

Considerations on Operating according to the
Declaration, Covenants, and By Laws

1. Storage in L.C.A.s and Common areas: D: 4.04, 4.05 pg.5
2. Hazardous materials: D: 4.05 pg. 5
3. Aesthetic integrity of building:
 - a. D: 4.06 pg. 6
 - b. D: 4.11 pg. 7
4. Pet problems: D: 4.07 pg. 6
5. Peaceable enjoyment: D: 4.08 pg. 6
 - a. Tenants and leases: D: 4.14 pg. 7
6. Par Values: D: 6.02 (c) pg. 12
7. Responsibility for maintenance and repair: D: 7.02 (b), (c) pg. 13
 - a. Painting L.C.A.s D: 7.02 (e) pg.13,14 See also D 7.04 and 7.05 (a,b) pg. 15
Note: There is an ambiguity about who must repaint the Decks. This probably grows out of adapting these docs from another project someplace
8. Management Contract:
 - a. Not to exceed one year: D: 7.03 (c) pg. 15
 - b. Not to be renewed for more than one year: D: 7.03 (c) pg. 15
 - c. More than 50% of the voting power necessary to designate new management company in the event of failure to renew contract. D 7.03 (c) pg. 15 (Note: This is a ridiculous requirement which, given the general squirrelness of the by laws could probably be satisfied by briefly operating without a management company then choosing a new one.) See also BL Sec. 13 (a) pg. 713.
Note: The By-Laws require that the transition of A management company from the service of the developer to the regular operation of the association requires a vote of more than 50% of the association's voting power. BL Sec. 13 (a) pg. 7
9. Proxy is a person, not a sheet of paper. BL pg. 3. (d)
10. Powers of Annual Meeting:
 - a. Elect members of Board of Directors.
 - b. Other than that, limited to discussion and recommendation. BL: Sec 4, A. pg. 3
Note: An Annual Meeting or a Special meeting seems to have power to remove a board member with a vote of at least 75% of the association's voting power.

12. Powers and responsibilities of Board:
 - a. Elect officers immediately after election. BL: Sec. 5 pg. 5
 - b. See also BL Art IV pgs. 9,10
13. Board may act without meeting, but such action must be unanimous, with the signed, written consent of each member. BL: Sec. 9 pg. 5
14. Removal of a board member. See note under 9 above. BL Sec. 11 pg. 6,7

Miscellany

1. Reserve funds: BL pg 16
2. Annual Audit by board or its employed CPA agent BL pg 17
3. Owner's share of water bill D pg.25 Note: Here again these docs suffer from poor editing of other docs.
3. Notices to be delivered personally or by certified or registered letter. BL pg. 21
4. The condominium insurance should cover all equipment purchased with the condominium. D pgs. 25, 26. Note last sentence in first paragraph of 10.01 (a)
5. Owner may obtain individual insurance on chattel D pg 26. Note: this is called a "right" in the 10.01 (a) and is described as something he "may" do in 10.01 (b). That the association is not responsible for such chattel coverage does not make it mandatory on the owner.
6. Association cannot have a pass key to any unit without written consent of the unit's owner. BL Section 4 pg. 14
7. Excess budget monies to be returned to owners BL Art. VII Sec. 2 pg. 15

ARTICLES OF INCORPORATION

OF

CAMPUS DOWNS CONDOMINIUM ASSOCIATION, INC.
a Kentucky non-stock, nonprofit corporation

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The undersigned, acting as incorporator of a corporation under the Kentucky Business Corporation Act, including Chapter 273, of the Kentucky Revised Statutes, adopts the following Articles of Incorporation for such corporation:

FIRST: The name of the corporation is **CAMPUS DOWNS CONDOMINIUM ASSOCIATION, INC.**, a Kentucky non-stock, nonprofit corporation.

SECOND: The period of its duration is perpetual.

THIRD: This corporation is organized exclusively for purposes authorized to exempt organizations under Section 501(c)(4) and any other applicable provisions of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States Internal Revenue law), and for and including the transactions of any and all lawful business for which corporations may be incorporated under Chapter 273 of the Kentucky Revised Statutes.

FOURTH: The address of the initial registered office of the corporation is 200 North Upper St., Lexington, Ky. 40507, and the name of its initial registered agent at such address is Foster Ockerman, Jr.

FIFTH: The address of the principal office of the corporation is 200 N. Upper St. Lexington, Ky 40507.

SIXTH: The number of directors constituting the initial board of directors of the corporation is three (3), and the names and

addresses of the persons who are to serve as directors until the first meeting of the board or until their successor(s) are elected and shall qualify according to the provisions of the Bylaws of this corporation are:

<u>NAME</u>	<u>ADDRESS</u>
Charles J. Burnworth	3417 N. Bethel, Suite E Muncie, Ind. 47304
Kendra Donahue	206 Elm St., Suite 102 Lewisville, Tx. 75057
Fred McCulley	515 Laketower Drive Unit 533 Lexington, Ky. 40502

- The board of directors shall be empowered to increase or decrease the number of directors by an amendment to the Bylaws.

SEVENTH: The name and address of the incorporator is:

<u>NAME</u>	<u>ADDRESS</u>
Charles J. Burnworth	3417 N. Bethel, Suite E Muncie, Ind. 47304

EIGHTH: Provisions for the regulation of the internal affairs of this corporation shall be set forth in the Master Deed and Declaration of Condominium Regime for Campus Downs, Lexington, Fayette County, Ky., and the Bylaws of the corporation to be adopted by the board of directors. After the Master Deed and Declaration has been recorded in the Fayette County Clerk's Office, no amendment to the Bylaws of the corporation shall be valid until set forth in an amendment to the Master Deed and Declaration and the same recorded in said Clerk's Office.

NINTH: No part of the net earnings of the corporation shall

inure to the benefit of, or be distributable to its members, directors, officers or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth herein. No substantial part of the activities of the corporation shall be the carrying on of propoganda, or otherwise attempting to influence legislation, and the corporation shall not participate in nor intervene in any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from Federal Income Tax under Section 501(c)(4) of the Internal Revenue Code of 1986, as amended (or the corresponding provisions of any future United States Internal Revenue law).

TENTH: The private property of the members and directors of this corporation shall not be subject to the payments of the debts of the corporation. The provisions of KRS 273.248(1) are adopted as a part of these articles to the fullest extent permitted and incorporated herein as if set forth in full, subject to the limitations of KRS 273.248(2).

ELEVENTH: Upon dissolution of the corporation, the board of directors shall, after paying or making provision for the payment of all liabilities of the corporation, dispose of all of the assets of the corporation to or for the benefit of its members, as the board of directors shall determine.

TWELVETH: In addition to the requirements of KRS Chapter 273, amendments to these Articles shall be governed by the following:

1. Any proposed amendment shall be proposed in writing by either the Board or by at least ten (10) members of the corporation, a copy of the text of which shall be distributed to the members together with the notice of the meeting at which the amendment is to be considered. Provided a quorum is present otherwise at such meeting, members not attending may cast their vote with respect to the proposed amendment by written proxy delivered to the Secretary of the board at or prior to the meeting.

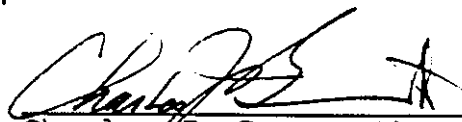
2. Until Units (as defined in the Master Deed and Declaration) representing at least seventy-five (75%) percent of the total Units, including all Units added or to be added by virtue of additional land included pursuant to Article XVII of the Master Deed and Declaration, have been sold and the deeds conveying same lodged of record in the Fayette County Clerk's Office, or until three (3) years from the date of the recordation in said Clerk's Office of the deed conveying the first Unit, whichever comes first, these Articles may only be amended by the Developer, or by the board with the written consent of the Developer. Thereafter, these Articles may be amended by the vote of at least seventy-five (75%) percent of the Units.

3. No amendment to these Articles shall affect any provision of the Master Deed and Declaration unless the same shall have been amended in accordance with Article XV thereof, and notice having been given to all mortgagees having bona fide liens of record on

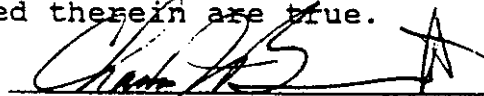
any interest in the Condominium Project.

4. No amendment to these Articles shall be deemed adopted which (i) makes any changes in the qualifications for membership or the voting rights of members, (ii) limits the powers and authority of the corporation, or (iii) impairs the exempt status of the corporation under Section 501(c) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States Internal Revenue law), without the written approval of all members.

- IN WITNESS WHEREOF, the incorporator has hereunto placed his hand this the 1st day of July, 1994.



Charles J. Burnworth

- Charles J. Burnworth states that he has read the foregoing Articles of Incorporation for Campus Downs Condominium Association, Inc., and the statements contained therein are true.



Charles J. Burnworth

STATE OF INDIANA)
) SCT.
COUNTY OF DELAWARE

Subscribed and sworn to before me by Charles J. Burnworth on this the 1th day of July, 1994.
My Commission expires: 12-9-94


NOTARY PUBLIC, STATE OF INDIANA

THIS INSTRUMENT PREPARED BY:
Martin, Ockerman & Brabant
200 North Upper Street
Lexington, Kentucky 40507

By 
Foster Ockerman, Jr.

CO:HCA.A1

**CAMPUS DOWNS
CONDOMINIUM ASSOCIATION
BYLAWS**

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CD:BL.1

EXHIBIT A

PHASE I

LOT 1A

All that tract or parcel of land situated on the southeasterly side of Export Street and on the northeasterly side of Simpson Avenue in Lexington, Fayette County, Kentucky, and being more particularly described as follows:

Beginning at the intersection of the southeasterly right-of-way line of Export Street and the northeasterly right-of-way line of Simpson Avenue, as shown on "Amendment No. 1, Final Record Plat of Lot 1, South Broadway Place, Phase II (A Portion Of)", recorded in Plat Cabinet "J", Slide 319 in the Office of the County Clerk of Fayette County, Kentucky; Thence with the aforementioned right-of-way line of Export Street North 56 degrees 18 minutes 02 seconds 256.87 feet to a point; Thence South 33 degrees 41 minutes 58 seconds East 171.24 feet to a point; Thence South 56 degrees 18 minutes 02 seconds West 251.89 feet to a point in the aforementioned northeasterly right-of-way line of Simpson Avenue; Thence with said right-of-way line North 35 degrees 21 minutes 47 seconds West 171.31 feet to the point of beginning, and containing 1.000 acre.

EXHIBIT B

PHASE II

LOT 1B

All that tract or parcel of land situated on the southeasterly side of Export Street and on the northeasterly side of Simpson Avenue in Lexington, Fayette County, Kentucky, and being more particularly described as follows:

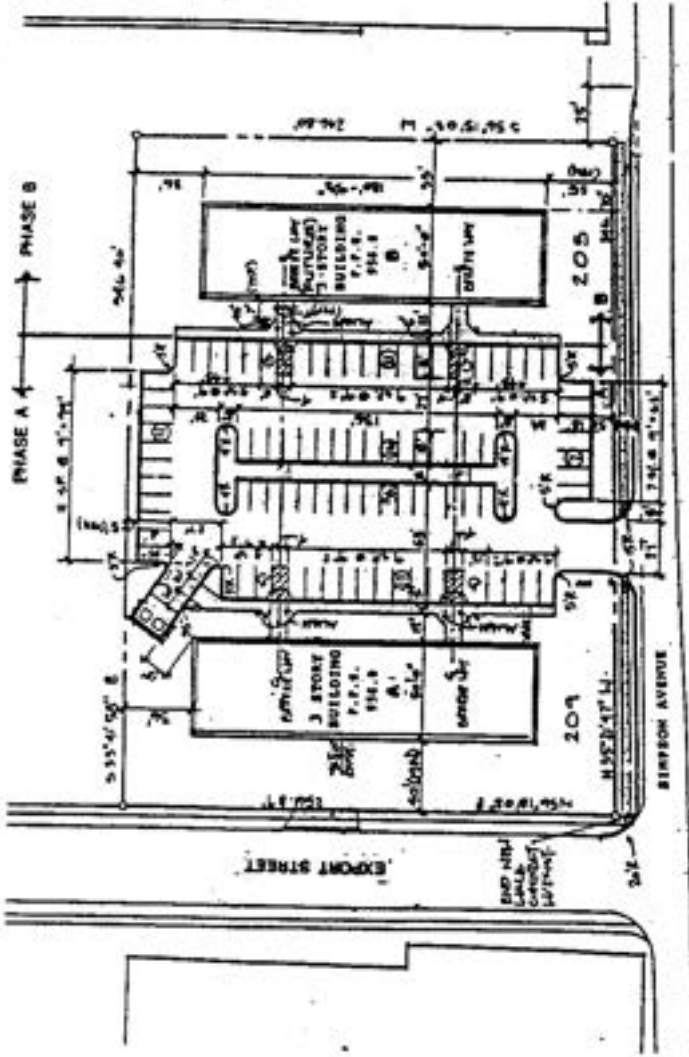
Commence at the intersection of the southeasterly right-of-way line of Export Street and the northeasterly right-of-way line of Simpson Avenue, as shown on "Amendment No. 1, Final Record Plat of Lot 1, South Broadway Place, Phase II (A Portion Of)", recorded in Plat Cabinet "J", Slide 319 in the Office of the County Clerk of Fayette County, Kentucky; Thence with the aforementioned right-of-way line of Export Street North 56 degrees 18 minutes 02 seconds 256.87 feet to a point, and South 33 degrees 41 minutes 58 seconds East 171.24 feet to the Point of Beginning; Thence continuing South 33 degrees 41 minutes 58 seconds East 174.69 feet to a point; Thence South 56 degrees 18 minutes 02 seconds West 246.82 feet to a point in the aforementioned northeasterly right-of-way line of Simpson Avenue; Thence with said right-of-way line North 35 degrees 21 minutes 47 seconds West 174.76 feet to a point; Thence North 56 degrees 18 minutes 02 seconds East 251.89 feet to the point of beginning, and containing 1.000 acre.

EXHIBIT C

**Articles of Incorporation
and
Bylaws**

EXHIBIT D

Drawings



ENGINEER'S CERTIFICATION

I do hereby certify that this plan, when taken with the accompanying specifications, fully and accurately depicts the proposed location, unit numbers and dimensions of the units as built.

ENGINEER _____ DATE _____

State of Kentucky, County of Fayette
 subscribed before me by Charles M. Milward
 this _____ day of _____ 1994.

MOTARY PUBLIC, STATE AT LARGE
 MY COMMISSION EXPIRES _____

NOTES.

There is reserved a permanent, common underground blanket easement for the benefit of KY Utilities Co., General Telephone of KY, Columbus Gas of KY, American Water Co. and the Lexington-Fayette Urban County Government and such other public or private utilities that may in the future provide service to the condominium units, which easement shall be used only for distribution and transmission lines, sanitary sewerage and stormwater collection lines shown on this plan. This easement shall not be used for the benefit of any other properties. Any destruction or willful removal of surface improvements of ground created or will be created by, and at the expense of the respective utility co. and/or governmental or private entity disturbing or damaging same.

Based on maps prepared by the Lexington-Fayette Urban County Government, the improvements on this property are not within a flood hazard area.



VICINITY MAP

SHEET INDEX

1	SITE PLAN AND NOTES
2	FIRST FLOOR
3	SECOND FLOOR PLAN
4	THIRD FLOOR PLAN

CONDOMINIUM COMMUNITY HORIZONTAL PROPERTY REGIME

CAMPUS DOWNS CONDOMINIUMS

209 SIMPSON AVENUE, LEXINGTON KENTUCKY

SITE PLAN PHASE A

SCALE: 1" = 80'

LEGAL DESCRIPTION PHASE 'A'
CAMPUS DOWNS CONDOMINIUMS

A TRACT OF LAND SITUATED IN LEXINGTON, FAYETTE COUNTY, KENTUCKY, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

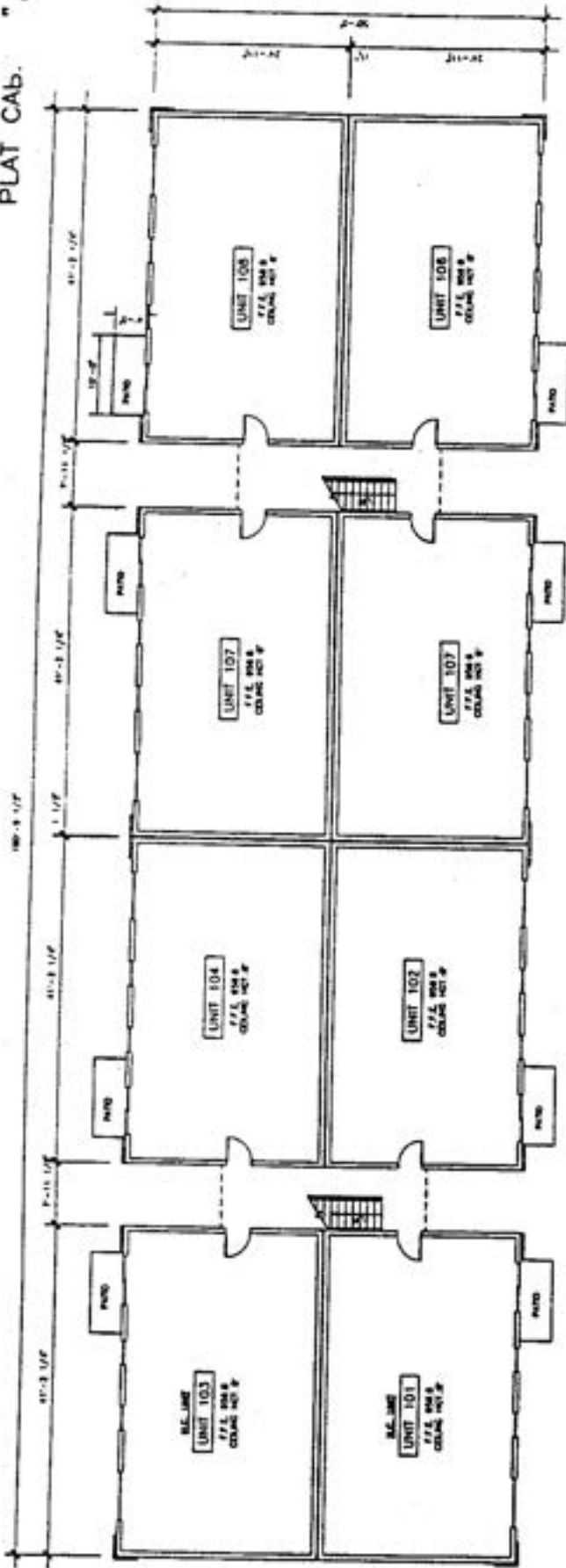
LOT 1A, AMENDMENT NO. 1 TO FINAL RECORD PLAT OF LOT 1, SOUTH BROADWAY PLACE, PHASE II (A PORTION OF) AS RECORDED IN PLAT C.A.B. "J" SLIDE 319 IN THE FAYETTE COUNTY CLERK'S OFFICE.



