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COPY

BYLAWS OF
AUTUMN GLEN HOMEOWNERS ASSOCIATION, INC

ARTICLE I General

(A) Description and name

These are the bylaws for **AUTUMN GLEN HOMEOWNERS ASSOCIATION, INC.**, (hereafter called the "association"), a Kentucky nonstock, nonprofit corporation, which is composed of every owner of a lot in Autumn Glen Subdivision, as created by Autumn Glen Development, LLC ("Developer").

(B) Purposes of association

The association, acting in accordance with the Declaration of Regulations, Covenants, Conditions and Restrictions, the articles of incorporation of the association, and these bylaws, and through its officers and the board of directors of the association, shall govern the affairs of Autumn Glen Subdivision and provide for the harmonious use and occupation thereof. Specifically, the Association shall:

1. Monitor and enforce the Declaration of Regulations, Covenants, Conditions and Restrictions for Autumn Glen Subdivision, as amended, of record in the Bullitt County Court Clerk's Office.
2. Promote and serve the common good and general welfare of the members of the corporation and to construct, operate, maintain and repair any common structure, facility, whether owned by the corporation or not, within Autumn Glen Subdivision.
3. To assess, levy and collect assessments, including monthly, annual and special, as provided in the Bylaws for the Autumn Glen Homeowners Association, Inc., and the Declaration of Regulations, Covenants, Conditions and Restrictions for Autumn Glen Subdivision, as amended, against each lot and members of the corporation.

(C) Office

The office of the association and of the board of directors shall be located initially at 337 N. Bardstown Road, Mt. Washington, Kentucky 40047, and thereafter at such other office as the board may determine from time to time.

(D) Fiscal year

The fiscal year of the association shall be the calendar year.

(E) Members' qualifications

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(D) Fiscal year

The fiscal year of the association shall be the calendar year.

(E) Members' qualifications

Each owner of record of any home in the Autumn Glen Subdivision, and only such owner of record, shall be a member of the association. Any person, on becoming a record owner of a lot, shall automatically become a member of the association and be subject to these bylaws, and such membership shall terminate without any formal action by the association when such person ceases to be a record owner of a lot, but such termination shall not relieve or release such former owner from any liability or obligation incurred or arising during the period of his membership or impair any rights and remedies which the association or others may have against such former lot owner arising out of or connected with the membership by that owner of the lot.

ARTICLE II Lot Owners

(A) Annual meetings

Once ninety percent (90%) of all the lots in all sections of Autumn Glen Subdivision have been transferred or otherwise conveyed by the Developer to third parties, or at a time designated earlier by the Developer at its sole discretion, a meeting of the lot owners (the "inception meeting") shall be held. Developer shall notify the lot owners of the time and place of the inception meeting. Until such time, Developer shall retain all rights and authority to manage Autumn Glen Subdivision, including all rights set forth in the Declaration, of Regulations, Covenants, Conditions and Restrictions for Autumn Glen Subdivision, as amended, the Articles of Incorporation and these by laws, and the right to name the directors of the corporation.

Hereafter, the annual meeting of lot owners shall be held at 7:00 p.m., EST, on the 2nd day of January of each succeeding year, unless such date shall occur on a Saturday, Sunday, or legal holiday, in which event the meeting shall be held at the same time on the next following business day. At such meetings, the board of directors shall be elected by the lot owners in accordance with the provisions of these bylaws. The lot owners may transact such other business at such meetings as may properly come before them.

(B) Place of meetings

Meetings of the lot owners shall be held at the principal office of the association as set forth in the section of these bylaws entitled "Office," or at such other place reasonably convenient to the lot owners as may be designated by the board of directors.

