

**BYLAWS FOR THE ADMINISTRATION OF
BLUEGRASS COMMONS CONDOMINIUMS
ASSOCIATION OF UNIT OWNERS, INC.**

ARTICLE I

ASSOCIATION

All of the owners of units within Bluegrass Commons Condominiums shall be members of Bluegrass Commons Condominiums Association of Unit Owners, Inc., a Kentucky not for profit corporation (the "Association").

The purpose of the Association is to administer on a nonprofit basis, and through a Board of Directors, Bluegrass Commons Condominiums; to elect the Board of Directors to amend and supplement from time to time these Bylaws and the system of Administration; and to do and perform any and all other things, matters, or acts required by or permitted by the owners or an assembly or council under the Horizontal Property Regime of the State of Kentucky.

ARTICLE II

MEETING AND VOTING RIGHTS OF OWNERS

- A. *Eligibility.* The owner or owners of a unit, who have become such in compliance with all of the requirements and conditions precedent contained in the Master Deed, including these Bylaws, shall be entitled to attend and vote at all meeting of the Association. The Developer shall be considered the owner of each unit which is unsold by it. Ownership of a unit shall be the sole qualification for membership in the Association.
- B. *Voting Rights.* The owner or owners of a Unit shall be entitled to vote at all meetings of the Association, as provided in the Master Deed. Where two or more persons own a Unit, the vote allocated to the Unit shall be cast by the one authorized by such two or more owners, and in the event of failure of such authorization, no vote shall be recorded for that unit. Where only two or more owners of a Unit is present in person at a meeting, such one shall be presumed to be authorized by all owners of said unit and shall be entitled to cast the vote with respect to that unit. Where one person or group of persons owns more that one unit, such person or group shall be entitled to cast the total voted for each unit owned.
- C. *Corporation as Owner.* In the event a partnership, trustee, corporation or other entity owns a unit or units, after having complied with all conditions precedent contained in the Master Deed, including these Bylaws, the votes of such may be cast by a partner, trustee or officer of the same or by any person authorized in writing by a partner, trustee or officer thereof, to represent the same.
- D. *Proxies.* Votes may be cast in person or by proxy. Proxies, to be valid, shall be in writing for the particular meeting designated therein and any adjoinments thereof and shall be filed with the secretary of the meeting prior to voting.
- E. *Annual Meetings.* The annual meeting of the Association shall be held in the City of Lexington, Kentucky on the 21st day of September of each year beginning in the year 2009, at a place to be designated in writing to the owners of all units, for the purpose of appointing or electing a Board of Directors and of transacting any other business authorized to be transacted by the members; provided, however, that f such day is a legal holiday then the meeting shall be held at the same hour on the next following business day .
- F. *Special Meetings.* Special Meetings of the Association shall be held whenever called by the President, Board of Directors or by the written request of owners holding at least ten percent (10%) of the total votes of the Association. When a special meeting is so called, the Secretary shall mail or deliver written notice of the meeting to all owners.
- G. *Notice.* Notice shall be given to all owners of meetings of owners, stating the date time and place (and purpose, in the case of special meetings) for which the meeting is called. Such notice shall be in writing and shall be mailed or delivered to each member at his or her address as it appears on the books of the Association, or may be mailed or delivered to his or her unit not less than ten (10) days or more than two (2) months before the meeting. Proof of such mailing and delivery may be given by the written statement

of the Secretary or other person giving the notice. Notice of a meeting may be waived before, at or after the meeting.

- H. *Quorum.* A quorum at any meeting of the Association shall consist of persons entitled to cast at least ten (10%) percent of the voted entitled to be cast on a matter unless otherwise provided in the Master Deed or herein. Except as otherwise provided in the Master Deed or herein, the affirmative vote of a majority of the votes cast, being more than fifty (50%) of the total number of votes cast, is required to adopt any resolution, elect any director, make any decisions or take any action; except that these Bylaws and the system of administration may be modified only in the manner hereinafter set forth.
- I. *Presiding Officer.* The President shall preside over all Association meetings, and the Secretary shall take and keep the minutes and minute book of all Association meetings, wherein adopted resolutions shall be recorded, and shall serve as Secretary at such meetings.
- J. *Amendments.* Unless otherwise provided herein, by law or in the Master Deed, the Association may, at any duly called, held and convened meeting, modify or amend the system of administration of Bluegrass Commons Condominiums Association of Unit Owners and these Bylaws by the affirmative vote of owners representing at least two-thirds (2/3) of the total votes cast or a majority of the voting power, whichever is less, and the Developer so long as the Developer owns any unit in the Property. The said system of administration and these Bylaws, however, may only be amended in such manner that all of the provisions required by the Kentucky Revised Statute to be within the contents of the Bylaws shall always be embodied in the Bylaws. No such modification or amendment of a system of administration or of these Bylaws shall be operative unless and until it is embodied in a written instrument and is recorded in the County Court Clerk's Office, Fayette County, Kentucky.