SITE PLAN AND NOTES
CAMPUS DOWNS CONDOMINIUMS
 209 SIMPSON AVENUE, LEXINGTON KENTUCKY

PROJECT NUMBER	1
DATE	
SCALE	
SHEET NUMBER	1

PLAT CAB. "SLIDE"



CIRCLED FLOOR PLAN
SCALE 1/8" = 1'-0"



CONDOMINIUM COMMUNITY HORIZONTAL PROPERTY REGIME
 CAMPUS DOWNS CONDOMINIUMS
 208 SIMPSON AVENUE, LEXINGTON KENTUCKY

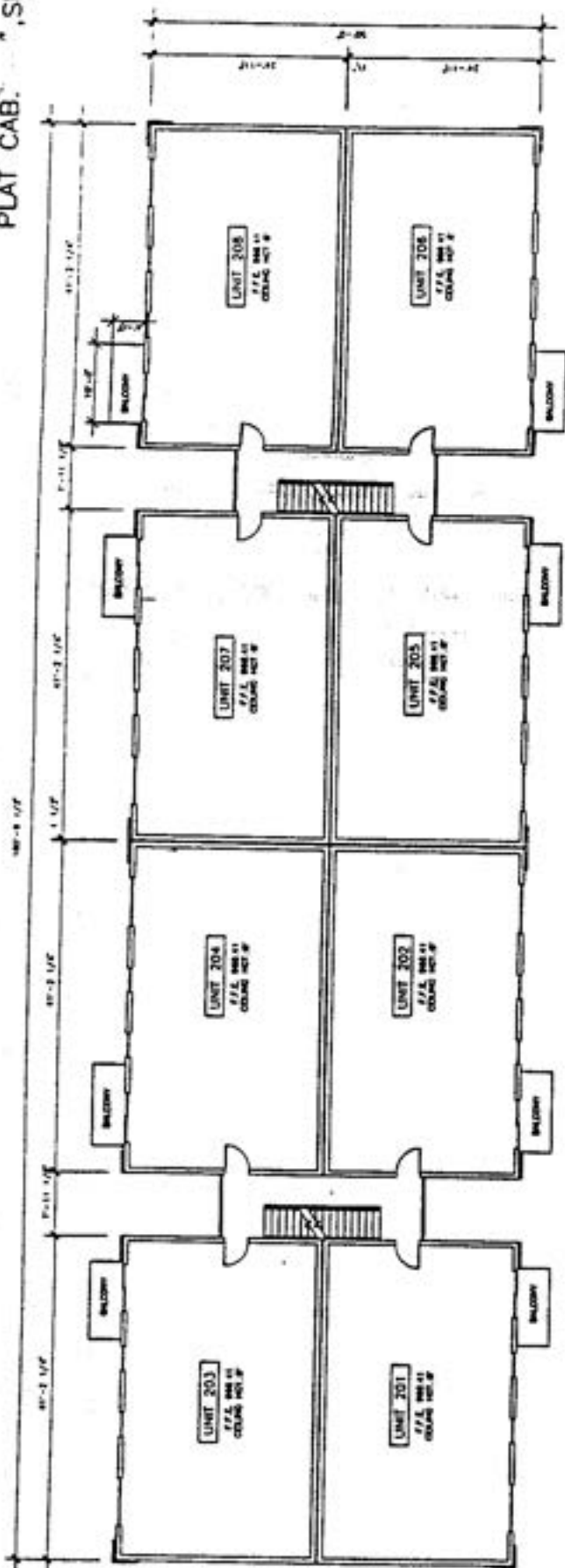


GROUND FLOOR PLAN

CAMPUS DOWNS CONDOMINIUMS
 208 SIMPSON AVENUE, LEXINGTON KENTUCKY

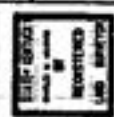
PROJECT NUMBER	2
DATE	10/1/2024
SCALE	1/8" = 1'-0"
BY	JHS
CHECKED BY	JHS
APPROVED BY	JHS

PLAT CAB. SLIDE



SECOND FLOOR PLAN
SCALE: 1/8" = 1'-0"

CONDOMINIUM COMMUNITY HORIZONTAL PROPERTY REGIME
 CAMPUS DOWNS CONDOMINIUMS
 209 SIMPSON AVENUE, LEXINGTON KENTUCKY



SECOND FLOOR PLAN
 CAMPUS DOWNS CONDOMINIUMS
 209 SIMPSON AVENUE, LEXINGTON KENTUCKY

PROJECT NUMBER	3
DATE	10/1/2024
SCALE	1/8" = 1'-0"
BY	DAVID L. SMITH
CHECKED BY	DAVID L. SMITH
DATE	10/1/2024

EXHIBIT E

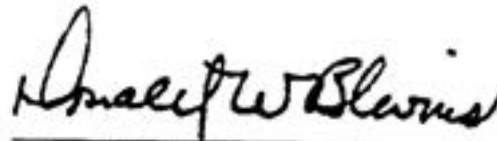
Unit Information

EXHIBIT E

Unit Designation	Building Number	Unit Address	Unit Type	Par Value	Undivided Interests
101	A	209 Simpson Ave.	B*	1.00	4.1666
102	A	209 Simpson Ave.	A	1.00	4.1666
103	A	209 Simpson Ave.	B	1.00	4.1666
104	A	209 Simpson Ave.	A	1.00	4.1666
105	A	209 Simpson Ave.	B	1.00	4.1666
106	A	209 Simpson Ave.	A	1.00	4.1666
107	A	209 Simpson Ave.	B	1.00	4.1666
108	A	209 Simpson Ave.	A	1.00	4.1666
201	A	209 Simpson Ave.	A	1.00	4.1666
202	A	209 Simpson Ave.	A	1.00	4.1666
203	A	209 Simpson Ave.	A	1.00	4.1666
204	A	209 Simpson Ave.	A	1.00	4.1666
205	A	209 Simpson Ave.	A	1.00	4.1666
206	A	209 Simpson Ave.	A	1.00	4.1666
207	A	209 Simpson Ave.	A	1.00	4.1666
208	A	209 Simpson Ave.	A	1.00	4.1666
301	A	209 Simpson Ave.	A	1.00	4.1666
302	A	209 Simpson Ave.	A	1.00	4.1666
303	A	209 Simpson Ave.	A	1.00	4.1666
304	A	209 Simpson Ave.	A	1.00	4.1666
305	A	209 Simpson Ave.	A	1.00	4.1666
306	A	209 Simpson Ave.	A	1.00	4.1666
307	A	209 Simpson Ave.	A	1.00	4.1666
308	A	209 Simpson Ave.	A	1.00	4.1666

Unit Type "B" is handicap adaptable.

I, Donald W Blevins, County Court Clerk
of Fayette County, Kentucky, hereby
certify that the foregoing instrument
has been duly recorded in my office.



By: Bob HOLLIDAY, dc

199408290106

August 29, 1994

11:38:49 AM

Fees \$198.00

Tax \$0.00

Total Paid \$198.00

THIS IS THE LAST PAGE OF THE DOCUMENT

97 Pages

172 - 268

Rules for living at Campus Downs

1. No garbage of any sort may be left in any common area. Common areas in this case are the breezeways and all other locations outside your actual unit – except the dumpsters. You will be fined \$25.00 per piece of garbage per day for any violation.
2. Nothing, which detracts from the uniformity of the project, may be left on the decks or patios. This includes kegs, garbage cans, etc. Nothing which violates this rule may be displayed from your windows. There will be a \$5.00 per day fine for this violations. It is expected that unit occupants will keep the blinds in good condition and have them suspended neatly. All window treatments are to have a white lining that is seen from the outside of the unit. There is to never be any type of foil or colored paper placed on any window.
3. No loud noises should come from your unit. This includes noise from stereos. The city has an ordinance that covers this and is enforced with a \$500.00 fine. We will initiate such enforcement if necessary.
4. Parties must be contained within your unit. This refers to sounds as well as “spill over” crowds. No partying is allowed in the breezeways or in the parking lot area. The residents will be responsible for damage and littering of common areas that result from their parties.
5. Towing of cars without proper stickers will be enforced at all times – including popular party times. In no case may a resident use an owner’s hang tag. Cars displaying such improperly used tags will be towed and the tags will be confiscated.
6. Cars may not be stored in any parking area. A car, which is not used for a period of two weeks, will be towed. Disabled or visually damaged cars may not be parked on the lots. Motorcycles or bicycles are not allowed to be parked in breezeways at any time.
7. Furniture or appliances are not to be left in the dumpster area at any time for pick up. Such discarded items should be placed on the curb of Simpson Ave. Then call Solid Waste Department of Fayette County (859) 425-2255 for a pickup.
8. Do not walk pets where their droppings will be picked up by residents who happen to walk on a lawned area. Of course none of us like to *see* or *smell* such items. If you must have a pet, exercise it off the property or use a pooper-scooper.

9. No animals, livestock or poultry of any kind shall be kept or maintained on the property or common, access and parking areas, except for dogs, cats or other household pets. At the homeowners discretion dogs, cats or other household pets may be kept or maintained within the unit, provided that they are not kept for a commercial purpose and provided that they are not at any time kept, tied, chained, leashed or restrained in any such manner outside the unit.
10. All satellite dishes are to be mounted on the right side of balconies only.
11. It is the responsibility of each resident to check the smoke detector inside the unit and the self-closing door for proper operation. Both of these items are fire regulations and the responsibility of each owner.

12. No brainers:

Do not throw cigarette butts or other trash around property. This reflects on all of us. Also, in the past, it has caused fires in landscaped areas.

Do not use the mailboxes as convenient places for bottles or butts. That is disgusting.

This is our home and neighborhood. We should all act so we can continue to be proud of it. If you have any questions, or concerned with violations, please call the management company.

Amended Master Deed and Declaration

of

Horizontal Property Regime

of

~~Campus Downs Condominium~~

THIS Amended Master Deed and Declaration of Horizontal Property Regime of Campus Downs Condominium (hereinafter referred to as "MASTER DEED"), made and entered into this 27th day of September, 1994, by Charles J. Burnworth, d/b/a CJB Enterprises, hereinafter referred to as "Developer".

W I T N E S S E T H

WHEREAS, on July 1, 1994, Developer executed a Declaration of Condominium Ownership for Campus Downs Condominium, Lexington, Kentucky, hereinafter referred to as "Declaration", which is now of record in Deed Book 1747, Page 1 and Condominium Deed Book 30, Page 172, in the Fayette County Clerk's office;

WHEREAS, pursuant to Section 19.09, Developer reserved the right to make technical corrections to the Declaration; and

WHEREAS, the Declaration has certain technical errors in the document which can be corrected by recording an amended Declaration, now entitled "Master Deed and Horizontal Property Regime for Campus Downs Condominiums",

NOW THEREFORE, Developer does hereby amend the Declaration of Condominium Ownership, Lexington, Kentucky by substituting the document appended hereto as Exhibit "A", said Declaration now being entitled "Master Deed and Horizontal Property Regime for

Charles J. Burnworth

Campus Downs Condominiums" and incorporating the technical changes in said document. The Exhibits attached to the original document are incorporated as part of the amended Master Deed. All other matters contained in the Declaration, now Master Deed, are ratified hereby in their entirety and shall remain in full force and effect.

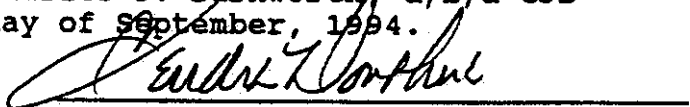
IN WITNESS WHEREOF, the Developer has hereunto set his hand this the day and year first above written.

CJB ENTERPRISES


Charles J. Burnworth

STATE OF TEXAS)
) SCT
COUNTY OF DEWITT)

The foregoing Amendment of Declaration of Condominium Ownership of Campus Downs Condominiums, Lexington, Kentucky was acknowledged before me by Charles J. Burnworth, d/b/a CJB Enterprises on this 27th day of September, 1994.


NOTARY PUBLIC, STATE AT LARGE

My commission expires: _____

THIS INSTRUMENT PREPARED BY:

Martin, Ockerman & Brabant
200 North Upper Street
Lexington, Kentucky 40507


Foster Ockerman, Jr.



**MASTER DEED AND
DECLARATION OF CONDOMINIUM REGIME**

FOR

**CAMPUS DOWNS CONDOMINIUMS
LEXINGTON, KENTUCKY**

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DECLARATION OF CONDOMINIUM OWNERSHIP

FOR

CAMPUS DOWNS CONDOMINIUMS

LEXINGTON, KENTUCKY

WHEREAS, Charles J. Burnworth, d/b/a CJB Enterprises, hereinafter referred to as "Developer," is the owner in fee simple of Parcel 1 hereinbelow described; and

WHEREAS, it is the desire of Developer to submit said Parcel 1, together with the improvements constructed thereon and described herein, to the provisions of The Kansas Apartment Ownership Act for condominium ownership; and

WHEREAS, Developer desires to provide for the right and option to submit or add additional Parcels from time to time, but no later than seven (7) years from the date hereof, together with the improvements to be constructed thereon, to the provisions of said Kentucky Apartment Ownership Act;

NOW, THEREFORE, Developer hereby declares:

ARTICLE I

**LEGAL DESCRIPTION AND ESTABLISHMENT
OF CAMPUS DOWNS CONDOMINIUM**

1.01 The legal description of Parcel 1 is attached hereto and marked "Exhibit A."

1.02 The developer submits Parcel 1 to this Declaration.

ARTICLE II

DEFINITIONS

The following terms used herein are defined as follows:

2.01 Association means Campus Downs Condominium Association, Inc., a nonprofit corporation formed or to be formed under the laws of the State of Kentucky, and also shall mean the same as "Unit Owners Association."

2.02 Board of Directors and Board mean those persons who, as a group, serve as the board of directors of the Association and are also one and the same as the board of directors for the Condominium established for the Condominium pursuant to the provisions of The Kentucky Apartment Ownership Act.

2.03 Bylaws means the bylaws of the Association, as the same may be lawfully amended from time to time, which also serve as the code of regulations of the Association, and which are attached hereto, together with the Articles of Incorporation of the Association, as "Exhibit C."

2.04 Kentucky Apartment Ownership Act (the "Act") means The Kentucky Apartment Ownership Act, as the same may be amended or supplemented from time to time.

2.05 Common Areas and Facilities means "Common Areas and Facilities" as defined in the Act, and as particularly described in Articles VI and VII herein.

2.06 Common Expenses means:

- (a) "Common Expenses" as defined in the Act; and
- (b) Expenses of administration, maintenance, operation, repair or replacement of the Common Areas and Facilities and of the portions of Units to be maintained by the Association; and
- (c) Expenses declared to be Common Expenses by provisions of this Declaration or the Bylaws; and
- (d) Any valid charge against the Condominium as a whole.

2.07 Common Profits means the amount by which the total income received from assessments charged for special benefits to specific Units, rents received from rentals or equipment or space in Common Areas and Facilities, and any other fee, charge, or income other than common assessments, exceed the costs incurred in creating such income, rental, fee, or charge.

2.08 Condominium means the condominium regime for the Condominium Property created under and pursuant to the provisions of the Act, as the same may be amended or supplemented from time to time.

2.09 Condominium Act means the statutory law of the State of Kentucky Regulating the creation and operations of condominiums and is presently the Act.

2.10 Condominium Instruments means this Declaration, the Bylaws, and Drawings, and, as provided by the Act, "all other documents, contracts, or instruments establishing ownership of or exerting control over the Condominium Property or Unit." Individual contracts for the sales of Units, and attachments thereto, are Condominium instruments.

2.11 Condominium Property means Parcel 1 and all improvements thereon, all easements, rights, and appurtenances belonging thereto, and all articles of personal property existing thereon for the common use of the Unit Owners; provided, however, that if and when Phase II or portions thereof have been added to the Condominium Property pursuant to the provisions of Article XVII hereof, the term "Condominium Property" shall also include Phase II or said portions thereof, and all improvements thereon, all easements, rights and appurtenances belonging thereto, and all articles of personal property existing thereon for the common use of the Unit Owners.

2.12 Declaration means this instrument by which the Condominium Property is submitted to the Act, as this instrument may be lawfully amended from time to time.

2.13 Drawings means the drawings prepared and certified by CMW, Inc., in accordance with the Act, relating to the Condominium Property, which Drawings are attached hereto as Exhibit D. The word "Drawings" shall also include any amendments, supplements, and additions thereto.

2.14 Eligible Holder means a holder of a mortgage on a Unit who has requested notice by the Association in accordance with Section 18.01 of this Declaration.

2.15 Limited Common Areas and Facilities mean "Limited Common Areas and Facilities" as defined in the Act, which areas, if any, are further defined in Section 4.03 and are so designated on the Drawings and referred to in the Drawings, the Declaration and Bylaws as "L.C.A.s."

2.16 Occupant means a person lawfully residing in a Unit, regardless of whether that person is a Unit Owner.

2.17 Ownership Interest means:

(a) the exclusive ownership and possessory interest and the entire title in a Unit; and

(b) the undivided percentage interest in the Common Areas and Facilities appertaining thereto.

2.18 Person means a natural individual, corporation, partnership, trustee, or other legal entity capable of holding title to real property.

2.19 Unit and Units mean that portion or portions of the Condominium Property described as a unit or units in this Declaration, and is that portion of the Condominium constituting an apartment of the Condominium under the provisions of the Act.

2.20 Unit Owner and Unit Owners mean that person or those persons owning a fee simple interest in a Unit or Units, each of whom is also a "member" of the Association, as defined in Article VIII of this Declaration.

2.21 Additional Terms. All terms used in this Declaration which are defined in the Act shall have the same meaning for purposes of this Declaration.

ARTICLE III

THE PURPOSE OF AND RESTRICTIONS ON USE OF CONDOMINIUM PROPERTY

3.01 Purposes. This Declaration is being made to establish separate individual parcels from the Condominium Property, to which fee-simple interests may be conveyed, for use for single-family residential living; to establish a unit owners' association to administer the Condominium; to provide for the preservation of the values of Units and the Common Areas and Facilities; to provide for and promote the benefit, enjoyment and well being of Unit Owners and Occupants; to administer and enforce the covenants, easements, charges and restrictions hereinafter set forth; and to raise funds through assessments to accomplish these purposes.

ARTICLE IV

RESTRICTIONS ON USE OF CONDOMINIUM PROPERTY

4.01 Unit Uses. Each Unit shall be used as a residence for a natural person or persons or single family and for no other purposes, except that Developer may use any Units owned or leased

by Developer as "model units" for the sale of such Units and other Units owned by Developer and for sales offices. A Unit Owner or Occupant may use a portion of his Unit for his office or studio provided that the activities therein shall be permitted under the laws of the City of Lexington, Kentucky, and shall not interfere with the quiet enjoyment or comfort of any other Unit Owner or Occupant; and provided further that such activities do not involve the performance of any personal services by the Unit Owner or Occupant.

4.02 Common Area Uses. The Common Areas (except the Limited Common Areas) shall be used in common by Unit Owners and Occupants and their agents, servants, customers, invitees, and licensees, in accordance with the purposes for which they are intended, and as may be required for the purposes of access, ingress, egress from, use, occupancy, and enjoyment of Units, provided, however, that unless expressly used for any purpose other than the health, safety, welfare, convenience, comfort, recreation, or enjoyment of Unit Owners and Occupants, subject to such rules and regulations as may from time to time be promulgated by the Board.