(C) Special meetings

The president of the association (the "president") shall call a special meeting of the lot owners if so directed by resolution of the board of directors or upon a petition signed and presented to the secretary of the association by fifty percent (50%) of the lot owners or as otherwise may be required under these bylaws or the Declaration of Regulations, Covenants, Conditions and Restrictions. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

(D) Notice of meetings

The secretary of the association (the "secretary") or the president, any vice president of the association ("vice president"); or the managing agent shall mail to each lot owner of record at the address of the lot owner in Autumn Glen Subdivision (unless such lot owner shall have specified a different address for notices by notice theretofore given in writing to the attention of the secretary, in which event the notice of the meeting of lot owners shall be mailed to such lot owner at such different address) and to the Developer (a representative of which shall be entitled to attend the meeting), a notice of each annual meeting and of each special meeting of the lot owners, at least 5 but not more than 30 days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held. The mailing of a notice of meeting in the manner provided in this section shall be considered service of notice. Any lot owner may waive notice of any and all meetings in writing before or after a meeting, and such waiver shall be deemed equivalent to the giving of notice. A lot owner's attendance at a meeting without objection to such lot owner's not having received proper notice of the meeting shall be deemed a waiver of the right to receive notice of that meeting.

(E) Adjournment of meetings

If any meeting of lot owners cannot be held because a quorum is not present, fifty percent (50%) of the lot owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than 24 hours from the time the original meeting was called.

(F) Designated voter

A lot owner shall designate one individual (the "designated voter"), who need not be a lot owner, who alone shall be entitled to vote on behalf of such lot owner on all matters put to a vote at all meetings of the lot owners. The secretary of the association shall be notified in writing of the identity of the designated voter, and of any changes in such identity from time to time occurring. If a lot is owned by more than one natural person or is under lease, the designated voter for such lot shall be identified by a certificate signed by all of the record owners of the lot and filed with the secretary of the association. If a lot is owned by a corporation, the designated voter for such lot shall be identified by a certificate signed by the president or vice president and attested by the secretary or assistant secretary of the corporation and filed with the secretary of the association. If a lot is owned by a trust or estate, the designated voter for such lot shall be identified by a certificate signed by the trustee or personal representative and filed with the secretary of the association. If a lot is owned by a partnership, whether general or limited, or a joint venture, the certificate identifying the designated voter shall be signed by all general partners or joint adventurers, as the case may be, except that the secretary may rely on a certificate signed only by the managing general partner of a general or limited partnership, provided the managing general partner affirms in such certificate that the partnership has more than five general partners, and provided such signature of the managing general partner is attested to be that of the managing general partner of such partnership by the verified statement of at least two other general partners of such partnership. Such certificates shall be valid until revoked or superseded by a subsequent certificate or until the secretary receives actual

notice of a change in the record ownership of the lot concerned. At any meeting of the lot owners the officers of the association and the board of directors shall be entitled to rely on the most recent such notice received by the secretary as conclusive evidence that only the individual identified therein as the designated voter for that lot is entitled to vote at such meeting on behalf of such lot owners. If no notice specifying a designated voter for a lot has been received by the secretary of the association, or if a dispute arises concerning whether the certificate or certificates received by the secretary with respect to a lot constitute a valid stipulation of the designated voter by the lot owner, no votes in respect of that lot shall be entitled to be cast at the meeting, and that lot shall not be considered in any manner in determining whether a quorum is present at the meeting. Any or all lot owners may be present at any meeting of the lot owners, but only the designated voters may vote at such meetings. One individual may be a designated voter for more than one lot if so designated by lot owners of more than one lot. Each designated voter shall be entitled to vote in person or by proxy on all matters which are put to a vote at all meetings of lot owners with each lot entitled to one (1) vote.

(G) Proxies

Votes may be cast in person or by proxy. A proxy may be made by any person entitled to vote and shall be valid only for the particular meeting designated in the proxy and must be filed with the secretary in a form acceptable to the secretary before the appointed time of the meeting (except, in the case of a meeting which is adjourned, before the appointed time of the continuation meeting held pursuant to the adjournment).

(H) Quorum

At all meetings of the lot owners, the presence in person or by proxy of designated voters who together are entitled to cast greater than 30% of the total votes which could be cast if the designated voters for all lots in the subdivision were present in person or by proxy at the meeting shall constitute a quorum.