ARTICLE III

BOARD OF DIRECTORS

The administration of Bluegrass Commons Condominiums Association of Unit owners its business and the affairs of the general common elements therein shall be vested in its Board of Directors, which shall consist of five (5) persons. Except for the initial members of the Board of Directors, which shall be appointed by the Developer, each member of the Board of Directors shall be either the owner of a unit or of an interest therein, or, in the event of ownership of a unit by a partnership, trustee, corporation or other entity, a partner, trustee, officer or other designated representative thereof.

A. *Appointment or Election of Directors.* The Association, except for the initial Board of Directors which shall be appointed by the Developer, shall, at its annual meeting, elect the Board of Directors. Each Unit owner or co-owners of a Unit and the Developer shall be entitled to vote as provided in the Master Deed, with cumulative voting not being permitted. A majority of votes cast shall be necessary for the election of a Director. Each Unit owner or co-owner of a Unit, on each ballot, is required to cast his or her total votes for as many persons as there are Directors to be elected. In the event a sufficient number of persons fail to receive a majority of votes, additional ballots will be taken with the name of the person receiving the lowest number of votes being dropped after each ballot, until the required number of Directors is elected.

B. *Vacancies.* Vacancies in the Board of Directors may be filled until the date of the next annual meeting by the remaining Directors.

C. *Term.* The term of each Director's service shall extend until the next annual meeting of the Association and thereafter until a successor is duly elected by the Association and qualified or until the Director is removed in the manner elsewhere provided.

D. *Organizational Meeting.* The organizational meeting of a newly elected Board of Directors shall be held within one (1) week of their election at such place and time as shall be fixed by the Directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary, providing a quorum shall be present.

E. *Regular Meetings.* Regular meetings of the Board of Directors may be held on such date and at such time and place as shall be determined, from time to time, by a majority of the Board. Regular meetings may be held without notice.

F. *Special Meetings.* Special meeting of the Board may be called by the President, presiding officer of the Board or any two (2) directors. Not less than two (2) days notice of the meeting shall be given,

personally or by mail, telephone or telegraph, which notice shall state the date, time, place and purpose of the meeting.

G. *Waiver of Notice.* Any Director may waive notice in writing of a meeting before, at or after the meeting and such waiver shall be deemed equivalent to the giving of notice.

H. *Quorum.* A quorum at Directors' meetings shall consist of the Directors entitled to cast a majority of the votes of the entire board. The acts of the Board approved by a majority of votes cast at a meeting at which a quorum is present when a vote is taken shall constitute the acts of the Board of Directors except as specifically otherwise provided in the Master Deed or elsewhere in these Bylaws. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

I. *Presiding Officer.* The President of the Board of Directors shall preside at all meetings of the Board; the Secretary of the Board shall serve as Secretary of all meetings of the Board. In the absence of either, the Board shall designate one of their number to preside or to serve as Secretary as the case may be.

J. *Compensation.* No compensation shall be paid to any member of the Board or to any officer for services as such, unless approved by a majority of the total votes of owners. Any member of the Board or any officer may be reimbursed for expenses actually incurred by him or her upon approval by the Board.

K. *Removal.* Except for the initial Board of Directors who may be removed only by the Developer, any member of the Board may be removed with or without cause and relieved of duty as such by the vote of owners representing a majority of the total votes cast at any regular or special meeting duly called and convened of the Association. The vacancy created by such removal shall be filled by the Developer of the removed Director was appointed by the Developer and otherwise by the Association.

ARTICLE IV

OFFICERS

The Board of Directors shall elect from its members

A. *A President* who shall be the chief administrative officer of the Board; shall execute contracts and agreements in the name and behalf of the Board when directed by the Board, shall preside at all meetings and shall perform such other duties as the chief administrative officer as the Board may from time to time direct.