4.03 Limited Common Area Uses. Those portions of the Common Areas described herein and shown on the Drawings as Limited Common Areas shall be used and possessed exclusively by the Unit Owners and Occupants of the Unit or Units served by the same, as specified in this Declaration, subject to the restrictions on use of Common Areas and Limited Common Areas set forth in this Declaration and such rules and regulations as may from time to time be promulgated by the Board.

4.04 Obstruction of Common Areas and Facilities. There shall be no obstruction of the Common Areas and Facilities nor shall anything be stored in the Common Areas and Facilities without prior written consent of the Association, except as hereafter expressly provided.

4.05 Hazardous Uses and Waste. Nothing shall be done or kept in any Unit or in the Common Areas and Facilities which will increase the rate of insurance of the building or contents thereof, without the prior written consent of the Association. No Unit Owner shall permit anything to be done or kept in his Unit or the L.C.A. appertaining thereto, or in the Common Areas and Facilities, which will result in the cancellation of insurance on the building, or contents thereof, or which would be in violation of any law. No waste of any part of the Condominium Property will be committed.

4.06 Exterior Surfaces of Buildings. Unit Owners shall not cause or permit anything to be hung or displayed on the outside of windows or placed on the outside walls of a building and no sign, awning, canopy, shutter, radio or television antenna or article of any kind whatsoever shall be affixed to or placed upon the exterior walls or roof or any part thereof, without the prior written consent of the Association, other than those items originally provided by the Developer.

4.07 Animals and Pets. No animals, rabbits, livestock, fowl or poultry of any kind shall be raised, bred, or kept in any Unit or in the Common Areas and Facilities, except that dogs, cats, or other common and accepted household pets may be kept in Units, subject to rules and regulations adopted by the Association, provided that they are not kept, bred or maintained for any commercial purpose; and provided further that when such pet shall be outside the Unit on the Common Areas and Facilities, the pet owner shall at all time have said pet under his control, on a leash, and discipline. Further, any such pet causing or creating a nuisance or unreasonable disturbance shall be permanently removed from the Condominium Property upon five (5) days' written notice from the Board of Directors of the Association.

4.08 Nuisances. No noxious or offensive activity including any activity which would inhibit the quiet enjoyment of the area by Unit Owners or Occupants shall be carried on in any Unit or in the Common Areas and Facilities, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Unit Owners or Unit Occupants.

4.09 Building on Easements. Within the easements for the installation and maintenance of utilities and drainage facilities no structure, planting, or other material (except such as exist at the time of this Declaration) shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utility lines or which may change the direction of the flow of drainage channels in the easements or which may obstruct or retard the flow of water through drainage channels in the easements areas. The utility facilities within the easement areas shall be subject to the right of the Association to maintain the same, and its right to delegate that right to a public authority or utility.

4.10 Impairment of Structural Integrity of Buildings. Nothing shall be done in any Unit or in, on, or to the Common Areas and Facilities which will impair the structural integrity of any building or which would structurally change any building.

4.11 Laundry or Rubbish in Common Areas and Facilities. No clothes, sheets, blankets, laundry of any kind, or other articles shall be hung out or exposed on any part of the Common Areas and Facilities. The Common Areas and Facilities shall be kept free and clear of garbage, rubbish, debris and other unsightly materials.

4.12 Prohibited Activities. No industry, business, trade, occupation or profession of any kind, commercial, religious, educational or otherwise, designated for profit, altruism, exploration or otherwise, shall be conducted, maintained or permitted on any part of the Condominium Property. Notwithstanding anything contained in this Declaration or the Bylaws, the Developer and its successor developers shall have the right to use one or more Units for business or promotion purposes, including, but not limited to, sales offices, model Units, and management offices, and shall have the right to post advertising signs on the Condominium Property.

4.13 Alteration of Common Areas and Facilities. Nothing shall be altered or constructed in or removed from the Common Areas and Facilities except as hereinafter provided and except upon the prior written consent of the Association.

4.14 Rental of Units. The respective Units shall not be leased or rented by the Unit Owners thereof for transient or hotel purposes, which shall be defined as rental for any period less than thirty (30) days. Other than the foregoing obligations, the Unit Owners of the respective Units shall have the absolute right to lease the same in conformity with the Bylaws attached hereto as Exhibit C provided that any lease shall be in writing, shall require the lessee to abide by the terms of the Declaration and the Bylaws, as well as any rules and regulations adopted by the Association, and shall give the Board of Directors the right to dispossess or otherwise act for the Unit Owner in case of default under the lease or for violation of the Declaration, Bylaws or the rules and regulations. The Unit Owner shall continue to be liable for all obligations of ownership of his Unit and shall be responsible to the Board of Directors for the conduct of his lessee.

4.15 Conveyances. Each Unit shall be conveyed in fee simple as a separately designated and legally described freehold estate subject to the terms, conditions and provisions hereof. The undivided interest of a Unit in the Common Areas shall be deemed to be conveyed or encumbered with the Unit even though that interest is not expressly mentioned or described in the deed, mortgage, or other instrument of conveyance or encumbrance. The right of a Unit Owner to sell, transfer, or otherwise convey that

Owner's Unit is not subject to any right of first refusal or similar restriction, and any Unit Owner may transfer that Owner's Unit free of any such limitation. To enable the Association to maintain accurate records of the names and addresses of Unit owners, each Unit Owner agrees to notify the Association, in writing, within five (5) days after an interest in that Unit Owner's Unit has been transferred to another person. In addition, each Unit Owner agrees to provide to a purchaser of the Owner's Unit a copy of the Condominium organizational documents and all effective rules and regulations.

4.16 Architectural Control. No building, fences, wall, sign, or other structure shall be commenced, erected, or maintained upon the Condominium Property, or any part thereof, nor shall any exterior addition to or change or alteration therein be made, until the plans and specifications showing the nature, kind, shape, height, materials, color, and location of the same shall have been submitted to and approved in writing by the Board or its designated representative, as to harmony of external design, color, and location in relation to surrounding structures and topography. In the event the Board, or its designated representative, fails to approve or disapprove such plans and specifications within sixty (60) days after they have been submitted to it, approval will not be required and these provisions will be deemed to have been fully complied with.

4.17 Actions Against Unit Owners. Any aggrieved Unit Owner shall have a right of action against other Unit Owners for failure to comply with the provisions of this Declaration, the Bylaws, or with decisions of the Association which are made pursuant to authority granted to the Association thereby.

4.18 Arbitration. In the event of any dispute between Unit Owners as to the application of these restrictions or any rule or regulations to any particular circumstance, the party aggrieved shall submit a complaint in writing to the Board specifying the dispute. The Board shall set a time, date, and place for a hearing thereon within sixty (60) days thereafter, and give written notice to each party thereof no less than three (3) days in advance. The Board shall thereupon hear such evidence on the dispute as the Board deems proper and render a written decision on the matter to each party within thirty (30) days thereafter. No action at law may be instituted by either party to such a dispute unless arbitration pursuant hereto has first been completed.

ARTICLE V

GENERAL DESCRIPTION OF BUILDINGS

There is (1) residential building which is a part of the Condominium Property. Each building contains twenty-four (24) Units and three stories. The principal materials of which the building is constructed are wood, glass, vinyl siding, concrete, concrete block, brick, and drywall. The building is located as shown on the Drawings.

ARTICLE VI

INFORMATION ABOUT CONDOMINIUM PROPERTY

The Condominium Property, until additions are made to the Condominium Property pursuant to the provisions of Article XVII hereof, is hereby divided into two (2) separately designated and legally described freehold estates, herein described and referred to as the "Common Areas and Facilities," and the Units. The Unit designations, the dimensions, architectural style, approximate area, the location and layout of each Unit, and the immediate Common Area and Facility or L.C.A. to which each Unit has access are shown on the set of Drawings attached hereto as Exhibit D. The layout, location, designation and dimensions of the Common Areas and Facilities and the L.C.A.'s are also shown on the Drawings. Said Drawings shall be amended if and when Phase II or portions thereof are added to the Condominium Property pursuant to the provisions of Article XVII hereof.

6.01 Units. Each of the Units hereinbefore declared and established as a freehold estate shall consist of all the space bounded by the undecorated surfaces of the perimeter walls, floors and ceilings of each such Unit, including the vestibules and balconies, as designated on the Drawings, projected, if necessary, by any partitions or roof rafters to constitute a complete enclosure of space; provided that, wherever such undecorated surfaces or the area immediately adjoining such surfaces consist of sheetrock or concrete or wooden floor, all of such sheetrock or concrete or wooden floor contiguous to such surface shall be included within the Unit but excepting the space occupied thereby lying outside the perimeters of the Unit. The dimensions, layouts and descriptions of each such Unit are shown on the Drawings and include without limitation:

- (a) The decorated surfaces, including paint, lacquer, varnish, wallpaper, tile, paneling, and any other finishing materials applied to said perimeter walls, floors and ceil-

ings, and also the aforesaid finishing materials applied to the interior walls, floors and ceilings;

(b) All windows, screens and doors, inclusive of the frames, sashes and jambs in the interior and perimeter walls, and the space occupied thereby;

(c) The space within all fixtures located within the bounds of a Unit and the space occupied by the fixtures themselves;

(d) All unenclosed space, if any, within or occupied by structural parts of the building which may project into the Unit, as defined above, from the unfinished perimeter floor level to the unfinished perimeter ceiling level and including, by way of illustration but not by way of limitation, the space between the shelves of built-in bookcases, if any, the space within the built-in cabinets, if any;

(e) All space between interior walls, floors and ceilings, including the space occupied by structural and component parts of the building and by utility pipes, wires, ducts and conduits.

But, excepting therefrom all of the following items located within the bounds of the Unit, as defined above:

(a) The structural and component parts of all interior walls, floors and ceilings, except the decorated surfaces thereof;

(b) All structural portions of the building lying within the bounds of the Unit, as above defined;

(c) All plumbing, electric, heating, cooling, ventilating and other utility or service lines, pipes, ducts, wires, plugs, outlets, conduits, and valves lying within the bounds of a Unit as above defined, but which also service other Units within the Condominium Property.

Each Unit fronts directly upon and has access to Common Areas and Facilities leading to a public street or highway.

6.02 Common and Limited Common Areas and Facilities.

(a) Description of Common Areas and Facilities. The entire balance of the land and improvements thereon, including but not limited to, all buildings, foundations, roofs, main and supporting walls, exterior parking spaces and

storage spaces, community and commercial facilities, sewer pipes, water mains, pumps, trees, lawns, gardens, walks, pavement, wires, conduits, utility lines and ducts now or hereafter situated on the Condominium Property, are hereby declared and established as the Common Areas and Facilities.

(b) Use of Common Areas and Facilities. Except as otherwise limited and restricted herein, each Unit Owner shall have the right to use the Common Areas and Facilities, in accordance with the purposes for which they are intended, for all purposes incident to the use and occupancy of his Unit as a place of residence, including without limitation the non-exclusive easement, together with other Unit Owners, to use and enjoy the Common Areas and Facilities for ingress and egress to and from the respective Units and for such other uses as are permitted by this Declaration and the Bylaws, which right shall be perpetual, appurtenant to, and run with his Unit; provided, however, that no person shall use the Common Areas and Facilities or any part thereof in such manner as to interfere with, restrict or impede the use thereof by others entitled to the use thereof or in any manner contrary to or not in accordance with this Declaration, the Bylaws, and any rules or regulations of the Association. The Association shall, subject to the provisions of this Declaration and the Bylaws, have the right but not the obligation, to promulgate rules and regulations limiting the use of the Common Areas and Facilities, except that no rule or regulation shall deny a Unit Owner ingress and egress to and from his Unit, as provided in this Section 6.02(b).

(c) Ownership of Common Areas and Facilities; Percentages of Interest. The Common Areas and Facilities comprise, in the aggregate, a single freehold estate, and shall be owned by the Unit Owners as tenants in common, and shall remain undivided. No action for partition of any part of the Common Areas and Facilities shall be maintainable, except as provided in Article XI hereof and in the Act, nor may any Unit Owner otherwise waive or release any rights in the Common Areas and Facilities; provided, however, that if any Ownership Interest be owned by two or more co-owners as tenants in common or as joint tenants, nothing herein contained shall be deemed to prohibit a voluntary or judicial partition of such Ownership Interest as between such co-owners.

The percentages of interest in the Common Areas and Facilities appertaining to each Unit and the respective Unit Owner, and the percentages of interest of each

Unit in the Association for voting purposes, for the distribution of Common Profits, for the assessment and payment of Common Expenses, and for all other purposes shall be "par values" which shall be based upon the proportionate square footage of the Units bears to the aggregate square footage of the maximum number of Units that may ultimately be part of the Condominium, which shall be twenty-four (24) until Phase II shall be added to the Condominium Property in accordance with Article XVII of this Declaration. The par values or percentages of interest of each Unit are set forth in Exhibit E.

The undivided percentage of interest of each Unit Owner in the Common Areas and Facilities, as said percentage of interest and Common Areas and Facilities may exist from time to time, shall not be separated from the Unit to which it appertains and shall be deemed to be conveyed or encumbered with its respective Unit even though the description in any instrument of conveyance or encumbrance refers only to the Unit.

(d) Percentages of Interest of Units Constructed on Phase II. Units created in Phase II or any portion thereof having substantially identical floor plans as Units in Phase I will be assigned the same par value as their counterparts on Phase I at the time said Units in Phase II or any portion thereof are added to the Condominium Property, which par value shall, however, be adjusted to take into account the new Units added to the Condominium as a result of the addition of Phase II to the Condominium Property.

6.03 Description of Units. Units constructed on the Condominium Property will be three-story units (having "Unit A," or "Unit B," type floor plans), as set forth in the Drawings. Unit "A's" will have three (3) bedrooms and two (2) bathrooms, Unit "B's" will have three (3) bedrooms and two (2) bathrooms. The types of Units (according to type of floor plan) and the par values that will be assigned to the Units are set forth on Exhibit E.

6.04 Description of Limited Common Areas and Facilities. Included in the Common Areas and Facilities but restricted to the sole use of the Unit Owners of Units to which such areas and facilities are appurtenant are areas designated as "Limited Common Areas and Facilities" (L.C.A.s") on the Drawings.

ARTICLE VII

GENERAL PROVISIONS AS TO UNITS,
COMMON AREAS AND FACILITIES, AND
DECLARATION OF EASEMENTS

7.01 Maintenance of Units by the Association. The Association, at its expense, shall be responsible for the maintenance, repair and replacement of those portions of each Unit which contribute to the support of the building, excluding, however, the surfaces of interior walls, the surface of ceilings and floors.

7.02 Maintenance of Units by the Unit Owner. The responsibility of each Unit Owner shall be as follows:

(a) To maintain, repair and replace at his expense all portions of his Unit and L.C.A. appertaining thereto, all installation in said Unit and L.C.A. appertaining thereto of appliances, heating, plumbing, electrical and air conditioning fixtures or installations, and any other utility service facilities located within the Unit boundaries and L.C.A. appertaining thereto. Said Unit Owner shall also maintain, repair and replace at his expense any air conditioning and/or heating apparatus located outside his Unit which apparatus serves his Unit and any L.C.A. appertaining thereto;

(b) To maintain and repair all patios, sundecks, balconies, windows, doors, vestibules and entryways and all associated structures and fixtures therein, which are appurtenances to his Unit and any L.C.A. appertaining thereto. The foregoing includes, without limitation, responsibility for all breakage, damage, malfunctions and ordinary wear and tear of such appurtenances;

(c) To perform all of the work required of the Unit Owner in subparagraphs (a) and (b) hereof promptly, properly, and in good workmanlike manner using first-class materials of equivalent or better quality than those originally installed or incorporated into the Condominium Property, and using competent and qualified labor;

(d) To perform his duties and responsibilities in such manner so as not unreasonably to disturb other Unit Owners or Unit Occupants;

(e) Not to paint or otherwise decorate or change the appearance of any portion of the building not within the

walls of the Unit and any L.C.A. appertaining thereto, unless the prior written consent of the Association is obtained;

(f) To promptly report to the Association or its agent any defect or need for repairs, the responsibility for the remedying of which is with the Association;

(g) Not to make any alterations in the portions of the Unit and any L.C.A. appertaining thereto or the buildings which are to be maintained by the Association or on the Common Areas and Facilities or to remove any portion thereof or make any additions thereto or do anything which would or might jeopardize or impair the safety or soundness of the building without first obtaining the written consent of the Association, nor shall any Unit Owner impair any easement without first obtaining the written consents of both the Association and the Unit Owner or Unit Owners for whose benefits such easement exists.

7.03 Use and Maintenance of Common Areas and Facilities.

(a) Regulation by Association. No person shall use the Common Areas and Facilities or any part thereof in any manner contrary to or not in accordance with such rules and regulations pertaining thereto as from time to time may be adopted by the Association. Without in any manner intending to limit the generality of the foregoing, the Association shall have the right but not the obligation, to promulgate rules and regulations limiting the use of the Common Areas and Facilities to members of the Association and their respective families, guests, invitees, and servants, as well as to provide for the exclusive use by a Unit Owner and his guests, for specific occasions, of the recreational areas or other similar facilities. Such use, other than ingress and egress to and from a Unit, may be conditioned upon, among other things, the payment by the Unit Owner of such assessment as may be established by the Association for the purpose of defraying costs thereof.

(b) Maintenance of Common Areas and Facilities. Except as otherwise expressly provided herein, the Association shall maintain and keep the Common Areas and Facilities in a state of good working order, condition and repair, in a clean, neat, safe, and sanitary condition, and in conformity with all laws, ordinances and regulations applicable to the Common Areas and Facilities, by promptly, properly, and in a good and workmanlike manner, making all repairs, replacements, alterations, and other improvements necessary to

comply with the foregoing. The obligations herein described shall include, without limitation, maintaining, planting, seeding, re-seeding, fertilizing, cutting and trimming all of the lawns within the Common Areas and Facilities.

(c) Delegation of Association's Powers to Management Agent. Except as otherwise provided herein, management, repair, alteration and improvement of the Common Areas and Facilities shall be the responsibility of the Association. The Association may, but shall not be required to, delegate all or any portion of its authority to discharge such responsibility of the Association to a manager, management agent, or management company. Such delegation may be evidenced by a management contract (which shall not exceed one year's duration) which may be executed on behalf of the Association by the officers of the Association and which shall provide for the duties to be performed by the manager, management agent, or management company. Upon the expiration of said one-year period, the Association may renew said management contract for an additional one-year period, or, with the approval of members entitled to exercise more than fifty percent (50%) of the voting power of the Association, designate a different manager for the Condominium Property. Notwithstanding anything to the contrary in this Section 7.03(c), any management contract entered into by the Developer or by the Association prior to the election of the majority of the board by the members, shall provide for a right of termination exercisable without penalty, at any time after the Members of the Association elect a majority of the board, with such termination to be upon not more than ninety (90) days' notice to the manager, management agent, or management company.