(I) Action by lot owners

Except where a higher percentage is required by the express provisions of the subdivision documents or by law, the lot owners when acting at a meeting shall act only by a vote of designated voters who are present in person or by proxy and voting at any meeting of the lot owners at which a quorum is present, and who together represent more than fifty percent (50%) of the lots.

(J) Informal action by lot owners

Any action required or permitted to be taken at any meeting of the lot owners may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the designated voters entitled to vote with respect to the subject matter thereof.

(K) Order of business

The order of business at the annual meetings, and as far as practical at special meetings, shall be:

- (1) Election of chairman of the meeting;
- (2) Identification of designated voters and certifying of proxies;
- (3) Proof of notice of meeting or waiver of notice;
- (4) Reading and disposal of any unapproved minutes;
- (5) Reports of officers;
- (6) Reports of committees;
- (7) Election of inspectors of election;
- (8) Election of directors;
- (9) Unfinished business;
- (10) New business;
- (11) Adjournment.

(L) Article II proviso

Every provision contained in this article II shall be subject to the following proviso: Until such time as the inception meeting of the lot owners is held, the affairs of the association shall be conducted solely and entirely by the board of directors appointed by the Developer, and the proceedings of meetings of lot owners as members of the association or otherwise, if any such meetings are held, shall have no effect.

ARTICLE III Board of Directors

(A) Number and qualification

The management of the subdivision shall be under the exclusive control and direction of a board of directors appointed entirely by the Developer until the inception meeting. Thereafter, the board of directors of the association shall be composed of three (each sometimes referred to hereinafter individually as a "director" and collectively, the "directors") nominated and elected by the lot owners. All directors shall be lot owners; or, in the case of partnership or joint venture lot owners, members or employees of such partnership; or in the case of corporate lot owners, officers, stockholders, or employees of such corporation; or in the case of fiduciary lot owners, fiduciaries or

officers or employees of such fiduciary. Any director who ceases to be associated with a lot owner in one of the above-enumerated capacities shall so notify the secretary of the association, and be deemed to have resigned as of the date of such notice. Any vacancy on the board of directors shall be filled by a substitute director nominated and elected by the remaining directors and shall serve until the next meeting of the lot owners wherein a successor is duly elected.

(B) Powers and duties

The board of directors shall have the powers and duties necessary for administration of the affairs of Autumn Glen Subdivision and may do all such acts and things except as by law or pursuant to the provisions of the subdivision documents may not be delegated to the board of directors by the lot owners. All of the powers and duties of the association existing under the Declaration of Regulations, Covenants, Conditions and Regulations and the subdivision documents shall be exercised exclusively by the board of directors acting on its own behalf or through its agents, contractors, or employees, the officers of the association elected by it, or any managing agent. Such powers and duties of the board of directors shall include, but shall not be limited to, the following:

- (1) Operation, care, upkeep, and maintenance of the common elements;
- (2) Determination of the common expenses required for the affairs of Autumn Glen Subdivision, including, without limitation, operation and maintenance of the common elements, including but not limited the sidewalks and streets;
- (3) Collection of the common charges from the lot owners;
- (4) Employment and dismissal of the personnel necessary for the maintenance and operation of the common elements;
- (5) Adoption and amendment of rules and regulations covering the details of the operation and use of the property;
- (6) Opening of bank accounts on behalf of the association and designating the signatories required therefor;
- (7) Obtaining insurance for the property including, without limitation, any insurance required by the Declaration of Regulations, Covenants, Conditions and Restrictions;
- (8) Making of repairs, additions, and improvements to or alterations of the property, and repairs to and restoration of the property, including after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;
- (9) Enforcing the remedies available against lot owners for violation of the provisions of the subdivision documents, including, without limitation, provisions of the Declaration of Regulations, Covenants, Conditions and Restrictions and the rules and regulations for the common areas;

(10) Controlling the use of all common elements (consistent with the provisions of the subdivision documents);

(11) Controlling power shutoffs and other interruptions of the normal functioning of the subdivision to facilitate renovation of particular homes and of the common elements; provided, however, in such event that the board will use diligent efforts to minimize the disruption to the lot owners caused thereby;

(12) Changing the name of the association or the subdivision;

(13) Taking all other necessary and proper actions for the prudent management of the subdivision and fulfillment of the terms and provisions of the subdivision documents; and

(14) Amend the bylaws by a vote of greater than 50% in number of the members of the board of directors present and voting at a meeting of the board of directors at which a quorum is present.

