **Interpretation of Bylaws.** The Section headings are for convenience only and shall not affect the meaning or construction of the Bylaws. A reference to a specific section without further identification of the document containing that section is a reference to a section in the Bylaws. The reference to any gender herein shall be reference to all genders, and the singular shall include the plural, and vice versa, as applicable.

WE, THE UNDERSIGNED, hereby certify that we acted as Chairman and Secretary, respectively, of the first meeting of the Board of Directors of The Woods of Crescent Hill Condominiums Homeowners' Association, Inc., a Kentucky non-profit corporation, held on the 5th day of February, 2002, at which the foregoing Bylaws were duly adopted as and for the Bylaws of the corporation and we hereby further certify that the foregoing constitute the Bylaws of the corporation.

Dated the 5th ^{February} day of ~~January~~, 2002


Chairman of the Meeting


Secretary of the Meeting