7.04 Repairs to Common Areas and Facilities Necessitated by Unit Owners' Acts. Each Unit Owner agrees to maintain, repair and replace at his expense all portions of the Common Areas and Facilities which may be damaged or destroyed by reason of his own or any Occupant's act or neglect, or by the act or neglect of any invitee, licensee, renters, or guest of such Unit Owner or Unit Occupant.

7.05 Use and Maintenance of Limited Common Areas and Facilities.

(a) Each Unit Owner agrees to maintain, repair and replace, at his expense, all portions of any L.C.A. appertaining to his Unit.

(b) The Association shall not be responsible for the repair, maintenance, or improvement of any L.C.A., except that within said L.C.A., snow may be removed from drives and walkways by the Association.

(c) Unit Owners may not use an L.C.A. unless the Declaration provides that their Unit is entitled to the use thereof.

7.06 Construction Defects. The obligation of the Association and of the Unit Owners to maintain, repair, and replace the portions of the Condominium Property for which they are respectively responsible shall not be limited, discharged or postponed by reason of the fact that any maintenance, repair or replacement may be necessary to cure any latent or patent defects in material or workmanship in the construction of the Condominium Property.

7.07 Effect of Insurance or Construction Guarantees. Notwithstanding the fact that the Association and/or any Unit Owner may be entitled to the benefit of any guarantee of material and workmanship furnished by any construction trade responsible for any construction defect, or to benefits under any policies of insurance providing coverage for loss or damage for which they are respectively responsible, the existence of construction guarantees or insurance coverage shall not excuse any delay by the Association or any Unit Owner in performing its or his respective obligations hereunder.

7.08 Severance of Ownership. No Unit Owner shall execute any deed, mortgage, lease or other instrument affecting title to his Ownership Interest without including therein both his interest in the Unit and his corresponding percentage of interest in the Common Areas and Facilities, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, mortgage, lease or other instrument purporting to affect the one without including also the other shall be deemed and taken to include the interest so omitted, even though the latter is not expressly mentioned or described therein. For purposes of conveyance of title to a purchaser of a Unit, description by setting forth the name of the Condominium Property, the number of the Unit or Units, and the numbers of the volumes and initial pages of the records of the Declaration and Drawings shall be adequate to convey the fee simple title thereto together with the corresponding percentage of interest in the Common Areas and Facilities.

7.09 Easements.

(a) Encroachments. In the event that, by reason of the construction, reconstruction, settlement or shifting of a building, any part of the Common Areas and Facilities presently encroaches or shall hereafter encroach upon any part of a Unit and/or and L.C.A. appertaining thereto, or any part of a Unit and/or an L.C.A. presently encroaches or shall hereafter encroach upon any part of the Common Areas and Facilities or any other Unit and/or an L.C.A. appertaining thereto, or if by reason of the design or construction of the utility systems, any main pipes, ducts or conduits serving more than one Unit presently encroaches or shall hereafter encroach upon any part of any Unit and/or an L.C.A. appertaining thereto, valid easements for the existence and maintenance of such encroachment and for the use of such adjoining space are hereby established and shall exist for the benefit of such Unit and the Common Areas and Facilities, as the case may be, so long as all or any part of the building containing such Unit shall remain standing, provided, however, that in no event shall a valid easement for any encroachment be created in favor of the Unit Owner of any Unit or in favor of the Common Areas and Facilities if such encroachment occurred due to the willful conduct of said Unit Owner.

(b) Maintenance Easements. Each Unit Owner shall be subject to an easement for access arising from the necessity of maintenance or operation of an entire building. The Owner of each Unit shall have the permanent rights and easements to and through the Common Areas and Facilities and building walls for the use of water, gas, sewer, electricity, televisions antenna, and other utilities now or hereafter existing within the walls, and for the use of television cables and equipment installed by the Association or by an independent company to serve the Units for a fee or free of charge, and further, shall have an easement to hang pictures, mirrors and the like upon the walls of his Unit.

(c) Easements for Certain Utilities. Developer hereby declares, and the Association may grant, easements for utility purposes for the benefit of the Condominium Property, including the right to install, lay, maintain, repair and replace water mains and pipes, sewer lines, gas mains and lines, telephone wires and equipment, television cables, and electrical conduits and wires over, under, along and on any portion of the Common Areas and Facilities, and each Unit Owner hereby grants the Association an irrevocable power of attorney to execute, acknowledge and record, for and in the name of such Unit Owner, such instruments as may be necessary to effectuate the foregoing.

(d) Easements Through Walls Within Units. Easements are hereby declared and granted to install, lay, maintain, repair and replace any pipes, wires, ducts, conduits, television cables and equipment, public utility lines or structural components running through the walls of the Units, whether or not such walls lie in whole or in part within the Unit boundaries.

(e) Easements of Enjoyment. Every Unit Owner and his guests and invitees shall have a right and easement of enjoyment in, over and upon the Common Areas and Facilities and an unrestricted right of access to and from his Unit, which rights and easements shall be appurtenant to and shall pass with the title to that Unit, subject to the right of the Association to make reasonable rules and regulations concerning the use and management of the Common Areas and facilities and the Limited Common Areas and Facilities, provided that no such rule or regulation shall limit or prohibit the right of ingress and egress to a Unit, or any part thereof, or to that Unit's parking facilities. Any Unit Owner may delegate his right of enjoyment to the Common Areas and Facilities and to ingress and egress to the occupants of that Unit Owner's Unit. No other Unit Owner or Unit Owners, occupants, invitees, assigns, renters or guests shall block or deny access, ingress or egress to the parking lot. Further easements are hereby declared and created for the benefit of all Unit Owners, occupants, renters, and their invitees and guests to park automobiles in the parking areas in the Common Areas and Facilities.

(f) Other Easements. The Condominium Property is subject to the following perpetual rights-of-way and easements, which are hereby reserved by Developer for the benefit of Phase II, or such portions as have not become a part of Condominium Property, hereinafter referred to as the "Benefitted Property," for the prospective Unit Owners, occupants, and the families, tenants, employees and invitees of the Unit Owners and Occupants of Units to be constructed on the Benefitted Property. To the extent that access to the Benefitted Property is otherwise not reasonably available and subject to the Developer's concomitant obligation to restore, the Developer, his employees, agents, consulting engineers, architects, contractors, subcontractors, and other representatives may enter upon the Common Areas and Facilities in order to plan and construct the building, structures and improvements on the Benefitted Property. The nonexclusive rights-of-way and easements reserved herein shall run with the Benefitted Property and are for ingress to and egress from the Benefitted Property over the common

drive and walkways located on the Condominium Property and are also for the right to enter upon the Condominium Property to make new installations of or to make connections with and to extend and to maintain, repair and replace the extension of the sanitary and storm sewers, surface water drainage, water lines, electric service, gas lines, telephone lines, and any other utility line, pipe, or service in order to service the Benefitted Property, and to establish the grade on the Benefitted Property.

(g) Easements to Public Highways. Easements are hereby declared and created on and over the paved driveways of the Common Areas and Facilities for the benefit of Unit Owners, occupants and their guests for access to and from the public streets and highways surrounding the Condominium Property, including Emery Street. No Unit Owner, occupant or their guests shall block said driveways or in any other way deny another Unit Owner, occupant or their guests access to or from said public streets or highways.

(h) Easements to Run With the Land. All easements and rights described herein are easements appurtenant, running with the land perpetually in full force and effect, and at all times shall inure to the benefit of and be binding on the Developer, its successors and assigns, and any Unit Owner, occupant, purchaser, mortgagee and other person having an interest in said land, or any part or portion thereof.

(i) Power of Attorney. Each Unit Owner, by acceptance of a deed to a Unit, hereby irrevocably appoints Developer his, her, or its attorney-in-fact, to execute, deliver, acknowledge, and record, for and in the name of such Unit Owner, such deeds of easement and other instruments as may be necessary or desirable, in the sole discretion of the Board's authorized representative, to further establish or effectuate the foregoing easements. This power is for the benefit of each and every Unit Owner, the Association, and the real estate to which it is applicable, runs with the land, and is coupled with an interest.

(j) General. The easements and grants provided herein shall in no way affect any other recorded grant of easement.

ARTICLE VIII

UNIT OWNERS' ASSOCIATION

8.01 Membership. Developer has formed, or shall cause to be formed, a Unit Owners Association, to be called "The Campus Downs Condominium Association, Inc.," (hereinafter and before called the "Association") as a Kentucky nonprofit corporation, which shall be established for the administration of the Condominium Property. Each Unit Owner, upon acquisition of title to a Unit within the Condominium Property as presently constituted, or hereafter enlarged in accordance with Article XVII hereof, shall automatically become a member of the Association. Such membership shall terminate upon the sale or other disposition by such member of his Ownership Interest, at which time the Unit Owner of such Unit shall automatically become a member of the Association. No tenant or Occupant of a unit, if such tenant or Occupant is not a Unit Owner, shall be a member.

8.02 Articles of Incorporation and Bylaws. Articles of Incorporation and Bylaws of the Association are attached to this Declaration as Exhibit C.

8.03 Board of Directors and Officers. The Board of Directors and officers of the Association elected as provided in the Bylaws shall exercise the powers, discharge the duties and be vested with the rights conferred upon the Association by operation of law, the Bylaws and this Declaration, except as otherwise specifically provided; provided, however, that in the event any such power, duty or right shall be deemed exercisable or dischargeable by or vested in, an officer or member of the Board of Directors, solely in his capacity as an officer or a member of the Board of Directors, he shall be deemed to act in such capacity to the extent required to authenticate his acts and to carry out the purposes of this Declaration and the Bylaws.

8.04 Formation of Association. The Association shall be established not later than the date the deed or other evidence of ownership is filed for record following the first sale of an Ownership Interest in the Condominium.

8.05 Developer's Rights.

(a) Until the Association is established, the Developer shall act in all instances where action of the Association, the Board of Directors or the officers is authorized or required by law, the Declaration, or the Bylaws.

(b) Not later than the time that Ownership Interests to which twenty-five percent (25%) of the undivided interest in the Common Areas and Facilities appertain have been sold and conveyed by the Developer, the Association shall meet

and such Unit Owners shall elect one (1) member of the Board of Directors.

(c) Not later than the time that Ownership Interests to which fifty percent (50%) of the undivided interest in the Common Areas and Facilities appertain have been sold and conveyed by the Developer, such Unit Owners shall elect two (2) members of the Board of Directors. When computing percentages of interest for purposes of this paragraph 8.05(c), the percentage of interest in Common Areas and Facilities shall be computed by comparing the number of Units sold and conveyed to the maximum number of Units that may be added following addition of Phase II to the Condominium Property pursuant to Article XVII of this Declaration, plus the number of units in Parcel 1.

(d) Except as stated in this Section 8.04, from the date of the establishment of the Association until the earlier of five (5) years or thirty (30) days after the sale and conveyance of Ownership Interests to which appertain seventy-five percent (75%) of the undivided interests in the Common Areas and Facilities to purchasers in good faith for value, the Developer or persons designated by it may appoint and remove members of the Board of Directors or other officers of the Association. Within thirty (30) days after the expiration of any period during which the Developer exercises powers under this paragraph 8.05(d), the Association shall meet and elect all members of the Board of Directors and all other officers of the Association. The persons so elected shall take office upon election.

8.06 Administration of Condominium Property. The administration of the Condominium Property shall be in accordance with the provisions of this Declaration, the Articles of Incorporation, and the Bylaws. Each Unit Owner, tenant, or Occupant of a Unit shall comply with the provisions of this Declaration, the Articles of Incorporation, the Bylaws, decisions and resolutions of the Association or its representatives, as lawfully amended from time to time, and failure to comply with any such provisions, decisions or resolutions, shall be grounds for an action to recover sums due for damages, or for injunctive relief.

8.07 Availability. The Association shall make available for inspection by Unit Owners, lenders and the holders and insurers of the first mortgage on any Unit, upon request, during normal business hours, current copies of the Declaration, the Articles of Incorporation, the Bylaws and other rules governing the Condominium, and other books, records and financial statements of the Association. The Association shall make available for

inspection by prospective purchasers, upon request, during normal business hours, current copies of the Declaration, the Articles of Incorporation, the Bylaws, other rules governing the Condominium, and the most recent annual audited financial statement of the Association, if such is prepared. The Association shall further, upon written request from the United States Department of Housing and Urban Development, Office of United States Veterans' Affairs, the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation, to the extent any of such agencies or corporations shall have an interest in the Condominium, prepare and furnish, within a reasonable time, to the entities submitting such request, an audited financial statement of the Association for the immediately preceding fiscal year.

8.08 Rights of First Lienholders to Notice of Action. A holder, insurer or guarantor of a first mortgage, upon written request to the Association (such request to state the name and address of such holder, insurer or guarantor and the unit number), will be entitled to timely written notice from the Association of the following:

(a) Any proposed amendment of the Condominium Instruments effecting a change in (i) the boundaries of any Unit or the exclusive easement rights appertaining thereto, (ii) the interests in the general or limited Common Areas and Facilities appertaining to any Unit or the liability for Common Expenses appertaining thereto, (iii) the number of votes in the Association appertaining to any Unit or (iv) the purposes to which any Unit or the Common Areas and Facilities are restricted;

(b) Any proposed termination of the Condominium Regime;

(c) Any condemnation loss or any casualty loss which affects a material portion of the Condominium or which affects any Unit on which there is a first mortgage held, insured or guaranteed by such eligible holder;

(d) Any delinquency in the payment of assessments or charges owed by a Unit Owner subject to the mortgage of such eligible holder, insurer or guarantor, where such delinquency has continued for a period of 60 days;

(e) Any lapse, cancellation or material modification of any insurance policy maintained by the Association pursuant to this Declaration or the Bylaws.

ARTICLE IX

ASSESSMENTS

9.01 General. Assessments for Common Expenses shall be made in the manner provided herein, and in the manner provided in the Bylaws.

9.02 Division of Common Profits and Common Expenses. The Common Profits of the Condominium Property shall be distributed among, and the Common Expenses of the Condominium Property shall be assessed against, the Unit Owners by the Association. The proportionate shares of the Unit Owners in the Common Profits and the Common Expenses of the Condominium Property, as well as their proportionate representation for voting purposes in the Association, is based upon the proportionate square footage that each of the Units bears to the aggregate square footage of the maximum number of Units that may ultimately be part of the Condominium, which maximum number shall be twenty-four (24) until the Condominium shall be expanded in accordance with Article XVII of this Declaration. The acquisition or occupancy of any Unit shall be conclusive evidence against the Unit Owner or Occupant thereof that the percentage set forth opposite each Unit in Exhibit "E" is in the proportion that the square footage of the Unit at the date this Declaration is filed for record, or at the date that any amendments hereto are filed for record pursuant to Article XVII herein, bears to the then aggregate square footage of the maximum number of Units that may ultimately be part of the Condominium, which maximum number shall be twenty-four (24) until the Condominium shall be expanded in accordance with Article XVII of this Declaration. The proportionate share of Common Profits and Common Expenses and proportionate representation for voting purposes of each Unit Owner shall be in accordance with the percentages or par values set forth in Exhibit "E". The square footage of each Unit as determined by the Developer shall be conclusive as to all parties.

9.03 Non-Use of Facilities. No Unit Owner may exempt himself from liability for his contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Areas and Facilities or by the abandonment of his Unit.

9.04 Lien of Association. The Association shall have a lien upon the estate or interest of any Unit Owner in his Unit and the appurtenant percentage of interest in the Common Areas and Facilities for the payment of the portion of the Common Expenses chargeable against the Unit that remains unpaid for ten (10) days after the portion has become due and payable. The lien is effective on the date a certificate of lien, subscribed by the

President or other chief officer of the Association, is filed for record in the office of the Register of Deeds of Fayette County, Kentucky, pursuant to authorization given by the Board of Directors of the Association. The certificate shall contain a description of the Unit, the name or names of the record Unit Owner or Unit Owners thereof, and the amount of the unpaid portion of the Common Expenses and the monthly or other periodic payment obligation of the Owner for future assessments. The lien shall be valid, as to the unpaid assessments described in the certificate and assessments that shall thereafter remain unpaid for ten (10) or more days after they are due and payable. In addition to the rights of the Association as provided in this Section 9.04, any payment owed by a Unit Owner that remains unpaid for ten (10) days after it has become due and payable shall accrue interest thereafter at the rate of twelve percent (12%) per annum, together with all expenses, including attorneys' fees incurred by the Board of Directors in any proceeding brought to collect such unpaid portion of the Common Expenses.

9.05 Priority of Association's Lien. The lien provided for in Section 9.04 of this Article IX is prior to any lien or encumbrance subsequently arising or created, except liens for real estate taxes and assessments and liens of bona fide first mortgages that have been filed for record before the lien of the Association came into existence, and may be foreclosed in the same manner as a mortgage on real property in an action brought by the Association after authorization from the Board of Directors.

9.06 Non-Liability of Judicial Sale Purchaser for Past Due Common Expenses. Where the mortgagee of a first mortgage of record or other purchaser of a Unit acquires title to the Unit as a result of a judicial sale resulting from litigation to which the Association has been made a party, such acquirer of title, his successors and assigns, shall not be liable for the share of the Common Expenses or other assessments levied by the Association chargeable to such Unit which became due prior to the acquisition of title to such Unit by such acquirer. Such unpaid share of Common Expenses or assessments shall be deemed to be a Common Expense collectable from all of the Units, including that of such acquirer, his successors or assigns.

9.07 Liability for Assessments Upon Voluntary Conveyance. In a voluntary conveyance, the grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor and such Unit for the grantor's share of the Common Expenses up to the time of the grant of conveyance, without prejudice to the grantee's right to recover from the grantor the amount paid by the grantee therefor. Provided,

however, that any such grantee shall be entitled to a statement from the managing officer of the Association or the Board setting forth the amount of the unpaid assessments against the grantor and such grantee shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments against the grantor in excess of the amount therein set forth. As used in this Section 9.07, "grantor" shall include a decedent's estate, and "grantee" shall include a devisee or intestate heir of such decedent.

9.08 Dispute as to Common Expenses. Any Unit Owner who believes that the portion of Common Expenses chargeable to his Unit, for which a certificate of lien has been filed by the Association, has been improperly charged against him or his Unit may commence an action in the District Court of Fayette County, Kentucky, for the discharge of all or any portion of such lien.

9.09 Owner's Share of Water Bills. Each Unit Owner shall be responsible for his proportionate share of the monthly water bill in addition to Owner's monthly Homeowners Association assessment. The Homeowners Association shall be billed directly for the water and the Association shall, in turn, bill Homeowner the amount due. If there are 24 Units in the Condominium, then each homeowner shall be billed for 1/24th of the total water bill.