(15) Enforcement of the insurance provisions regarding the replacement or reconstruction of the patio home units as set forth in the Declaration of Regulations, Covenants, Conditions and Restrictions.

(C) Managing agent and manager

The board of directors may employ either or both a managing agent and a manager for the subdivision, at a compensation established by the board of directors, to perform such duties and services as the board of directors shall authorize, including, but not limited to, the duties listed in subsections (1), (3), (4), (8), (9), (11), and (12) of section III(B) of these bylaws. The board of directors may delegate to the manager or managing agent all of the powers granted to the board of directors by these bylaws other than the powers set forth in subsections (2), (5), (6), (7), (10), and (13) of section III(B) of these bylaws. Any management agreement must be terminable by the association for cause upon not more than 30 days' written notice, and the term of any such agreement must not exceed one year, renewable by agreement of the parties for successive one-year periods.

(D) Election and term of office

The directors shall be elected at each annual meeting of the lot owners. Directors shall hold office for a term of one year and subsequently until their respective successors shall have been duly elected, or until such director is removed pursuant to section III(E) of these bylaws; provided, however, that a director shall be deemed to have resigned whenever such director, such director's spouse, or firm, corporation, or other entity with which he or she is associated, conveys the lot which qualified such individual to become a director or terminates such director's relationship with that lot which qualified such individual to become a member of the board of directors. Except as to vacancies created by removal of directors by lot owners, vacancies in the board of directors occurring between annual meetings of lot owners shall be filled by vote of the majority of the remaining directors, whether or not such a majority constitutes a legal quorum of the board of

directors. If such directors are unable to agree, such vacancy shall be filled by vote of the lot owners at a special meeting called by the president for such purpose promptly after the meeting at which it is finally determined by the remaining directors that they are unable to agree.

(E) Removal of directors

At any regular or special meeting of lot owners, any one or more of the directors may be removed by the lot owners with or without cause by a vote of greater than 50% of the lot owners at a meeting wherein a quorum has been established, and a successor or successors shall be elected by them at the same such meeting.

(F) Organization meeting

The initial members of the board of directors shall be appointed by the Developer from time to time until the first meeting of the board of directors occurring after the inception meeting of the lot owners. Such first meeting of the board of directors shall be held immediately after the inception meeting of the lot owners, and no notice shall be necessary to the newly designated directors in order legally to constitute such meeting, providing a quorum of the board of directors, as that term is defined in section III(K) of these bylaws shall be present.

(G) Regular meetings of directors

Regular meetings of the board of directors may be held at such time and place as shall be determined from time to time by the vote of a majority of the directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the board of directors shall be given to each director, by mail or telegraph, at least five business days prior to the day named for such meeting.

(H) Special meetings of directors

Special meetings of the board of directors may be called by resolution of at least thirty percent (30%) of the lot owners on at least five business days' prior notice to each director given by mail or telegraph, which notice shall state the time, place (which shall be within a 20-mile radius of the subdivision), and purpose of the meeting. Special meetings of the board shall be called by the secretary in like manner and on like notice on the written request of any two directors.

(I) Waiver of notice

Any director may at any time waive notice of any meeting of the board of directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the board of directors shall constitute a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the board of directors, no notice shall be required and any business may be transacted at such meeting which properly may be transacted pursuant to the provisions of the subdivision documents and applicable law.

(J) Voting

Each director shall be entitled to cast one vote at all meetings of the board of directors.