B. *A Secretary* who shall keep the minutes of all meetings and proceedings of the Association and of the Board of Directors. The Secretary shall attend to the giving and serving of all notices to the owners of meetings of the Association, and to the Directors of meetings of the Board of Directors. The Secretary shall keep all other records of the Board.

C. *A Treasurer* who shall have the custody of all property of the Board, including funds, securities, evidences of indebtedness, books, assessment rolls and accounts of owners. The treasurer shall keep the books in accordance with good accounting practice, and shall perform all other duties incident to the office of Treasurer.

No compensation shall be paid to any Director or officer for services as such except upon approval, by a majority of the total votes of the owners. This provision shall not preclude, however, the Board of Directors from employing an independent contractor for some of all of the above services or employing an officer or administrator as an employee of the Association, such as manager or as bookkeeper, auditor, attorney or the like.

All moneys and funds of the Board of Directors shall be deposited in such bank or banks as may be designated from time to time by the Board of Directors. Withdrawals of moneys from such accounts in banks shall be only by checks or drafts signed by such persons as are authorized by the Board of Directors.

Fidelity Bonds may be required by the Board of Directors covering all officers and employees of the Board and any agents or managers handling or responsible for funds of the Board of Directors or of the Association. The amount of such bond or bonds shall be determined by the Board of Directors but shall be at least in the amount of the total annual assessments against members for common expenses. Premiums on such bonds shall be paid by the Board of Directors from the maintenance fund.

ARTICLE V

POWERS OF THE BOARD OF DIRECTORS

In addition to the rights, powers and duties conferred upon the Board of Directors by the Master Deed, the Horizontal Property Regime Act of Tennessee and by other provisions of these Bylaws and without in anywise limiting the same, the Board of Directors shall have the following additional and cumulative rights, powers and duties:

- A. Hold title and possession to funds and property, including the maintenance funds and other assessments and including title to any purchased unit or purchased leasehold interest pursuant to the powers hereinabove conferred, as trustee for the use and benefit of the owners of units;
- B. To make and collect maintenance fund assessments against members to defray the costs of the units, including, without limitation, all costs and expenses of maintaining, repairing, replacing, improving, altering, operating and administering the roofs and exteriors of the units and the general common elements and of engaging all necessary services and employees therefore;
- C. To use the proceeds of assessments in the exercises of its powers and duties;
- D. To oversee the maintenance, repair, replacement, operation and administration of the Project, including the roofs and exteriors of the units and the general common elements;
- E. To oversee the reconstruction of the improvements after casualty and the further improvements of the property, including buildings and general common elements.
- F. To make and amend regulations respecting the use of the property in the Project, including the buildings and general common elements;
- G. To enforce by legal means, or otherwise, the provisions of the Master Deed including the Bylaws and the regulations for the use of the property;
- H. To contract for the management of the Association and to delegate to a manager the management duties of the Boards of Directors, to be preformed by such manager under the supervision of the Board of Directors;
- I. To pay any taxes and assessments which are liens against any part of the property other than individual units and the appurtenances thereto and to assess the same against the unit subject to such liens; to oppose the levying of any such taxes;
- J. To carry insurance for the protection of unit owners and the Board of Directors against casualty and liabilities;
- K. To pay the cost of all power, water, sewer and other utility services rendered to the Association and not billed to owners of individual units;
- L. To employ personnel for reasonable compensation to perform the services required for proper administration of the Association, including, without limitation, auditors, attorneys, bookkeepers and managers;
- M. To contract for treatment of the building against termites and other damage causing insects or organisms, with the cost to be paid through the monthly assessments;
- N. To take such other additional actions as may be deemed advisable to carry out the intent and purposes hereof.

ARTICLE VI

INSURANCE

The insurance which shall be carried on the project shall be governed by the following provisions:

- A. *Authority to Purchase.* All insurance policies upon the property (except as hereinafter allowed) shall be purchased by the Board of Directors for the benefit of the unit owners and their respective mortgages as their interest may appear and shall provide for the issuance of certificates of insurance to the unit owners, mortgage endorsements to the holders of the mortgages on the units or any of them, and, unless prohibited by the policies, shall provide that the insurer waives its rights of subrogation as to any claims against unit owners and the Board of Directors or the insurance Trustee (as hereinafter provided for), who must first acknowledge that the policies and any proceeds thereof will be held in accordance with the terms hereof.
- B. *Unit Owners.* Each unit owner shall obtain additional insurance at his or her own expense, affording coverage upon the property, including a unit owner's endorsement for improvements and betterments to the unit made or acquired at the expense of the owner within the boundaries of his or her individual physical unit and for his or her personal liability and as may be required by law, but all such insurance shall contain

the same waiver of subrogation as that referred to in Article VI (a) hereof (if the same is available) and shall be obtained from a company which is acceptable to the Board of Directors of the existence of such coverage.