ARTICLE X

INSURANCE AND FIDELITY BONDS

10.01 Fire and Extended Coverage Insurance.

(a) The Association shall obtain for the benefit of all Unit Owners insurance on all buildings, structures or other improvements now or at any time hereafter constituting a part of the Condominium Property against loss or damage by fire, lightning and such perils as are at this time comprehended within the term "extended coverage," and vandalism and malicious mischief in an amount not less than the replacement value thereof. Such insurance shall be written in the name of, and the proceeds therefrom shall be payable to the Association, as trustee for each of the Unit Owners and each Unit Owner's mortgagee, as their interests may appear, in accordance with the percentage ownership in the Common Areas and Facilities set forth in Exhibit "E." The name of the insured under such policy or policies shall be set forth therein substantially as follows: "Campus Downs Condominium Association, for use and benefit of the individual owners." Such policy or policies shall provide: (i) for the issuance of certificates of insurance to each Unit Owner and each

Unit Owner's mortgagee upon request, (ii) that the insurance may not be canceled by the insured or the insurer or substantially modified without at least thirty (30) days prior written notice to the Association and to each holder of a first mortgage listed as a scheduled holder of a first mortgage in the policy or policies, (iii) that the insurance is not prejudiced by any act or neglect of individual Unit Owners which is not in the control of the Unit Owners collectively, (iv) that the insurance is primary in the event the Unit Owner has other insurance covering the same loss, and (v) as a minimum, protection against all perils which are customarily covered with respect to condominiums similar in construction, location, size and use, including all perils normally covered by the standard "extended coverage" and "all risk" endorsements. Such policy shall cover built-in or installed fixtures and equipment in an amount not less than the replacement value thereof.

Such insurance by the Association shall be without prejudice to the right of a Unit Owner to obtain individual contents and chattel property insurance or insurance to cover any improvements or additions to his Unit, but no Unit Owner may at any time purchase individual policies of insurance on his Unit or his interest in the Common Areas and Facilities as real property unless the Association shall be set forth as a named insured in such policy.

(b) The Association shall be responsible for obtaining insurance upon the Units, including all fixtures, installations or additions thereto contained within the unfinished interior surfaces of the perimeter walls, floors and ceilings of such Unit, as initially installed or replacements thereof. The Association shall not be responsible for procurement or maintenance of any insurance covering the liability of any Unit Owner not caused by or connected with the operation, use, or maintenance of the Common Areas. Each Unit Owner may obtain additional insurance at his own expense for his own benefit. Insurance coverage on the furnishings and other items of personal property belonging to a Unit Owner and casualty and public liability insurance coverage within each Unit are specifically made the responsibility of each Unit Owner, and each Unit Owner must furnish a copy of his insurance policy to the Association.

(c) The following endorsements shall be obtained on any policies obtained under this Section 10.01:

(i) Agreed Amount Endorsement;

(ii) Inflation Guard Endorsement, if available;
and

(iii) Construction Code Endorsements, such as Demolition Costs Endorsements, Contingent Liability from Operation of Building Laws Endorsement, and Increased Cost of Construction Endorsement, if available and required by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.

(d) Such policy of insurance shall be written with a company licensed to do business in the State of Kentucky and holding a rating of "A" or better by Best's Insurance Reports. Such policy shall also provide for the release by the insurer thereof of any and all rights of recovery of subrogation or assignment and all causes and right of recovery against any Unit Owner, member of his family, his tenant, or other Occupant of the Condominium Property for recovery against any one of them for any loss occurring to the insured property resulting from any of the perils insured against under such insurance policy.

10.02 Liability Insurance. The Board of Directors shall be required to obtain and maintain comprehensive general liability insurance coverage covering all of the Common Areas and Facilities, commercial space owned and leased by the Association, and public ways in the Condominium. Such insurance shall cover the officers, the Board of Directors, the managing agent, the manager, and all Unit Owners, collectively and individually, and shall also contain cross-liability endorsements to cover liabilities of the Unit Owners as a group to a Unit Owner. Coverage shall further include legal liability arising out of lawsuits related to employment contracts of the Association. Such insurance shall have a minimum combined single limit of Two Million Dollars (\$2,000,000.00) covering all claims from personal injury or property damage arising out of any one occurrence. The Board of Directors shall review such limits annually. The Board of Directors shall also carry workers' compensation insurance as required by the laws of the State of Kentucky. All such liability policies shall provide that they may not be cancelled or substantially modified, by any party, without at least ten (10) days' prior written notice to the Association and to each holder of a first mortgage on any Unit which is listed as a schedule holder of a first mortgage in such insurance policy or policies.

10.03 Power of Attorney. Each Unit Owner irrevocably designates the Association, as attorney-in-fact, for the purpose of purchasing and maintaining such insurance as is required by this Declaration, including the collection and appropriate

distribution of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents, and the performance of all other acts necessary to accomplish such purpose. Notwithstanding any provisions of this Declaration relating to property or Liability insurance, there may be named as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any insurance trust agreement, or any successor to any such trustee, who shall have exclusive authority to negotiate losses under any policy providing such property or liability, and to perform such other functions as are necessary to accomplish such purpose.

10.04 Waiver of Subrogation. Any insurance obtained by the Association or a Unit Owner shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against the Unit Owners, Association or their respective servants, agents or guests.

10.05 Fidelity Bonds. The Association may, and in the event that the Condominium Property shall at any time contain more than thirty (30) Units as a result of additions to the Condominium Property in accordance with Article XVII of this Declaration, the Association shall, maintain blanket fidelity bonds for all Board of Directors, officers and employees of the Association, and all other persons handling, or responsible for, funds of or administered by the Association. Where a management agent has the responsibility for handling or administering funds of the Association, the management agent shall be required to maintain fidelity bond coverage for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. Such fidelity bonds shall name the Association as an obligee and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than a sum equal to three (3) months' aggregate assessments on all Units, plus reserve funds. The bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions. The premiums on all bonds required by this Declaration, except those maintained by the management agent, shall be paid by the Association as a Common Expense. The bonds shall provide that they may not be canceled or substantially modified, including cancellation for non-payment of premium, without at least thirty (30) days' prior written notice to the Association, or to any insurance trustee, or to any Federal National Mortgage Association Servicer, on behalf of the Federal

National Mortgage Association, if such association shall be a guarantor or a holder of a first mortgage on any Unit.

ARTICLE XI

DESTRUCTION OF IMPROVEMENTS

11.01 Association as Attorney-in-Fact in Event of Damage or Destruction. This Declaration hereby makes mandatory the irrevocable appointment of an attorney-in-fact to deal with the Condominium Property upon its destruction, obsolescence or condemnation. Title to any Unit is declared and expressly made subject to the terms and conditions hereof, and acceptance by any grantee of a deed from the Developer or from any Unit Owner shall constitute appointment of the attorney-in-fact herein provided. All of the Owners irrevocably constitute and appoint the Association, or its successor non-profit corporation, if same be hereafter organized, their true and lawful Attorney in their name, place and stead, for the purpose of dealing with the Condominium Property upon its destruction, obsolescence or condemnation, as hereinafter provided. As attorney-in-fact, the Association, by its authorized officers shall have full and complete authorization, right and power to make, execute and deliver any contract, deed, or any other instrument with respect to the interest of a Unit Owner which is necessary and appropriate to exercise the powers herein granted.

11.02 Repair by Association after Damage or Destruction. In the event of damage to or destruction of the property as a result of fire or other casualty and the proceeds of any policy or policies of insurance insuring against such loss or damage, and payable by reason thereof, shall be substantially sufficient in the opinion of the Board of Directors to pay the cost of repair or restoration, estimated as hereinafter provided, then the Board of Directors shall arrange for the prompt repair and restoration of the buildings (including any damaged Units, but not including any equipment, furnishings or personal property of the Unit Owners or as described in the following paragraph), and the Board of Directors shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration to in appropriate progress payments. Any actual cost of such repair and restoration to the Common Areas and Facilities in excess of the insurance proceeds shall constitute a Common Expense and the Board of Directors may assess all the Unit Owners for such deficit as part of the Common Expenses based on their respective percentage interests in the Common Areas and Facilities.

11.03 Repair by Unit Owner. Each Unit Owner shall be responsible for the reconstruction, repair or replacement of all personal property located within the interior of his Unit, to the extent not covered by the insurance carried by the Board of Directors and specifically, but not by limitation, furniture and furnishings. Each Unit Owner shall also be responsible for the costs not otherwise covered by insurance carried by the Association of any reconstruction, repair, or replacement of any portion of the property necessitated by his negligence or misuse or the negligence or misuse by his family, guests, tenants, agents, servants, employees or contractors; provided, however, that the responsibility of such Owner shall not affect any waiver of subrogation provision in policies of insurance maintained by the Association. In the event damage to all or any part of the interior of a Unit Owner's Unit is not covered by insurance held by the Association for the benefit of such Unit Owner, then such Unit Owner shall begin reconstruction or repair of his Unit within sixty (60) days after the date of such damage, subject, however, to the right of the Association to supervise, approve, or disapprove such reconstruction or repair during the course thereof.

11.04 Uninsured Loss or Damage in Excess of Insurance Proceeds -- Election Not to Repair. In the event the Property or the improvements thereon so damaged or destroyed are not insured against the peril causing the loss or damage, or the insurance proceeds shall not be substantially sufficient in the opinion of the Board of Directors to pay the cost of repair or restoration, estimated as hereinafter provided, the President or Secretary shall, within sixty (60) days following such damage or destruction, call a special meeting of the members in accordance with the Bylaws. If at such meeting the owners of at least sixty-six and two-thirds percent (66 2/3%) of the interest in the Common Areas and Facilities shall vote to rebuild, reconstruct, or repair the damaged or destroyed portions of the Property, such rebuilding, reconstruction, or repair shall be promptly commenced in the manner hereinafter provided, consistent with the provisions of KRS 381.890 or its successor enactments. If the Unit Owners of less than sixty-six and two-thirds percent (66 2/3%) of the interest in the Common Areas and Facilities shall vote in favor of such rebuilding, reconstruction, or repair, or a decision to so rebuild or not to rebuild shall not be made within one hundred twenty (120) days following the damage or destruction, then the Council of co-owners shall allocate the available insurance proceeds among those members whose units shall have been damaged according to appraisals of damage or such other competent method of measurement as may be acceptable to the Council, the same being deemed to be reasonable compensation to

those co-owners who are deprived of their interest as the result of the failure to reconstruct; and the Council shall further recalculate and redistribute the percentage of common interest so as to equitably allocate the common interest among the damaged and undamaged units.

11.05 Determination and Assessment of Repair Costs.

(a) As soon as possible after the occurrence of a casualty which causes damage to any part of the Property (hereinafter referred to as the "Casualty"), the Board of Directors shall obtain reliable and detailed cost estimates of the following:

(i) The cost of restoring all damage caused by the Casualty to the Common Areas and Facilities (hereinafter referred to as the "Common Area and Facilities Costs"); and

(ii) The cost of restoring that part of the damage caused by the Casualty to each Unit which is or would be covered by insurance held by the Association without regard to the policy limits of such insurance (hereinafter referred to as the "Unit Costs").

(b) If repair or restoration is to be made pursuant to this section, all insurance proceeds available to the Association with respect to the Casualty shall first be applied to the payment of the actual Common Areas and Facilities Costs and the balance thereof, if any, shall thereafter be applied to the payment of the actual Unit Costs. However, if such insurance proceeds are not sufficient to cover the actual costs, and the Unit Owners shall not have voted against repairing or restoring the damage or destruction in accordance with Section 11.04, then an assessment shall be made against the Unit Owners by the Association in the following manner:

(i) All Unit Owners shall be assessed on the basis of their percentage interest in the Common Areas and Facilities for the payment of the estimated Common Areas and Facilities Costs not otherwise paid for by insurance held by the Association.

(ii) Each Unit Owner of a damaged Unit shall be assessed in an amount equal to his actual Unit Costs less a sum calculated by multiplying the amount, if any, of the remaining insurance proceeds held by the Association with respect to the casualty by a fraction,

the numerator of which is his estimated Unit Costs and the denominator of which is the total of all of the estimated Unit Costs. The amount of such assessment shall be paid by the Unit Owner to the Association at the time a contract is entered into by the Association for such repair or reconstruction. If a Unit Owner shall fail to pay his share of the costs at the time requested, no repair or reconstruction work shall be performed in that Unit, until such share of the cost shall have been paid, except such work as shall be deemed by the Board of Directors to be necessary for the safety and protection of the other Units. The Association may also elect, notwithstanding a Unit Owner's failure to pay his share of the costs at the time requested, proceed to cause the repair or replacement with respect to such Unit to be made to the extent that Association funds are available for such purpose. The total cost of repair and replacement made to a Unit prior to the Unit Owner's payment of his share of the costs shall be considered a deficiency which may be assessed as a special assessment against the Owner who shall have failed to pay his share of the cost at the time requested. Such special assessment shall be a debt of the Unit Owner and a lien on his Unit, and may be enforced and collected in the manner in which assessment liens are enforced and collected under this Declaration. Such lien shall, however, be subordinate to any recorded first mortgage of record, and, if the Association elects to foreclose such lien, the proceeds derived from the sale of such Unit shall be used and disbursed by the Association, as Attorney-in-Fact, in the following order:

(A) For payment of taxes and special assessment liens in favor of any governmental assessing entity;

(B) For payment of the balance of the lien of any first mortgage;

(C) For payment of unpaid Common Expenses, including any unpaid portion of the deficiency assessment described above in this subsection 11.05(b)(ii);

(D) For payment of junior liens and encumbrances in the order and extent of their priority; and

(E) The balance remaining, if any, shall be paid to the Unit Owner.

11.06 Repairs of Unit by Unit Owner. A Unit Owner shall not undertake the repair, restoration, or replacement of his Unit without the Board's written approval. If, following such approval, a Unit Owner shall have repaired or reconstructed his Unit, then upon completion of such repair or reconstruction, the amount allocated to that Unit, to the extent of allocable insurance proceeds, shall be paid by the Board of Directors to the Unit Owner. The determination of whether the work has been completed shall be made by the Board of Directors, in its sole discretion.

11.07 Restoration and Repairs shall be in Accordance with Drawings; Exceptions. Any restoration or repair of the Condominium Property after damage or destruction shall be substantially in accordance with this Declaration and the Drawings, unless other actions approved by the Eligible Holders of first mortgages on Units to which at least fifty-one percent (51%) of the votes of Units subject to such mortgages are allocated. Any election to terminate the Condominium after substantial destruction of the Condominium Property shall be approved by the Eligible Holders of first mortgages on Units to which at least fifty-one percent (51%) of the votes of Units subject to such mortgages are allocated.

11.08 Judicial Partition. There shall be no judicial partition of the Common Areas and Facilities, nor shall developer or any person acquiring any interest in the Condominium Property or any part thereof seek any such judicial partition, until the happening of the conditions set forth in Paragraph 11.01 hereof in the case of damage or destruction or unless the Condominium Property has been removed from the provisions of the Kentucky Apartment Ownership Act; provided, however, that if any Unit shall be owned by two (2) or more co-tenants, as tenants in common or as joint tenants, nothing herein contained shall be deemed to prevent a judicial partition between such co-tenants, but such partition shall not affect any other Unit.

11.09 Reallocation of Interests Following Damage or Destruction. No reallocation of interest in the Common Areas and Facilities resulting from partial destruction of the Condominium Property may be effected without the approval of the Eligible Holders of first mortgages on Units to which at least fifty-one percent (51%) of the votes of Units subject to mortgages held by such Eligible Holders are allocated.

ARTICLE XII

CONDEMNATION

12.01 General. Whenever all or any part of the Common Areas and Facilities shall be taken by an authority having the power of condemnation or eminent domain (a "taking"), each Unit Owner shall be entitled to notice thereof. Each Unit Owner hereby designates and appoints the Association and duly authorized agent of the Association, as his exclusive agent to handle, negotiate, settle and conduct all matters, proceedings and litigation incident to such taking, and the Association shall have the power and authority to do so. Any award made for such taking shall be payable to the Association. Unless otherwise provided by law at the time of such taking, any award made therefor shall be disbursed by the Association as hereinafter provided in this Article XII.

Any restoration or repair of the Condominium Property after a partial condemnation shall be substantially in accordance with this Declaration and the Drawings unless other action is approved by the Eligible Holders of first mortgages on Units to which at least fifty-one per cent (51%) of the votes of Units subject to such mortgages are allocated. Any election to terminate the Condominium after substantial condemnation of the Condominium Property shall be approved by the Eligible Holders of first mortgages on Units to which at least fifty-one per cent (51%) of the votes of Units subject to such mortgages are allocated.

12.02 Common Areas and Facilities.

(a) If a taking takes only Common Areas and Facilities and not a Unit, the Association shall be deemed to have determined to repair, restore and, if reasonably feasible and desirable, replace any Common Areas and Facilities taken, remaining and/or damaged in accordance with plans prepared at the instance of the Association unless Unit Owners having at least seventy-five percent (75%) of the total voting power of the Association shall decide by vote, at a meeting of the Unit Owners of the Association called for that purpose and held within sixty (60) days after the taking, not to restore, repair and replace. The Board of Directors shall make arrangements for any restoration, repair and/or replacement in accordance with the plans prepared by the Association. The Association shall disburse the proceeds of such award in the same manner as they are required to disburse insurance proceeds where damage or destruction to the Common Areas and Facilities is to be repaired or constructed, as provided in Article XI hereof;

subject, however, to the determination of any court of competent jurisdiction that a disproportionate distribution be made, and subject, further, to the right hereby reserved to the Board of Directors to hire a real estate appraiser to recommend (or recommend against) a disbursement of the award (after payment of all costs incident to the repair, restoration and/or replacement and all expenses of the appraiser) to Unit Owners or any one or more of them in amounts disproportionate to damages sustained by the Unit Owners or any one or more of them. If the appraiser should recommend a disproportionate distribution, he shall state the manner in which he believes the distribution should be made. The Board of Directors shall use reasonable judgment in deciding whether to hire an appraiser to make such recommendation shall be given (in the manner of giving notices to Unit Owners) to all Unit Owners and the Association shall not make any distribution of the award within twenty (20) days following the delivery of copies of the recommendation to the Unit Owners nor within any period of time thereafter that the recommendation may be subject to or is being arbitrated. Within twenty (20) days after a copy of the recommendation has been mailed (or otherwise delivered) to the Unit Owners, any Unit Owner may give written notice to the Association that he objects to the recommendation. Any objection shall be submitted to and settled by arbitration in accordance with the Rules of the American Arbitration Association and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The proper parties before the arbitration shall be the Unit Owners who have given notice of their objections to the recommendation and the Association or its authorized agent, who shall act on behalf of all non-objecting Unit Owners.

If an objection is not submitted to arbitration as herein provided within thirty (30) days after written notice of the objection was given to the Association, then any Unit Owner who shall have given notice of objection shall be deemed to have withdrawn his objection and the Association shall distribute the award in accordance with the recommendation.

(b) If Unit owners having at least seventy-five percent (75%) of the voting power of the Association shall decide by vote at a meeting held not less than twenty (20) days after the taking, not to restore, repair, and replace the taking, then such taking shall be deemed to be and shall be treated as damage or destruction which shall not be repaired or reconstructed as provided for in Section 11.04

of Article XI hereof, whereupon, the Condominium shall be terminated in the manner therein prescribed, unless otherwise provided by law.

(c) Any reallocation of interests in the Common Areas and Facilities resulting from a partial condemnation of the condominium Property shall be approved by the Eligible Holders of first mortgages on Units to which at least fifty-one per cent (51%) of the votes of Units subject to such mortgages are allocated.