(K) Quorum and decision of board

Except as may otherwise be provided in these bylaws, the presence in person of greater than 50% of the directors shall constitute a quorum at all meetings of the board of directors, and at any meeting of the board of directors at which a quorum is present, the vote of greater than 50% in number of the directors present and voting shall constitute the decision of the board of directors. If at any meeting of the board of directors there shall be less than a quorum present, any director who is present may adjourn the meeting to a later time and place. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

(L) Informal action by directors

Any action required or permitted to be taken at a meeting of the board of directors, or any action which may be taken at a meeting of the board of directors or of a committee, may be taken without a meeting if a consent, in writing, setting forth the action so taken, shall be signed by all of the directors, or all of the members of the committee, as the case may be. Such consent shall have the same effect as a unanimous vote.

(M) Presiding officer at directors' meetings

The presiding officer of a directors' meeting shall be the president of the association, or, if the president is not in attendance, the vice president. In the absence of the president or vice president, a majority of the directors present shall designate one of their number to preside.

(N) Order of business at directors' meeting

The order of business at directors' meetings shall be:

- (1) Calling of roll;
- (2) Proof of due notice of meeting;
- (3) Reading and disposal of any unapproved minutes;
- (4) Reports of officers and committees;
- (5) Election of officers;
- (6) Unfinished business;

(7) New business;

(8) Adjournment.

(O) Fidelity bonds

The board of directors may obtain fidelity bonds for all officers and employees of the association and its manager or managing agent, if any, handling or responsible for funds of the subdivision. The premiums on such bonds shall constitute a common expense.

(P) Compensation

No director shall receive any compensation from the association for acting as such. However, notwithstanding the foregoing or any other provision to the contrary contained in these bylaws or the other subdivision documents, nothing shall prevent a director, subject to the approvals required herein, to be engaged in the additional or other capacity as a managing agent or employee of the association for salary or fees.

(Q) Liability of the directors

The directors shall not be liable to the lot owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct, gross negligence, or bad faith. The association shall indemnify and hold harmless each of the directors against all contractual liability to others, and all other loss, claim, cost, and expense (including but not limited to reasonable attorney fees), arising out of contracts made by the board of directors on behalf of the association unless any such contract shall have been made in bad faith, with the cost and expense of any such indemnity to be a common expense of the subdivision. It is intended that the directors shall have no personal liability with respect to any contract made by them on behalf of the association.

Every contract made by the board of directors or by the managing agent or by the manager on behalf of the subdivision shall provide that the directors, or the managing agent, or the manager, as the case may be, are acting only as agents for the lot owners and shall have no personal liability thereunder (except as lot owners), and that each lot owner's liability thereunder, if any, shall be limited to such proportion of the total liability thereunder as such lot owner's interest in the common elements bears to the interests of all lot owners in the common elements.

(R) Proviso

Every provision contained in this article III shall be subject to the following proviso: Until the first meeting of the board of directors held after the inception meeting of the lot owners, the board of directors shall consist solely of those persons designated by the Developer from time to time, and in the event of vacancies (whether created by removal, with or without cause, at the sole option of Developer, or otherwise) the Developer shall appoint directors to fill the vacancies.

Directors designated by the Developer in the articles of incorporation or to fill vacancies need not be lot owners; provided, however, the Developer shall not have the right either before or after the first meeting of the board of directors after the inception meeting to enter into any management agreement or other contracts which extend beyond the date of such inception meeting.

ARTICLE IV Officers

(A) Designation

The principal officers of the association shall be the president, the vice president, the secretary, and the treasurer, all of whom shall be elected by vote of the board of directors. The board of directors may appoint an assistant treasurer, an assistant secretary, and such other officers as in the judgment of the board of directors may be necessary or desirable to assist in managing the affairs of the association. The president and vice president, but no other officers, shall be required to be directors.

(B) Election of officers

The officers of the association shall be elected annually by the board of directors at the regular annual meeting of the board of directors.