C. *Coverage.*

1. The project, including all insurable improvements upon the land and all personal property as may be owned by the Board of Directors as trustees for the owners, shall be insured in an amount equal to the full replacement cost without deduction or allowance for depreciation thereof (exclusive of excavation and foundation) as determined annually by the Board of Directors with the assistance of the insurance company affording such coverage. Such coverage shall afford protection against the following unless the Board of Directors determines otherwise:

(a) Loss or damage by fire and other hazards covered by the standard extended coverage endorsements together with coverage for common expenses with respect to units during any period of repair or reconstruction.

(b) Such other risks as from time to time customarily insured shall be covered with respect to buildings similar in construction, location and use, including, but not limited to, vandalism, malicious mischief, windstorm and other damage, and such other insurance as the Board of Directors may determine.

2. Public liability and property damage coverage shall be carried in such amounts and in such forms as shall be required by the Board of Directors.

3. Workmen's compensation coverage shall be carried to meet the requirements of any applicable law, or as may be desired.

4. All liability insurance shall contain cross-liability endorsements to cover liabilities of the unit owners as a group to a unit owner.

5. Such other policies of insurance as are or shall hereafter be considered appropriate by the Board of Directors shall be carried, including insurance for other risks of similar or dissimilar nature.

D. Premiums for insurance policies purchased by the Board of Directors shall be paid by the Board of Directors and charges as common expenses.

E. All insurance policies purchased by the Board of Directors shall be for the benefit of the Board of Directors and the unit owners and their mortgages as their rights may appear, and shall provide that all proceeds payable as a result for casualty losses shall be paid to either the Board of Directors or, if deemed desirable, to a bank in Lexington, Kentucky, as Insurance Trustee. The Insurance Trustee (unless the Board of Directors is the same) shall not be liable for the payment of premiums, nor the renewal of the policies, nor for the sufficiency of coverage, nor for the form or contents of the policies, nor for the failure to collect any insurance proceeds. The sole duty of the Insurance Trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes elsewhere stated herein and for the benefit of the unit owners, their respective mortgagees and the Board of Directors, in the following shares, but such shares need not be set forth upon the records of the Insurance Trustee.

1. *General Common Elements.* Proceeds on account of damage to the common elements shall be held for each unit owner in the percentage interest of each unit owner and the unit owner's mortgagee, if any, which is set forth in Exhibit "A" to the Master Deed.

2. *Units.* Proceeds on account of damage to units shall be held for each unit owner on a pro rata basis to the extent of damage suffered by the owner's unit. Upon the request of the Insurance Trustee, the appropriate portions as aforesaid, and each unit owner shall be bound by and the Insurance Trustee may rely upon such certificate.

3. *Mortgages.* In the event a mortgage endorsement has been issued on a unit, the share of the unit owner shall be held in trust for the mortgagee and their unit owner as their interest may appear.

F. Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the beneficial owners, after first paying or making provision for the payment of the expense of the Insurance Trustee, in the following manner:

1. *Reconstruction or Repair.* If the damage for which the proceeds were paid is to be repaired or reconstructed, the proceeds shall be paid to defray the cost thereof as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners, all remittances to unit owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a unit and may be enforced by the mortgagee.

2. *Failure to Reconstruct or Repair.* If it is determined in the manner elsewhere provided that the damage from which the proceeds are paid shall not be reconstructed or repaired, the proceeds shall be

distributed to the beneficial owners, all remittances to unit owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a unit and may be enforced by the mortgagee.

3. *Certificate.* In making distribution to unit owners and their mortgagees, the Insurance Trustee may rely upon a certificate of the Board of Directors as to the names of the unit owners and their mortgagees and their respective shares of the distribution. Upon request of the Insurance Trustee, the Board of Directors forthwith shall deliver such certificate.

4. *Payments.* The Insurance Trustee shall make payments and disbursements of the insurance proceed during the course of reconstruction upon the presentation of certificates requesting payments executed by the Board of Directors and upon certification of the supervising architect or engineer that reconstruction or repair has progressed to the extent of the payment or partial payment certified for payment.