12.03 Units. If all or any part of the Units are taken by condemnation or the exercise of the power of eminent domain, as above described, the Unit Owners shall be free to assert their respective claims against the condemning authority, including any claims for severance damage, and to have the proceeds which are properly allocable to the respective Unit taken or condemned. In any such condemnation proceeding, where Units are taken, the respective Unit Owner of the Unit taken shall have the right to assert against the condemning authority his claim for his loss, or his percentage interest in the Common Areas and Facilities.

ARTICLE XIII

REHABILITATION AND OTHER IMPROVEMENTS

The Association may, by the affirmative vote of Unit Owners entitled to exercise not less than seventy-five percent (75%) of the voting power, determine that the Condominium Property is obsolete in whole or in part and elect to have the same renewed and rehabilitated. The Board of Directors of the Association shall thereupon proceed with such renewal and rehabilitation and any Unit Owner may elect, in a writing served by him on the President of the Association within five (5) days after receiving notice of such vote, to receive the fair value of his Unit, less the amount of any liens and encumbrances thereon as of the date such vote is taken and less the amount of any liens and encumbrances filed or otherwise arising against his Unit during the period from the date of such vote to the date of conveyance and payment of the consideration therefor, which shall be made within ten (10) days thereafter as a Common Expense, and, if such Unit Owner and a majority of the Board of Directors of the Association cannot agree upon the fair value of such Unit, such termination shall be made by the majority vote of three (3) appraisers, one of whom shall be appointed by such Unit Owner, one of whom shall be appointed by the Board of Directors, and the third of whom shall be appointed by the first two appraisers.

ARTICLE XIV

REMOVAL FROM CONDOMINIUM OWNERSHIP

14.01 Removal. The Condominium may be terminated and the Condominium Property removed from the provisions of The Kentucky Apartment Ownership Act, upon the unanimous vote of the Unit Owners and the approval of the Eligible Holders of first mortgages on Units.

In the event of such election, all liens and encumbrances, except taxes and assessments not then due and payable, upon all or any part of the Condominium Property, shall be paid, released, or discharged, and a certificate setting forth that such election was made shall be filed with the Register of Deeds of Fayette County, Kentucky. Such certificate shall certify therein under oath that all liens and encumbrances, except taxes and assessments not then due and payable, upon all or any part of the Common Areas and Facilities have been paid, released, or discharged and shall also be signed by the Unit Owners, each of whom shall certify therein under oath that all such liens and encumbrances on his Unit or Units have been paid, released or discharged.

14.02 Effect of Removal. Upon the removal of the Condominium Property from the provisions of the Act, all easements, covenants and other rights, benefits, privileges, impositions and obligations declared herein to run with the land or any Ownership Interest or interest therein shall terminate and be of no further force or effect.

ARTICLE XV

AMENDMENT OF DECLARATION AND BYLAWS

15.01 Subject to the provisions of Section 15.02 of this Declaration, this Declaration and the Bylaws attached hereto as Exhibit C may be amended upon the filing for record with the Register of Deeds of Fayette County, Kentucky, of an instrument in writing setting forth specifically the item or items to be executed by either the Unit Owners entitled to exercise at least seventy-five percent (75%) of the voting power of the Association or by the President and the Secretary of the Association together with an affidavit by said officers that the amendment has received the written approval of the Unit Owners entitled to exercise at least seventy-five percent (75%) of the voting power of the Association, or, in the case of an amendment for the purpose of adding to the Condominium Property pursuant to Article XVII hereof, by a duly authorized officer or partner of Developer

acting as attorney-in-fact for the Unit Owners as below provided. Such amendment must be executed with the same formalities as this instrument and must refer to the volume and page in which this instrument and its attached exhibits are recorded and must contain an affidavit by the President of the Association that a copy of the amendment has been mailed by certified mail to all mortgagees having bona fide liens of record against any Ownership Interest.

Except as hereinbelow provided with respect to amendments for the purpose of making additions to the Condominium Property as provided in Article XVII hereof, no amendment shall have any effect, however, upon Developer, the rights of Developer under this Declaration and the Bylaws, or upon the rights under which bona fide first mortgagees have been secured. Such consents shall be retained by the Secretary of the Association and his certification in the instrument of amendment as to the names of the consenting and nonconsenting mortgagees of the various Units shall be sufficient for reliance by the general public. If less than all mortgagees consent to an amendment to the Declaration and/or the Bylaws attached hereto as Exhibit C, said amendment or modification shall nevertheless be valid among the Unit Owners, provided that the rights of a nonconsenting mortgagee shall not be derogated thereby.

So that Developer may add Phase II or portions thereof from time to time but not later than seven (7) years from the date hereof, to the Condominium Property, each Unit Owner by acceptance of a deed conveying such Ownership Interest thereby irrevocably appoints Developer his attorney-in-fact coupled with an interest in the Unit and authorizes, directs and empowers such Attorney, at the options of the attorney, in the event Developer exercises the rights reserved in Article XVII hereof, to add to the Condominium Property as therein provided, and to execute and record for and in the name of such Unit Owner an amendment or amendments of this Declaration for such purpose.

15.02

(a) The consent of Unit Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated and the approval of Eligible Holders of first mortgages on Units to which at least fifty-one percent (51%) of the votes of Units subject to a mortgage appertain, shall be required to materially amend any provisions of this Declaration or the Bylaws, or to add any material provisions thereto, which establish, provide for, govern or regulate any of the following: (i) voting, (ii) assessments, assessment liens or subordination of such liens, (iii) reserves

for maintenance, repair and replacement of the Common Areas and Facilities, (iv) insurance or fidelity bonds, (v) rights to use of the Common Areas and Facilities, (vi) responsibility for maintenance and repair of the several portions of the Condominium Property, (vii) expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the regime, except as otherwise provided in the Act, (viii) boundaries of any unit, (ix) the interests in the Common Areas and Facilities or the Limited Common Areas and Facilities, (x) convertibility of Units into Common Areas and Facilities or of Common Areas and Facilities into Units, (xi) leasing of Units, (xii) imposition of any right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer, or otherwise convey his Unit, (xiii) establishment of self-management by the Association where professional management has been required.

(b) The consent of Unit Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated and the approval of Eligible Holders of first mortgages on Units to which at least fifty-one percent (51%) of the votes of Units subject to a mortgage appertain, shall be required to amend any provisions included in this Declaration or the Bylaws which are for the express benefit of holders or insurers of first mortgages on Units.

ARTICLE XVI

REMEDIES FOR BREACH OF COVENANTS AND REGULATIONS

16.01 Abatement and Enjoinment. The violation of any restriction, condition, regulation or rule adopted by the Association or the breach of any restriction, covenant or provision contained in this Declaration or in the Bylaws, or of decisions of the Association which are made pursuant to authority granted the Association thereby, shall give the Association the right, in addition to the rights hereinafter set forth in this Article XVI and those provided by law: (i) to enjoin, abate or remedy by appropriate legal or equitable proceedings the continuance of any breach; and/or (ii) to commence and prosecute an action to recover any damages which may have been sustained by the Association or any Unit Owner or Unit Owners.

16.02 Involuntary Sale. If any Unit Owner (either by his own conduct or by the conduct of any tenant or Occupant of his Unit) shall violate any of the covenants or restrictions or provisions of this Declaration, the Bylaws, or the rules and regulations of the Association, or shall occur repeatedly during

any thirty (30) days after notice in writing from the Association, or shall occur repeatedly during any thirty (30)-day period after written notice or request from the Association to cure such violation, then the Association shall have the power to issue to the defaulting Unit Owner a ten (10)-day notice in writing to terminate the rights of said defaulting Unit Owner to continue as a Unit Owner or a tenant or Occupant of the Unit and to occupy, use or control his Unit and thereupon an action may be filed by the Association in the court having jurisdiction over same against the defaulting Unit Owner for: (a) a decree of mandatory injunction against the Unit Owner, tenant or Occupant to cure such violation; or (b) subject to the prior consent of any mortgagee having a security interest in the Ownership Interest of the defaulting Unit Owner, which consent shall not be unreasonably withheld, in the alternative, a decree declaring the termination of the defaulting Unit Owner's or a tenant of Unit Owner's right to occupy, use or control the Unit owned by him on account of the breach of covenant, and ordering that all the right, title, and interest of the Unit Owner in the property shall be sold (subject to the lien of any existing mortgage) at a judicial sale upon such notice and terms as the Court shall establish. The Association, however, may acquire said interest at such judicial sale. The proceeds of any such judicial sale shall first be paid to discharge court costs, appraisal, master's or commissioner's fees, court reporter charges, reasonable attorney's fees, and all other expenses of the proceeding, and all such items shall be taxed against the defaulting Unit Owner in said decree. Any balance of proceeds, after satisfaction of such charges and any unpaid assessments hereunder or any liens, shall be paid to the Unit Owner. Upon the confirmation of such sale, the purchaser thereat shall thereupon be entitled to a deed to the Ownership Interest and to immediate possession of the Unit sold and may apply to the court for an appropriate writ for the purpose of acquiring such possession and it shall be a condition of any sale and the decree shall so provide, that the purchaser shall take the interest in the property sold subject to this Declaration and the Bylaws.

16.03 Actions Against Association. Unit Owners shall have a right of action against the Association for failure to comply with the provisions of this Declaration, the Bylaws, or with decisions of the Association which are made pursuant to authority granted to the Association thereby.

ARTICLE XVII

ADDITIONS TO CONDOMINIUM PROPERTY

17.01 Option to Add Phase II to Condominium Property. Subject to the limitations set forth in this Declaration, developer hereby expressly reserves unto itself, its successors and assigns, the option and right to expand the Condominium Property by submitting Phase II or portions thereof from time to time, but not later than seven (7) years from the date of the recording of this Declaration, together with the buildings, structures and improvements thereon, all restrictions, easements, right and appurtenances belonging thereto or to which it is subject, and all articles of personal property existing for the common use of the Unit Owners, to the provisions of this Declaration and the Bylaws and the Act, and to amend this Declaration as provided in Article XV hereof, in such respects as Developer may deem advisable and as required by the Act in order to effectuate such submission or submissions, including, without limiting the generality of the foregoing, the right to amend this Declaration so as:

(a) To include Phase II or portions thereof, and the buildings and improvements constructed thereon as part of the Condominium Property, without limitation as to what portions may be added;

(b) To include descriptions of Units and buildings located on Phase II or portions thereof in this Declaration and to add Drawings thereof to Exhibit "D" hereto; and

(c) To provide that Unit Owners will have an interest in the Common Areas and Facilities of the Condominium Property and to amend Section 6.02(c) of Article VI hereof so as to designate the par value or percentage of interest in the Common Areas and Facilities of the Condominium Property appertaining to each Unit of the Condominium Property at the time of such amendment or amendments, which percentage shall be, with respect to each Unit, in the proportion that the square footage of each Unit at the date said amendment is filed for record bears to the aggregate square footage of the maximum number of Units that may ultimately be part of the Condominium Property, which determination shall be made by Developer and shall be conclusive and binding on all Unit Owners.

17.02 Grant of Power-of-Attorney to Developer. The consent of Unit Owners shall not be required for such expansion and the Developer may proceed with such expansion at its sole

option, without limitations, except as set forth in this Declaration. Each Unit Owner and his respective mortgagee by acceptance of a deed conveying an Ownership Interest or a mortgage encumbering such Ownership Interest, as the case may be, hereby irrevocably appoints Developer his attorney-in-fact, coupled with an interest, and authorizes, directs and empowers such Attorney, at the option of the Attorney in the event that Developer exercises the option and the rights reserved in this Article XVII, to add, from time to time and at any time within seven (7) years from the filing of this Declaration for record, any part or parts of Phase II and the improvements constructed thereon to the Condominium Property as herein provided, to execute, acknowledge and record for and in the name of such Unit Owner an amendment or amendments of the Declaration for such purpose and for and in the name of such respective mortgagee, a consent to such amendment or amendments.

17.03 Time Limits For Exercise of Option. The option to expand the Condominium Property shall expire seven (7) years after the recordation of this Declaration, if not sooner exercised, subject to Developer's right to renew the option for an additional seven (7) year period, which right to renew shall be exercisable within six (6) months prior to the expiration of the seven (7) year period and with the consent of the majority of the Unit Owners other than the Developer; however, the Developer may at any time prior to the expiration of the seven (7) year period, terminate his option to expand by recording among the land records wherein this Declaration is recorded an executed and notarized document terminating this option.

17.04 Legal Description of Phase II. The additional property, or portions thereof, that may, at the option of Developer, be added to the Condominium Property is Phase II, the legal description of which is attached hereto and marked "Exhibit B."

17.05 Amount of Land to be Added and Time of Additions. The Developer need not add all or any portion of Phase II to the Condominium Property; however, the Developer may add all or portions of Phase II to the Condominium Property and may do so at different times and from time to time.

17.06 Location of Improvements. There are no established or defined limitations as to the location of any improvements that may be made on any portion of the additional property added to the Condominium Property except such limitations as may then be in effect by reason of the laws and lawful rules and regulations of the appropriate governmental bodies and authorities having jurisdiction.

17.07 Maximum Number of Units. The structures to be placed on Phase II or portions thereof shall contain no more than 24 residential Condominium Units. Subject to the foregoing total maximum of Units that may be added to the Condominium Property, there is no limit as to the maximum number of dwelling units per acre that may be created on any portion of the additional property added to the Condominium Property other than as may, from time to time, be imposed by law.

17.08 Non-Residential Units. The maximum percentage of the aggregate land and floor area of all Units not restricted exclusively to residential use that may be created on parcel 2 or portions of Phase II that may be added to the Condominium Property is zero, since no such Unit may be so created and added.

17.09 Compatibility of Structures. All structures erected on all or any portion of the additional property and added to the Condominium Property will be compatible with structures then on the Condominium Property in terms of quality of construction, the principal materials to be used, and architectural style and design. Comparable style and design shall be deemed to exist if the exterior appearance of the structures on the additional property is compatible and harmonious with those then on the Condominium Property. Design shall not be deemed to be incompatible or not comparable because of changes in the number of dwelling units in a building, or variances in set-back or locations of structures in relation to other improvements.

17.10 Types of Improvements. If all or a portion of the additional property is added to the Condominium Property, drives, sidewalks, yard areas, and other improvements similar to those then on the Condominium Property shall be constructed on that additional property. Improvements other than structures added to the Condominium Property shall not include improvements except of substantially the same kind, style, design and quality as those improvements then on the Condominium Property.

17.11 Units. The Units to be created on Phase II or any portion thereof that may be added to the Condominium Property pursuant to this Article XVII will be substantially identical to the Units on Parcel No. 1; however, the Developer reserves the right to change the size, design, and mix of the Units in order to meet the requirements and demands of the market place.

17.12 Right to Create or Designate Limited Common Areas and Facilities. Developer reserves the right with respect to all or any portion of the additional property added to the Condominium Property to create Limited Common Areas and Facilities therein of substantially the same type, size, and number as those areas

then so designated as such in the Condominium Property. The precise size and number of such newly created Limited Common Areas and Facilities cannot be ascertained precisely, because those facts will depend on how large each portion added may be, the size and location of the buildings and other improvements on each portion, and other factors presently undetermined.

17.13 Limitations. Notwithstanding the foregoing, no additional property may be added to the existing Condominium Property: (i) without the prior written consent of the United States Department of Housing and Urban Development to the extent that it holds, insures or guarantees any mortgage on the existing Condominium Property at the time such additional property is to be added, (ii) unless all improvements on such additional property shall have been substantially completed before such additional property is added to the existing Condominium Property, (iii) if liens arising in connection with the Developer's ownership of, and construction of improvements upon, such additional property will adversely affect the rights of existing Unit Owners, or the priority of first mortgages on Units in the existing Condominium Property, and (iv) unless all taxes and other assessments relating to such additional property, covering any period prior to the addition thereof to the existing Condominium Property, have been paid or otherwise satisfactorily provided for by the Developer. There are no limitations to the Developer's rights and options contained in this Article XVII, other than the limitations expressed above.

17.14 Consent of Unit Owners to Amendment by Developer. Developer, on its own behalf as the owner of all Units in the Condominium Property and on behalf of all subsequent Unit Owners, hereby consents and approves, and each Unit Owner and his mortgagees by acceptance of a deed conveying such Ownership Interest or a mortgage encumbering such Ownership Interest, as the case may be, thereby consents to and approves all of the provisions of this Article XVII, including, without limiting the generality of the foregoing, the amendment of this Declaration by Developer in the manner provided herein; and all such Unit Owners and their mortgagees, upon request of Developer, shall execute and deliver from time to time all such instruments and perform all such acts as may be deemed by Developer to be necessary or proper to effectuate these provisions.

ARTICLE XVIII

NOTICES TO MORTGAGEES

18.01 Any holder, insurer, or guarantor of a first mortgage, upon written request to the Association (which request

states the name and address of such holder or insurer and the Unit designation), shall be entitled to timely written notice by the Association of:

(a) any proposed amendment of the Condominium Instruments effecting a change in (i) the boundaries of a Unit or any exclusive easement rights appertaining thereto, (ii) the undivided interest in the Common Areas and Facilities appertaining to any Unit or the liability for Common Expenses appertaining to any Unit, (iii) the number of votes in the Association appertaining to any Unit, or (iv) the purposes to which any Unit or the Common Areas and Facilities are restricted;

(b) any proposed termination of the Condominium as a condominium regime;

(c) any condemnation or eminent domain proceeding affecting the Condominium Property or any part thereof, of which the Board of Directors obtains notice;

(d) any significant damage or destruction to the Common Areas and Facilities or to a Unit securing its mortgage;

(e) any decision by the Association not to restore substantial damage or destruction;

(f) any decision by the Association to renew or rehabilitate the Condominium Property;

(g) any decision by the Association to construct new capital improvements not replacing existing improvements;

(h) time and places of Association meetings;

(i) any default under the Condominium Instruments which gives rise to a cause of action against a Unit Owner whose Unit is subject to the mortgage of such holder or insurer, including the non payment of assessments or other charges, where the default has not been cured in sixty (60) days; and

(j) any lapse, cancellation or material modification of any insurance policy maintained by the Association.

ARTICLE XIX

MISCELLANEOUS PROVISIONS

19.01 Covenants Running with Land. Each grantee of the Developer, and all subsequent grantees, by the acceptance of a deed of conveyance in respect to any Ownership Interest in any part of the Condominium Property, accepts the same subject to all restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration and the Bylaws, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared and all impositions and obligations hereby imposed 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 said land, and shall inure to the benefit of such Unit Owner in like manner as though the provisions of the Declaration and the Bylaws were recited and stipulated at length in each and every deed of conveyance.

19.02 Waiver. No covenants, restrictions, conditions, obligations, or provisions contained in this Declaration 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.

19.03 Severability. The invalidity of any covenant, restriction, condition, limitation or any other provision of this Declaration or the Bylaws, or of any part of the same, shall not impair or effect of the rest of this Declaration.