(C) Removal of officers

Upon the affirmative vote of a majority of the directors, any officer may be removed, either with or without cause, and his successor may be appointed at any regular meeting of the board of directors, or at any special meeting of the board of directors called for such purpose.

(D) President

The president shall be the chief executive officer of the association. He shall preside at all meetings of the lot owners and of the board of directors. He shall have all of the general powers and duties which are incident to the office of president of a nonstock, nonprofit corporation, including, but not limited to, the power to appoint committees from among the lot owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the association.

(E) Vice president

The vice president shall take the place of the president and perform his duties whenever the president shall be absent or unable to act. If neither the president nor the vice president is able to act, the board of directors shall appoint some other director to act in the place of the president, on an interim basis. The vice president shall also perform such other duties as shall from time to time be imposed upon him by the board of directors.

(F) Secretary

The secretary shall keep the minutes of all meetings of the lot owners and of the board of directors; the secretary shall have charge of such books and papers as the board of directors may direct, and shall, in general, perform all the duties incident to the office of secretary of a nonstock, nonprofit corporation.

(G) Treasurer

The treasurer shall have the responsibility for collecting the common charges assessed by the board of directors, for assisting the board of directors in the preparation of the annual budget and the calculation of the common charges, for investing association funds and securities, for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data. The treasurer shall be responsible for the deposit of all moneys and other valuable property in the name of the board of directors, in such depositories as may from time to time be designated by the board of directors, and shall, in general, perform all the duties incident to the office of treasurer of a nonstock, nonprofit corporation, including, but not limited to (1) insuring that a book of detailed accounts of receipts and expenditures affecting the subdivision and its administration is kept in accordance with good accounting procedures, which shall specify the maintenance and repair expenses of the subdivision, and (2) arranging for the audit of said books at least once a year by a certified public accountant.

(H) Agreements, contracts, deeds, checks, etc.

All agreements, contracts, deeds, leases, checks, and other instruments of the association shall be executed by any two officers of the association, at least one of whom shall be a member of the board of directors, or by such other person or persons as may be designated by the board of directors.

(I) Compensation of officers

The compensation, if any, of the officers shall be fixed by the board of directors and noted in the minutes of the board of directors.

ARTICLE V Fiscal Management of the Property

(A) Determination of common expenses and fixing of common charges

The board of directors shall from time to time, and at least once each fiscal year, prepare a budget for the subdivision, determine the amount of the common charges payable by the lot owners to meet the common expenses of the subdivision, and allocate and assess such common charges among the lot owners in the same proportion as their respective ownership of the common elements.

The common charges shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the board of directors, and the fees and disbursements of any insurance trustee. The common expenses shall also include such

amounts as the board of directors deems proper for the operation and maintenance of the property, including, without limitation, for payment of accounting, legal, architectural, lawn maintenance or other professional or service fees; an amount for working capital of the association, for a general operating reserve; for a reserve fund for replacements; for a reserve fund for capital expenditures; and to make up any deficit in the common expenses for any prior fiscal year. The board of directors shall advise all lot owners promptly, in writing, of the amount of common charges payable by each of them, respectively, as determined by the board of directors as aforesaid and shall furnish to any lot owner who requests the same, in writing, copies of each budget on which such common charges are based. A copy of the annual budget also shall be sent to any first mortgagee of record of a lot owner promptly upon request from such mortgagee.

(B) Utilities

(1) Water, sewer, gas and electricity shall be supplied to all of the lots through separate meters associated with, respectively, each lot. Each lot owner shall pay all charges for water, sewer, gas and electricity metered to each lot owned by such lot owner promptly after the bills for the same shall have been rendered. The board of directors shall cause to be paid, as a common expense, all water, gas, electric and sewer charges for all common elements.

(C) Accounts

The receipt and expenditures of the association shall be credited and charged to accounts under the following classifications as shall be appropriate, all of which expenditures shall be common expenses:

(1) "Current expenses," which shall include all receipts and expenditures within the year for which the budget is made, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves or to additional improvements. The balance in this fund at the end of each year, if any, shall be applied to reduce the assessments for current expenses for the succeeding year.