G. Unless the insurance policy shall expressly prohibit a waiver of subrogation or shall be rendered invalid by an agreement providing for a waiver of subrogation, neither the owners, their mortgagees nor the Board of Directors nor the insurers shall have any right of action against any other co-owner or the Board of Directors, it being the intention of this provision that all insurance carried for the use and benefit of any unit owner shall insure to protect every other unit owner and the Board of Directors, including the servants, agents, invitees and guests of each.

H. Any insurance obtained pursuant to the requirements of the Article shall be subject to the following provisions:

1. All policies shall be written with a company or companies licensed to do business in the State of Kentucky and holding a rating acceptable to mortgagees.

2. All policies shall provide that such policies may not be cancelled or substantially modified without at least thirty (30) days' prior written notice to any and all insured's named thereon, including any and all mortgagees of units in the condominium project.

ARTICLE VII

RECONSTRUCTION OR REPAIR OF CASUALTY DAMAGE

If the whole or any part of the Project shall be damaged by fire, casualty or any other disaster, the determination of whether or not to reconstruct or repair, and upon whether or not to apply the insurance indemnity to reconstruct or repair, shall be made as follows:

A. In the event units containing two-thirds (2/3) or less of the total area in the building are destroyed or rendered untenable, the building shall be reconstructed and the damage repaired, and the entire insurance indemnity and insurance proceeds shall be applied to the end, to the extent necessary.

B. In the event the building is destroyed or units containing more than two-thirds (2/3) of the total area in the building be rendered untenable, then the building or buildings shall not be reconstructed and the damage repaired unless ninety (90%) of the total votes of owners of affected units and the holders of mortgages thereon agree to said reconstruction and repair at a meeting of the Association to be called and held after such destruction or after the rendering of units containing more than two thirds (2/3) of the total area untenable. In the event the provisions of this subparagraph become operative, the insurance indemnity and all insurance funds shall be distributed to the owners and to their respective mortgagees in accordance with the applicable provisions of Article VI of these Bylaws.

C. Where reconstruction or repair is required under the provisions of subparagraph (A) above (Partial Destruction) and where the buildings are not insured or where the insurance indemnity is insufficient to cover the cost of reconstruction or repair, the excess building costs shall be paid by the unit owned by him or her, and shall be paid by the Association otherwise, with a determination to be made by the Insurance Trustee.

If any one or more of the owners shall refuse to make such payment, the Board of Directors may proceed with the reconstruction at the expense of said owner, upon proper resolution setting forth the circumstances of the case and the cost of the work. The expenses and building costs of such reconstruction and repair shall be a lien upon the unit thus repaired in the same manner and enforceable by the same means as set forth in the Master Deed with respect to a maintenance fund assessment.

D. Any such reconstruction or repair shall be substantially in accordance with the original plans, specifications and improvements.

E. Encroachments upon or in favor of units, which may be created as a result of such reconstruction or repair, shall not constitute a claim or basis of a proceeding or action by the unit owner, upon whose property such encroachments exist, provided that such reconstruction was either substantially in accordance with the original plans and specifications or as the building was originally constructed. Such encroachments shall be allowed to continue in existence for so long as the buildings stand.

F. If the damage is only to those parts of one unit for which the responsibility of maintenance and repair is that of the unit owner, then the unit owner shall be responsible for reconstruction and repair after casualty, unless covered by insurance carried by the Board of Directors. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the Association.

G. Immediately after a casualty causing damage to property for which the Association has the responsibility of maintenance and repair, the Board of Directors shall obtain reliable and detailed estimates of the cost to replace the damaged property in condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the Board of Directors desires.

H. Each unit owner shall be deemed to have delegated to the Board of Directors his or her right to adjust with insurance companies all losses under policies purchased by the Board of Directors, except in any case where the damage is restricted to one unit, subject to the rights of mortgagees of such unit.

ARTICLE VIII

OTHER PROVISIONS

Members of the Association shall be entitled to cast votes as provided in the Master Deed.

ARTICLE IX

INDEMNIFICATION

The Association shall indemnify any person who was or is a party, or is threatened to be made a party, to any pending or completed action, suit or proceedings, whether civil, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he or she is or was a Director, Officer or Developer of Bluegrass Commons Condominiums, LLC against expenses (including attorney's fees) judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to the best interest of Bluegrass Commons Condominiums Association of Unit Owners. The termination of any action, suit or proceeding by judgment, order, settlement, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in, or not opposed to, the best interest of Bluegrass Commons Condominiums Association of Unit Owners.