19.04 Time Limits. If any of the privileges, covenants or rights created by this Declaration or the Bylaws shall be unlawful or void for violation of (a) the rule against perpetuities or some analogous statutory provision, (b) the rule restricting restraints on alienation, or (c) any other statutory or common law rules imposing time limits, then such provision shall continue until twenty-one (21) years after the death of the survivor of the now living descendants of George Bush, President of the United States of America.

19.05 Non-Liability of Developer. Neither Developer nor its representatives, successors or assigns, shall be liable for any claim whatsoever arising out of or by reason of any actions performed pursuant to any authorities granted or delegated to it by or pursuant to this Declaration or by the Bylaws attached hereto as Exhibit C in Developer's (or its representative's) capacity as developer, contractor, owner, manager, or seller of the Condominium Property, whether or not such claim (a) shall be asserted by any Unit Owner, Occupant, the Association, or any person or entity claiming through any of them; or (b) shall be on

account of injury to person or damage to or loss of property, wherever located and however caused; or (c) shall arise ex contractu or (except in the case of negligence) ex delicto. Without limiting the generality of the foregoing, the foregoing enumeration includes all claims for, or arising by reason of, the Condominium Property or any part thereof being or becoming out of repair or containing any patent or latent defects, or by reason of any act or neglect of any Unit Owner, Occupant, the Association, and their respective agents, employees, guest and invitees, or by reason of any neighboring property or personal property located on or about the Condominium Property, or by reason of the failure or malfunction or disrepair of any utility services (heat, air conditioning, electricity, gas, water, sewage, etc.).

19.06 Control of Common Areas and the Association. The owners of Ownership Interests that have been sold by the Developer will assume control of the Common Areas and Facilities and of the Association as prescribed in Article VIII. The Developer will foster early participation of Unit Owners in the management of the Condominium Property.

19.07 Developer as Unit Owner. The Developer assumes the rights and obligations of a Unit Owner in its capacity as owner of Ownership Interests not yet sold, including, without limitation, the obligation to pay Common Expenses attaching to such Ownership Interests, from the date this Declaration is filed for-record.

19.08 Developer's Interest in Common Areas. Except in its capacity as an owner of unsold Ownership Interests, the Developer does not retain a property interest in any of the Common Areas and Facilities once control of the Condominium Property is assumed by the Association, except that the Developer retains an interest consistent with Section 7.09(f) of Article VII of this Declaration.

19.09 Technical Corrections. Developer reserves the right to amend this Declaration, for the purpose of making technical corrections without the consent of the Unit Owners as required by Article XV of the Declaration.


19.10 Headings. The heading to each Article and to each Section hereof is inserted only as a matter of convenience and for reference and in no way defines, limits or describes the scope or intent of this Declaration nor in any way affects this Declaration.

19.11 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate its purpose of

THIS INSTRUMENT PREPARED BY:

MARTIN, OCKERMAN & BRABANT
200 North Upper Street
Lexington, Kentucky 40507
(606) 254-4401

By:


Foster Ockerman, Jr.

**CAMPUS DOWNS
CONDOMINIUM ASSOCIATION
BYLAWS**

PREAMBLE

The following Bylaws are executed and attached to the Master Deed and Declaration of Condominium Regime for Campus Downs Condominium pursuant to the Kentucky Horizontal Property Law, in order to provide for the establishment of a Council of Co-Owners, hereinafter referred to as "Unit Owners Association" for the government of Campus Downs Condominium in the manner provided for in the Declaration and these Bylaws. All present or future Unit Owners, occupants, tenants or their employees, or any other person who might use the facilities of the Condominium Property in any manner, shall be subject to the covenants, provisions, and regulations contained in the Declaration and these Bylaws and shall be subject to any restrictions, conditions, rules or regulations subsequently adopted by the Association or the Board of Directors, or the Board of Managers of the Association, hereinafter referred to as the "Board." The mere acquisition or rental of any of the Units located within the Condominium Property and described in the Declaration, or the mere act of occupancy of any of the Units, will constitute acceptance and ratification of the Declaration and these Bylaws and any rules and regulations adopted pursuant thereto.

ARTICLE I

ADOPTION AND APPLICABILITY OF BYLAWS

Section 1. Adoption of Bylaws. These Bylaws are adopted this _____ day of _____, 1994, as the Bylaws of Campus Downs Condominium, which Condominium is located on the following-described real estate in Fayette County, Kentucky, and which has been submitted to the provisions of the Kentucky Horizontal Property Law, KRS 381.805 et. seq., by the Declaration of Condominium Ownership for Campus Downs Condominium, to which these Bylaws are attached as Exhibit D.

Section 2. Applicability of Bylaws. The name of the Association in which these Bylaws are applicable is the Campus Downs Condominium Association, Inc., a Kentucky nonstock, nonprofit corporation, the Articles of Incorporation for which were filed in the Office of the Kentucky Secretary of State on the _____ day of _____, 1994, and in the Fayette County Clerk's Office on the _____ day of _____, 1994. The Campus Downs Condominium Association, Inc., is hereinafter referred to as the "Association,"

and shall consist of members who are Unit Owners as referred to and defined in the Declaration. The percentage of interest in the Association of the respective Unit Owners is set forth on Exhibit E of the Declaration. The Property, which includes "Common Areas and Facilities," and the "Units," as defined in the Declaration, shall be administered and governed by these Bylaws in accordance with the Declaration, the duly adopted rules and regulations, the Kentucky Horizontal Property Law, and applicable local laws and ordinances. All definitions as contained in Article II of the Declaration are adopted and incorporated herein by reference, as are the definitions in the Kentucky Horizontal Property Law. For the purposes of these Bylaws, the term "property," as used herein, shall have the meaning described in the Declaration and shall include the land, the buildings and all improvements thereon, all easements, rights and appurtenances belonging thereto, and all property, real or personal, constituting or be in or upon such land or belonging to the Association, except the personal property, equipment, decorations, and furnishings of any present tenants and Unit Owners and their respective tenants, if any. All other terms not defined herein shall have the meanings ascribed to them in the Declaration.

ARTICLE II

THE ASSOCIATION

Section 1. Office. The office of the Association shall be at _____, Lexington, Kentucky, 405_____, or at such other location as hereafter designated by the Board.

Section 2. Membership. Each Unit Owner, including Developer, upon acquisition of title to a Unit, shall automatically become a member of the Association. Such membership shall terminate upon the sale or other disposition by such member of his Unit, at which time the new Unit Owner of such Unit shall automatically become a member of the Association.

Section 3. Voting Rights. Each Unit Owner shall have voting power in proportion to such Unit Owner's percentage of interest in the Common Areas and Facilities of the Condominium. This voting power can be exercised by the Unit Owner or Unit Owners of a Unit, his or her heirs, assigns, devisees or personal representatives.

Section 4. Meetings of Members.

(a) Annual Meeting. There shall be an annual meeting of the Association held in Fayette County, Kentucky, within the

first twenty-one (21) days of May of each year commencing with the year 1995 at a place and time determined by the Board. At the annual meeting, Unit owners shall elect the necessary member or members to the Board for the year ensuing. At the annual meeting, any matters concerning the welfare of the Condominium may be discussed and referred to the Board for proper action. At the annual meeting, the President, Secretary and Treasurer of the Association shall submit reports in writing for the year just ending, which reports shall be read to the Unit Owners. The annual meeting shall be presided over and conducted by the President, or in his absence, the Secretary.

(b) Special meetings. Special meetings may be called by the President or Secretary or by Unit Owners constituting at least twenty-five 25% of the voting power, by written notice mailed to each Unit Owner at least five (5) days before the time and place for such meeting as shown in such notice. Notice of such meeting may be waived in writing by those entitled to notice. Special meetings shall be presided over and conducted by the President, or In his absence, the Secretary. No business other than that specified in the call shall be considered at any special meeting.

(c) Quorum, Adjournment. To constitute a quorum at the annual or any special meeting, at least twenty-five percent (25%) of the voting power must be present in person or by proxy at such meeting. The members of the Association entitled to exercise a majority of the voting power represented at a meeting of members, whether or not a quorum is present, may adjourn such meeting from time to time. If any meeting is adjourned, notice of such adjournment need not be given if the time and place to which such meeting is adjourned are fixed and announced at such meeting.

(d) Proxy. Members may vote or act in person or by proxy. The person appointed as proxy need not be a member of the Association. Designation by a member or members of a proxy to vote or act on his or their behalf shall be made in writing and filed with the Secretary of the Association at or before the meeting and shall be revocable at any time.

(e) Actions Without a Meeting. All actions, except removal of a Board Member, which may be taken at a meeting of the Association, may be taken without a meeting with the unanimous consent in writing of all of the members of the Association. Such writing, signed by each member of the Association, shall be filed with the minutes and proceedings of the Association.

ARTICLE III
BOARD OF DIRECTORS

Section 1. Number and Qualification. The Board of Directors shall consist of three (3) persons, all of whom, except as otherwise provided, must be Unit Owners. If the Association is made up of more than 36 units, the Board shall increase to five persons. The Developer shall have the rights outlined in Section 1 of Article VIII of these Bylaws and Section 8.05 of Article VIII of the Declaration to appoint and remove members of the Board. No candidate appointed or nominated and elected by the Developer need be a Unit Owner or occupant of a Unit. If at any time one bank, savings and loan association, savings bank, insurance company or other lending institution shall hold mortgages upon more than fifty percent (50%) of the Units, such lending institution may designate its representative, who shall be a fourth (4th) member of the Board. Such representative need not be an Owner or occupant of a Unit.

Section 2. Election of Board Members; Vacancies. Board members shall be elected at each annual meeting of the Association or at a special meeting called for such purpose. At a meeting of members of the Association at which Board members are to be elected, only persons nominated as candidates shall be eligible for election as Board members and the candidates receiving the greatest number of votes shall be elected. Each member may vote for as many candidates as there are vacancies in the Board, however caused. In the event of the occurrence of any vacancy or vacancies in the Board, the vacancy created thereby shall be filled by a special election held of the total membership to elect a member to fill the unexpired term of any vacancy; provided, however, that a vacancy in the position of a representative of a lending institution as provided in Section 1 of this Article III, if any, shall be filled by such lending institution and a vacancy in the position filled by a designation of Developer shall be filled by Developer.

Section 3. Term of Office; Resignation. Each Board member shall hold office for two (2) years and until his successor is elected, or until his earlier resignation, removal from office, or death. Any Board member may resign at any time by oral statement to that effect made at a meeting of the Board or in a writing to that effect delivered to the Secretary of the Association, such resignation to take effect immediately or at such other time as the Board member may specify. Members of the Board shall serve without compensation. Notwithstanding the above, at the first annual meeting of the members of the Association, the term of office of the three (3) Board members elected shall be as follows: Two (2) Board members shall be elected for a term of one (1) year; one (1)

Board member shall be elected for a term of two (2) years. Thereafter, all Board members elected shall serve two (2) year terms.

Section 4. Powers and Duties of the Board. The Board shall have the duty to direct the management and the operation of the Condominium Property and to exercise the powers of the Association, except as otherwise provided in these Bylaws or in the Declaration, and shall have such powers as shall be delegated to It by the Association.

Section 5. Organizational Meeting. Immediately after each annual meeting of members of the Association, the newly elected Board members and those Board members whose terms hold over shall hold an organizational meeting for the purpose of electing officers and transacting any other business. Notice of such meeting need not be given.

Section 6. Regular Meetings. Regular meetings of the Board may be held at such times and places as shall be determined by a majority of the Board, but at least four (4) such meetings shall be held during each fiscal year.

Section 7. Special Meetings. Special meetings of the Board may be held at any time upon call by the President of by any two (2) Board members. Written notice of the time and place of each such meeting shall be given to each Board member, either by personal delivery or by mail, telegram or telephone, at least two (2) days before the meeting, which notice shall specify the purposes of the meeting; provided, however, that attendance of any Board member at any such meeting without protesting, prior to or at the commencement of the meeting, the lack of proper notice shall be deemed to be a waiver by him of notice of such meeting, and such notice may be waived in writing, either before or after the holding of such meeting, by any Board member, which writing shall be filed with or entered upon the records of the meeting. Unless otherwise indicated in the notice thereof, any business may be transacted at any organizational, regular or special meeting.

Section 8. Actions Without a Meeting. All actions, except removal of officers, which may be taken at a meeting of the Board, may be taken without a meeting with the unanimous consent in writing of all of the members of the Board. Such writing, signed by each member of the Board, shall be filed with the minutes and proceedings of the Board.

Section 9. Quorum; Adjournment. A quorum of the Board shall consist of a majority of the Board members then in office; provided that a majority of the Board members present at a meeting duly

the members of the Association entitled to exercise at least seventy-five percent (75%) of the voting power of the Association, and a successor or successors to such Board member or members so removed shall then and there be elected to fill the vacancy or vacancies thus created. Any Board member whose removal has been proposed by the members of the Association shall be given an opportunity to be heard at such meeting.

Section 12. Bonding. The Board may require that all agents, officers and employees of the Association handling or responsible for Association funds furnish adequate fidelity bonds. The premiums on bonds shall be paid by the Association and shall be a Common Expense, as defined in the Declaration.

Section 13. Management Agent.

(a) Employment of Management Agent. The Board, in its discretion, pursuant to Section 7.03(c) of Article VII of the Declaration, may employ a manager or management agent to perform such duties and services as the Board may authorize and as are otherwise delegable under the laws of the State of Kentucky; provided, however, that neither the Association nor the Unit Owners shall be subject to any management contract, employment contract or lease of recreational or parking areas or facilities, or any contract or lease, including franchises and licenses to which the Developer is a party, executed prior to the assumption of control of the Common Areas and Facilities and of the Association as described in the Declaration, unless such contract, lease or agreement contains a right of termination exercisable without penalty at any time after such transfer of control upon not more than ninety (90) days' notice to the other party thereto, and unless such contract, lease or agreement is renewed by a vote of more than fifty percent (50%) of the voting power of the Association.

(b) Joint Management Contracts. Until the Declaration is amended as provided in Section 17.14 of Article XVII thereof, at such times after Developer develops Parcel 2 or portions thereof, at Developer's request, the Association shall enter into an agreement with respect to common management of the Condominium Property with such other Units as Developer may designate built on Parcel 2 or portions thereof. Such management shall be by a management agent as set forth in Article III, Section 13(a) above.

Without intending to limit the generality of the foregoing, such agreement shall at least provide for the allocation of Common Expenses, purchase of maintenance services, equipment, and supplies, and jointly sharing employees, management and overhead,

and shall further provide that any such contract shall be terminable without penalty at any time after assumption of control of the Common Areas and Facilities of the Association as described in the Declaration by the giving of not more than ninety (90) days' notice to the other party thereto, unless otherwise approved by a vote of more than fifty percent (50%) of the voting power of the Association.

Section 14. Sharing Facilities. The Association shall have the authority to enter into an agreement with adjacent or nearby property owners who lease or otherwise share the use and expense of certain facilities owned by or under the control of such property owners or owned by or under the control of this Association, including, but not limited to, maintenance facilities and any recreation areas.

Section 15. Liability of Board of Directors. No member of the Board shall be liable to the Unit Owners for any mistake, judgment, negligence, or otherwise, in connection with his service on the Board, except for his own individual willful misconduct or gross negligence. As between Unit Owners it is intended that the liability of any such Unit Owner arising out of any contract made by the Board or out of the indemnity in favor of the members of the Board, as set forth in Article IX of these Bylaws, shall be limited to such proportion of the total liability thereunder as his interest in the Common Areas and Facilities bears to the total unit interests of all such Unit Owners in the Common Areas and Facilities. Agreements made by the Board on behalf of the Association may provide that the members of the Board and its officers as the case may be, are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Common Areas and Facilities bears to the aggregate interest of all Unit Owners in the Common Areas and Facilities. For purposes of this section, KRS 273.248 is incorporated herein in full, and the provisions thereof adopted to the fullest extent permissible; further, no earlier stated provision of this section shall be interpreted to effect a limitation on the effect of said statute, or any successor enactment.

Section 16. Common or Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interest of the property. No contract or other transaction between the Association and one or more of its Directors, between the Association and any corporation, firm, or association (including the Developer) in which one or more of the Directors of the Association are directors or officers or are pecuniarily or otherwise interested shall be either void or

voidable because such director or directors are present at the meeting of the Board or any committee thereof which authorizes or approves the contract or transaction, or because his or their votes are counted for such purpose, if any of the conditions specified in any of the following subparagraphs exist:

(a) The fact of the common directorate or interest is disclosed or known to the Board or a majority thereof or noted in the minutes, and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

(b) The fact of the common directorate or interest is disclosed or known to the members, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

(c) A contract or transaction is commercially reasonable to the Association and the property at the time it is authorized, ratified, approved, or executed.

A common or interested director may be counted in determining the presence of a quorum of any meeting of the Board or committee thereof which authorizes, approves, or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if he were not such director or officer or not so interested.

ARTICLE IV OFFICERS

Section 1. Election and Designation of Officers. The first meeting of the Board in each year shall be held after the annual meeting of the Association. At said meeting the Board shall elect officers and appoint employees as it shall determine. The Board may also appoint an executive committee or special committees. The officers elected by the Board shall be the officers of the Association and shall include a President, one or more Vice Presidents, a Secretary, and a Treasurer, all of whom shall be Board members. The same person may hold more than one office; provided, however, that the offices of President and Secretary must be held by different people.

Section 2. Term of Office, Removal, Vacancies. The officers of the Association shall be elected for a term of one (1) year by the Board and shall serve until their successors are elected and qualified. Any officer or employee elected or appointed by the Board may be removed at any time with or without cause upon a vote

of a majority of the whole Board. Any vacancy in any office may be filled by the Board.

Section 3. Duties of Officers. The President shall be the chief executive officer of the Association and shall conduct all meetings of the Association and the Board. The Secretary shall keep the minutes of meetings of the Association and the Board and shall give notices of meetings of the Association and the Board as required by law, the Declaration or these Bylaws. The Treasurer shall handle the financial affairs of the Association, including deposits of funds, shall write and sign checks for the legitimate expenses of the Association as authorized by the Board, and prepare and maintain the records required by these Bylaws, the Declaration, and the Act. In addition, each officer shall have such duties as may be assigned to him or her by the Board or the President.

Section 4. Delegation of Authority and Duties. The Board is authorized to delegate the authority and duties of any officer to any other office, to a management agent, or to a management company, or to any one or more of them, and generally to control the action of the officers and management agent or management company and to require the performance of duties in addition to those mentioned herein. The execution of a management agreement with a management agent or management company which authorizes or requires the management agent or management company to perform certain duties shall be deemed to be a delegation and authorization to such management agent or management company of such duties and of all power and authority necessary to carry out such duties.

ARTICLE V MAINTENANCE AND IMPROVEMENTS

Section 1. Common Expenses. The Association, for the benefit of all the Unit owners, shall pay all Common Expenses arising with respect to, or in connection with, the Condominium Property, which Common Expenses shall include, without limitation, the following:

(a) Utility Service for Common Areas and Facilities. The cost of water, waste and snow removal, electricity, telephone, heat, power or any other necessary utility service for the Common Areas and Facilities.

(b) Casualty Insurance. Premiums upon policies of fire insurance, with extended coverage, vandalism and malicious mischief endorsements, obtained by the Association in accordance with the Declaration, the amount of which insurance shall be reviewed annually.

(c) Liability Insurance. Premiums upon a policy or policies insuring the Association, the members of the Board and the Unit Owners against any liability to the public or to the Unit Owners (of Units and of the Common Areas and Facilities, and their invitees, or tenants), incident to the ownership and/or use of the Common Areas and Facilities and Units, as provided in the Declaration, the limits of which policy shall be reviewed annually.

(d) Directors' and Officers' Liability Insurance. Premiums upon a policy or policies insuring the Directors and Officers against liability because of their status as Directors and Officers of the Board and Association.

(e) Workers' Compensation. The cost of Workers Compensation Insurance, to the extent necessary to comply with any applicable laws.

(f) Wages and Fees for Services. The wages and/or fees for services of any person or firm to the Association, including, without limitation, the services of a person or firm to act as a manager or management agent for the Condominium Property, the services of any person or persons required for the maintenance or operation of the Condominium Property, and legal and/or accounting and/or engineering services necessary or proper in the operation of the Condominium Property or the enforcement of the Declaration and these Bylaws and for the organization, operation and enforcement of the rights of the Association.

(g) Care of Common Areas and Facilities. The cost of landscaping, gardening, snow removal, painting, cleaning, tuckpointing, maintenance, decorating, repair and replacement of the Common Areas and Facilities (but not including the Limited Common Areas and Facilities or the interior surfaces of the Units, which the Unit Owner shall paint, clean, decorate, maintain and repair), and such furnishings and equipment for the Common Areas and Facilities as the Association shall determine are necessary and proper, and the Association shall have the exclusive right and duty to acquire furnishings and equipment for the Common Areas and Facilities.

(h) Additional Expenses. The cost of any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance or assessments which the Association is required to secure or pay for pursuant to the terms of the Declaration and these Bylaws or which the Board deems necessary or proper for the maintenance and operation of the Condominium Property as a first-class

condominium project or for the enforcement of the Declaration and these Bylaws.

(i) Discharge of Mechanics' Liens. Any amount necessary to discharge any mechanic's lien or other encumbrance which may, in the opinion of the Association, constitute a lien against the Common Areas and Facilities or any part thereof and which arose by virtue of an authorization or direction by the Board. Where one or more Unit Owners are responsible for the existence of such lien or for the work or labor authorized or directed by the Board, the Association may pay or otherwise discharge the lien, but the responsible Unit Owner or Owners shall be jointly and severally liable for the costs and expenses of discharging it, and any costs and expenses incurred by the Association by reason of said lien or liens shall be specially assessed to said Unit Owners.

(j) Certain Maintenance of Units. The cost of the maintenance and repair of any Unit if such maintenance or repair is necessary, in the discretion of the Association, to protect the Common Areas and Facilities, or any other portion of a building, and the Unit Owner or Unit Owners of said Unit have failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair was delivered by the Association to said Unit Owner or Unit Owners; provided, however, that the Association shall levy special assessments against such Unit Owner for the cost of said maintenance or repair.

(k) Use of Joint Facilities. The rent or payment for the use of joint facilities contemplated by Article III, Section 14.

(l) Miscellaneous. Any and all other costs and expenses designated as Common Expenses in the Declaration or these Bylaws or incurred by the Association to carry out its duties, obligations or undertakings under the Declaration or these Bylaws.

(m) Certain Utility Services to Units. The Association may treat the cost of water, waste removal and/or any utilities which are not separately metered or otherwise directly charged to individual Unit Owners as Common Expenses. However, the Association may discontinue such payments at any time, in which case each Unit Owner shall be responsible for direct payment of his share of such expenses as shall be determined by the Board. The Association reserves the right to levy additional assessments against any Unit Owner to reimburse it for excessive use, as shall be determined by the

Board, by such Unit Owner of any utility service, the expense of which is charged as a Common Expense.

(n) Capital Additions and Improvements. The Association's powers herein above enumerated shall be limited in that the Association shall have no authority to acquire and pay for as Common Expenses any capital additions and improvements (other than for purposes of replacing or restoring portions of the Common Areas and Facilities, subject to all the provisions of the Declaration and these Bylaws) having an annual total cost in excess of Five Thousand and No/100 Dollars (\$5,000.00), nor shall the Association authorize any structural alterations, capital additions to, or capital improvements of the Common Areas and Facilities requiring an expenditure in excess of Five Thousand and No/100 Dollars (\$5,000.00) without in each case the prior approval of the members of the Association entitled to exercise a majority of the voting power of the Association.

ARTICLE VI GENERAL POWERS OF THE ASSOCIATION

Section 1. Rules and Regulations. The Association, by vote of the members entitled to exercise a majority of the voting power of the Association, may adopt such reasonable rules and regulations and from time to time amend the same, supplementing the rules and regulations set forth in the Declaration and these Bylaws as it may deem advisable for the maintenance, conservation, and beautification of the Condominium Property, and for the health, comfort, safety and general welfare of the Unit Owners and occupants of the Condominium Property. Written notice of such rules and regulations shall be given to all Unit Owners and occupants, and the Condominium Property shall at all times be maintained subject to such rules and regulations. In the event such supplemental rules and regulations shall conflict with any provisions of the Declaration or of these Bylaws, the provisions of the Declaration and of these Bylaws shall govern.

Section 2. No Active Business to be Conducted for Profit. Nothing herein contained shall be construed to give the Association authority to conduct an active business for profit on behalf of all the Unit Owners of any of them.

Section 3. Special Services. The Association may arrange for special services and facilities for the benefit of such Unit Owners and/or occupants as may desire to pay for the same, including without limitation, the cleaning, repair and maintenance of Units, or special recreational or educational facilities. Reasonable fees

for such special services and facilities shall be determined by the Board and may be charged directly to participating Unit Owners, or paid by the Association as a Common Expense, in which case a special assessment shall be levied against such participating Unit owners to reimburse the Association therefor.

Section 4. Association's Right to Enter Units. The Association or its agents may enter any Unit when necessary in connection with any maintenance or construction for which the Association is responsible. Such entry shall be made with as little inconvenience to the Unit owners as practicable, and any damage caused thereby shall be repaired by the Association, as a Common Expense. The Association reserves the right to retain a pass key to each Unit. Unit Owners may install safety or night latches or other security devices in the doors of their Units for their security; but in the event of any emergency originating in or threatening any Unit, or at any other time when required alterations or repairs are scheduled, the management agent or his representative or any person designated by the Board and any police, safety, fire-fighting, health or similar official, may enter the Unit immediately, whether the Unit Owner is present or not, and use such force as necessary to make entrance. Any damage caused to the Unit or Common Areas and Facilities by reason of such entry being made through such safety, night or security latches, locks or devices shall be repaired and paid for by the Unit Owner who installed or used such latch, lock or device.

Section 5. Delegation of Duties. Nothing herein contained shall be construed so as to preclude the Association, through its Board and officers, from delegating in accordance with the Declaration, to persons, firms or corporations, including any manager or management agent, such duties and responsibilities of the Association as the Board shall from time to time specify, and providing for reasonable compensation for the performance of such duties and responsibilities.

Section 6. Applicable Laws. The Association shall be subject to and governed by the provisions of any statute adopted at any time and applicable to property submitted to the condominium form of ownership (including, without limitation, the Kentucky Horizontal Property Law); provided, however, that all inconsistencies between or among the permissive provisions of any statute and any provision of the Declaration and these Bylaws shall be resolved in favor of the Declaration and these Bylaws, and any inconsistencies between any statute applicable to associations formed to administer property submitted to the condominium form of ownership shall be resolved in favor of the latter statute. In the event of any conflict of inconsistency between the provisions of the Declaration and the Articles or Bylaws of the Association, the terms and

provisions of the Declaration shall prevail and the Unit Owners and all persons claiming under them covenant to vote in favor of such amendments in the Articles or Bylaws as will remove such conflicts or inconsistencies.

ARTICLE VII
DETERMINATION AND PAYMENT OF ASSESSMENTS

Section 1. Obligation of Unit Owners to Pay Assessments. It shall be the duty of every Unit Owner to pay his proportionate share of the expenses of administration, maintenance and repair of the Common Areas and Facilities and of the other expenses provided for herein. Such proportionate share shall be in the same ratio as his par value or percentage of ownership in the Common Areas and Facilities as set forth in the Declaration. Payment thereof shall be in such amounts and at such times as may be determined by the Board of the Association, as hereinafter provided.

Section 2. Preparation of Estimated Budget. Each year on or before December 1st, the Association shall estimate the total amount necessary to pay all the Common Expenses for the next calendar year, together with a reasonable amount considered by the Association to be necessary for a reserve for contingencies and replacements, and shall on or before December 15th notify each Unit owner in writing as to the amount of such estimate, with reasonable itemization thereof. Said "estimated cash requirement" shall be assessed the Unit owners according to each Unit's par value or percentage of ownership in the Common Areas and Facilities as set forth in the Declaration. On or before January 1st of the ensuing year, and on or before the 1st of each and every month of said year, each Unit Owner shall be obligated to pay to the Association, or as the Association may direct, one-twelfth (1/12) of the assessment made pursuant to this paragraph. On or before the date of the annual meeting of each calendar year, the Association shall furnish to all Unit Owners an itemized accounting of the Common Expenses for the preceding calendar year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the estimates provided, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall be credited according to the Unit owner's percentage of ownership in the Common Areas and Facilities to the next monthly installments due from Unit Owners under the current year's estimate, until exhausted, and any net shortage shall be added according to each Unit Owner's percentage of ownership in the Common Areas and Facilities to the installments due in the succeeding six (6) months after the rendering of the accounting. If necessary to avoid the assessment of a governmental tax upon the

Association, any excess shall be refunded to the Unit Owners as soon as the excess is determined to exist. The Association is not to be a profit-making entity.

Section 3. Reserve for Contingencies and Replacements.

(a) The Association shall build up and maintain a reasonable reserve for contingencies and replacements. Extraordinary expenditures not originally included in the annual estimate which may be necessary for the year shall be charged first against such reserve. If said "estimated cash requirement" provides inadequate for any reason, including non-payment of any Unit Owner's assessment, the Association shall prepare an estimate of the additional cash requirements, then necessary, or necessary for the balance of the year, which additional amount of each requirement shall be assessed to the Unit Owners according to each unit owner's percentage of ownership in the Common Areas and Facilities. The Association shall serve notice of such further assessment on all Unit Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall become payable with the next regular monthly payment which is due more than ten (10) days after the delivery or mailing of such notice of further assessments. All Unit Owners shall be obligated to pay the adjusted monthly amount.

(b) A working capital fund shall be established for the initial months of the Condominium operations equal to at least a two (2) months estimated Common Expenses for each Unit.

Section 4. Budget for First Year. When the first Board elected hereunder takes office, the Association shall determine the "estimated cash requirement," as hereinabove defined, for the period commencing thirty (30) days after said election and ending on December 31st of the calendar year in which said election occurs. Assessments shall be levied against and paid by the Unit Owners during said period as provided in Section 2 of this Article VII.

Section 5. Failure to Prepare Annual Budget. The failure or delay of the Association to prepare or deliver to any Unit Owner the annual or adjusted estimate shall not constitute a waiver or release in any manner of such Unit Owner's obligation to pay the maintenance costs and necessary reserves, as herein provided, whenever the same shall be determined. In the absence of any annual estimate or adjusted estimate, the Unit Owner shall continue to pay the monthly maintenance charge at the existing monthly rate established for the previous period until the first monthly maintenance

the case of enforcement of liens against real estate, as provided in the Declaration. As provided in the Declaration, the members of the Board and their successors in office, acting on behalf of consenting Unit Owners, shall have the power to bid on the interest sold pursuant to court order, and to acquire and hold, lease, mortgage and convey the same. Any encumbrancer may from time to time request in writing a written statement from the Board setting forth the unpaid Common Expenses with respect to the Unit covered by his encumbrance and unless the request shall be complied with within fifteen (15) days, all unpaid Common expenses which become due prior to the date of the making of such request shall be subordinate to the lien of such encumbrance. Any encumbrancer holding a lien on a Unit may pay any unpaid Common Expenses payable with respect to such Unit and, upon such payment, such encumbrancer shall have a lien on such Unit for the amounts paid at the same rank as the lien of his encumbrance.

Section 10. Security Deposits from Certain Owners. If in the judgment of the Board the equity interest of any Unit owner (whether the original Unit owner or a subsequent purchaser or transferee) in his Unit at any time is not sufficient to assure realization (whether by enforcement of the lien referred to in Section 9 above, or otherwise) of all assessments, charges, or other sums which may be levied by the Association due to chronic non-payment or late payment thereof, then, whether or not such Unit owner shall then be delinquent in the payment of such assessments, the Association shall have the right to require such Unit owner to establish and maintain a security deposit, in an amount which the Board deems necessary for such purposes; provided, however, that such security deposit shall in no event exceed an amount which, when added to such Unit owner's equity interest in the purchased Unit, will equal or exceed twenty-five percent (25%) of the purchase price of the Unit in question. In the event that any Unit Owner shall fail to pay any assessments, charges or other sums which may be due hereunder or shall otherwise violate any provisions of The Kentucky Horizontal Property Law, any covenants, terms and conditions of the Declaration or these Bylaws, the Association shall have the right, but not the obligation to apply such security deposit in reduction of its alleged damages resulting from such failure or violation, which right shall be in addition to all other remedies provided for in the Kentucky Horizontal Property Law, Declaration or these Bylaws. Upon any sale by such Unit Owner of his Unit, or at such time as such Unit Owner's equity in his Unit is sufficiently great to dispense with the necessity of such security deposit, any unapplied balance of said security deposit remaining to the credit of said Unit Owner shall be refunded, provided that such Unit owner shall not be in default under any of his obligations under the Declaration or these Bylaws. The Association shall have the right to maintain all security deposits

held by it, as aforesaid, in a single savings account or other similar investment, and shall not be required to credit interest to any Unit Owner until such time as the security deposit is refunded. Said security deposit shall at all times be subject and subordinate to the lien interest of the Association referred to in the Declaration and Section 9 above, and all rights thereto shall inure to the benefit of the lienor. Any Unit Owner whose funds are so held shall be advised in writing of the name of the financial institution and the number of the account into which such funds have been deposited.

ARTICLE VIII GENERAL PROVISIONS

Section 1. Developer's Rights Pending Sale of Seventy-Five Percent (75%) of Undivided Interests in Common Areas. Until such time as the Association is formed and, thereafter, until the earlier of five (5) years or thirty (30) days after the sale and conveyance of Ownership Interests to which appertain seventy-five percent (75%) of the undivided interests in the Common Areas and Facilities to purchasers in good faith for value, the Developer shall have the rights and powers provided in Section 8.05 of Article VIII of the Declaration.

Section 2. Copies of Notice to Mortgage Lenders. Upon written request to the Board, the holder of any recorded mortgage or trust deed against any Ownership Interest shall be given a copy of any or all notices permitted or required by the Declaration or these Bylaws to be given Unit Owners whose Ownership Interest is subject to such mortgage or trust deed.

Section 3. Non-waiver of Covenants. No covenants, restrictions, conditions, obligations or provisions contained in the Declaration or these Bylaws 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.

Section 4. Notices of Mortgages. Any Unit owner who mortgages his Unit shall notify the Association, in such manner as the Association may direct, of the name and address of his mortgagee and of the amount being secured thereby, and thereafter shall notify the Association of the full payment, cancellation or other alteration of the status of such mortgage. The Association shall maintain such information in a book entitled "Mortgages of Units".

Section 5. Severability. The invalidity of any covenant, restriction, condition, limitation or any other provision of these

Bylaws, or of any part of the same, shall not impair or affect in any manner the validity, enforceability or effect of the rest of these Bylaws.

Section 6. Agreements Binding. All agreements and determinations lawfully made by the Association in accordance with the procedures established in the Declaration and these Bylaws shall be deemed to be binding on all Unit Owners, their successors, heirs and assigns.

ARTICLE IX
INDEMNIFICATION OF BOARD MEMBERS AND OFFICERS

The Association shall indemnify every person who is or has been a Board Member, officer, agent or employee of the Association and those persons' respective heirs, legal representatives, successors and assigns, against expenses, including attorneys fees, and judgments, decrees, fines, penalties and amounts paid in settlement actually and reasonably incurred in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether in an action or proceeding by or in the right of the Association, or otherwise, in which such person was or is a party or is threatened to be made a party by reason of the fact that person was a Board member, officer, employee or agent of the Association, provided (a) such person acted in good faith and in a manner that person believed to be in or not opposed to the best interests of the Association, and (b) in any matter the subject of a criminal action or proceeding, such person had no reasonable cause to believe the conduct was lawful; provided, however, that in the case of any threatened pending, or completed action or quit by or in the right of the Association to procure a judgment in its favor against any such person by reason of that person serving in such capacity, no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of a duty to the Association unless and only to the extent that the court in which such action was brought shall determine upon application that in view of all the circumstances of the case that person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

Unless ordered by a court, the determination of indemnification, pursuant to the foregoing criteria, shall be (a) by a majority vote of a quorum of the Board of the Association who were not and are not parties to or threatened with any such action, suit, or proceeding, or (b) if such a quorum is not obtainable, or if a majority of a quorum of disinterested Board members so direct, in a written opinion by independent legal counsel other than an

attorney, or a firm having associated with it an attorney, who has been retained by or who has performed services for the Association or any person to be indemnified within the past five years, or (c) by the Unit Owners, or (d) by the court in which such action, suit or proceeding was brought.

Any such indemnification shall not be deemed exclusive of any other rights to which such person may be entitled under law, any agreement, or any insurance purchased by the Association, or by vote of Unit Owners, or otherwise.

ARTICLE X
NOTICES AND DEMANDS

Any notice by the Board to a Unit Owner shall be deemed to be given, and any demand upon him shall be deemed by him to have been duly made, if delivered in writing to him personally, or if mailed by certified or registered letter in any post office, addressed to him at the Unit owned by such Unit owner, and any notice by a Unit Owner to the Board shall be deemed to be duly given and any demand upon the Board shall be deemed to have been duly made, if in writing, and delivered to any two (2) members of the Board or to the President of the Association, either personally or by certified or registered mail, addressed to such Board members or officer at his Unit.

ARTICLE XI
DEFINITIONS


The Definitions contained in the Declaration are hereby incorporated by reference and apply to these Bylaws as if fully rewritten herein.

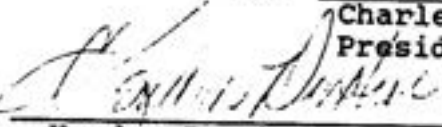
ARTICLE XII
AMENDMENT

These Bylaws may be amended as provided in the Declaration.

IN WITNESS WHEREOF, the foregoing were adopted as the Bylaws of Campus Downs Condominium Association, Inc., a nonstock, nonprofit Kentucky corporation, at the first meeting of its Board of Directors on the 1ST day of JULY, 1994.

CAMPUS DOWNS CONDOMINIUM ASSOCIATION, INC.

By: 
Charles J. Burnworth
President

Attest: 
Kendra Donahue
Secretary