No indemnification shall be made in respect to any claim, issue or matter as to which such person shall have been adjudged to be liable for his or her willful misconduct or bad faith in the performance of his or her duty to Bluegrass Commons Condominiums Association of Unit owners unless and only to the extent that the Circuit Court of Fayette County, Kentucky or the Court in which such action or suit was brought, shall determine upon application that, despite the adjudication of liability but in view of all circumstance of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court shall deem proper. To the extent that a Director, Officer or Developer of Bluegrass Commons Condominiums Association of Unit owners has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in this Article, or in the defense of an claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

Any indemnification under this Article (unless ordered by a Court) shall be made only as authorized in the specific case upon a determination that indemnification of the Director, Officer or Developer is proper in the circumstances because he or she has met the applicable standard of conduct set forth herein. Such determination shall be made (1) by the Board of Directors by a majority vote of quorum consisting of Directors who are not parties to such action, suit or proceeding, or (2) if such a quorum is not

obtainable, or, even if obtainable, a quorum of disinterested Director so directs, by independent legal counsel in a written opinion, or (3) by the Association.

Expenses incurred in defending an action, suit or proceeding may be paid by Bluegrass Commons Condominiums Association of Unit Owners in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon a secured receipt of an undertaking by or on behalf of the Director, Officer or Developer to repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified by the Association as authorized herein.

The indemnification provided in this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled by law or under the Master Deed and Bylaws, by agreement, vote of the Association, or disinterested Directors or otherwise, both as to an action in his or her official capacity while holding office or acting as Developer, and shall continue as to a person who has ceased to be a Director, Officer or Developer, and shall inure to the benefit of the heirs, executors and administrators of such a person

ARTICLE X

CONSTRUCTION

The Bylaws are intended to be read in conjunction with the Master Deed, and if there is any conflict between the Bylaws and said Master Deed, the Master Deed shall control.


ARTICLE XI

DISPUTES; REMEDIES

Except as otherwise expressly excluded or otherwise provided in the master Deed or these Bylaws, or both, any dispute by, among, or between (i) any of the Unit Owners, (ii) any Unit Owner or Unit Owners and the Association, or (iii) any Unit Owner or Unit Owners and the Developer, including, but without limitation to, the Developer's contractors, subcontractors, materialmen, members, employees, agents, or assigns concerning any of the rights, privileges, duties, responsibilities or obligations of the respective parties pursuant to the Master Deed, these Bylaws, or any other agreement or understanding shall be resolved by arbitration conducted in the City of Lexington, Kentucky, of Fayette County, Kentucky. The parties to a dispute shall mutually select a third party to act as an arbitrator of the matter in dispute. The decision of the arbitrator shall be final and binding upon the parties to the dispute. In the event the parties to the dispute are unable to agree upon an arbitrator, the parties shall resort to the American Arbitration Association for the purpose of appointing such arbitrator and conducting an arbitration of the dispute. Arbitration shall be in conformity with and subject to applicable rules and procedures of the American Arbitration Association or any successor or substitute organization. The decision of the arbitrator so appointed by the American Arbitration Association shall be final and binding upon the parties to the dispute. The expenses associated with the services of the American Arbitration Association or the arbitrator so appointed shall be paid in equal shares by the parties to the dispute. Provided, that disputes by, among or between Unit Owners first shall be submitted in writing to the Board of Directors of the Association for mediation or other dispute resolution as a condition precedent to the exercise of any other permitted remedy by such Unit Owners.

IN WITNESS WHEREOF, the Developer has caused these Bylaws to be executed this 14th day of August 2008.

THE TENNESSEE BOYS, LLC, a
Tennessee limited liability company


By: ROBERT H. LATIMER
Chief Manager

STATE OF KY

COUNTY OF Fayette

I, the undersigned NOTARY PUBLIC, do hereby certify that the foregoing Master Deed was subscribed, sworn to, and acknowledged before me by **Robert H. Latimer as Chief Manager for The Tennessee Boys LLC, a Tennessee Limited Liability Company**, on this the 14th day of August, 2008.


NOTARY PUBLIC

My Commission expires: 5-9-10