(2) "Reserve for deferred maintenance," which shall include funds for maintenance items that occur less frequently than annually.

(3) "Reserve for capital expenditures," which shall include the funds to be used for capital expenditures for additional improvements or additional personal property that will be part of the common elements.

The budget for each fiscal year shall include the estimated funds required to defray the common expense and to provide and maintain funds for the foregoing accounts and reserves according to good accounting practices as follows:

(1) "Current expenses."

(2) "Reserve for deferred maintenance," the amount of which shall not exceed 10% of the amount budgeted for this account for the prior year.

(3) "Reserve for capital expenditures," the amount for which shall not exceed 10% of the amount budgeted for this account for the prior year.

The amount for each budgeted item may be increased over the foregoing limitations when approved by owners of units to which not less than 67% of the common elements are appurtenant.

(D) Assessments and special assessments

Assessments against the lot owners for their shares of the items of the budget shall be made for each fiscal year at least 30 days preceding the beginning of such fiscal year. Such assessment shall be due in 12 equal payments on the first day of each month of the said fiscal year. If an annual assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior assessment and monthly installments on such assessments shall be due upon each installment payment date until changed by an amended assessment. Should the annual assessment prove to be insufficient to meet either current expenses or the cost of deferred maintenance or capital expenditures, the budget and assessments may be amended at any time by the board of directors if the accounts of the amended budget do not exceed the limitations for that year. If any account would exceed such limitation upon amendment of the budget to meet such increased current expenses or deferred maintenance or capital expenditures, the budget shall not be amended except upon approval of the lot owners, as required by section V(C) of these bylaws, of such amendments to the budget and of a special assessment to meet such increases. The unpaid assessment for the remaining portion of the calendar year during which the special assessment is made shall be due upon the dates on which the regular assessment is due, and the special assessment shall be made in equal payments on the payment dates of the annual assessment during the remainder of that calendar year. The first payment of a monthly installment by a lot owner shall be due on the date of delivery of his deed, and shall be equal to that proportion of the installment payment for the month in which delivery of his deed occurs as the period between the date of delivery of his deed and the last day of that month bears to 30. The next payment of a monthly installment shall be due on the first monthly installment payment date falling after the date of delivery of his deed.

(E) Reserve payments

The board of directors shall have the power in its discretion (but shall not be obligated) to require a purchaser of a town home, at or prior to delivery to the purchaser of the deed to his town home, to make to the board of directors a reserve payment in an amount of up to \$250. All such reserve payments shall be used by the board of directors as a working capital fund for the initial months of operation of the subdivision, and shall be credited to an account under the classification of "current expenses." Any amounts paid by lot owners as reserve payments that are not used during the first fiscal year of the association shall be applied to reduce the assessments for current expenses for the succeeding year.

(F) Acceleration of assessment installments upon default

If payment by a lot owner of any monthly installment of an annual assessment is more than 15 days past due, the same shall be a default, and thereupon the board of directors may accelerate the remaining installments of the annual assessment (and each annual assessment thereafter upon final determination by the board of directors thereof, if at or prior to the time of such determination the lot owner shall not have cured the default by voluntary payment of all past due assessments) upon notice to the lot owner, and thereupon the unpaid balance of the then current annual assessment shall become due upon the date stated in the notice, but not less than 10 days after personal delivery of the notice to the lot owner, or not less than 20 days after the mailing of such notice to such lot owner by registered or certified mail, whichever shall first occur.

(G) Depository

The depository of the association shall be such federally insured bank or banks or federally insured savings and loan associations as shall be designated from time to time by the board of directors and in which the moneys of the association shall be deposited. Withdrawal of moneys from such accounts shall be only by checks or other withdrawal orders signed by such persons as are authorized by the board of directors.

(H) Audit

An audit of the accounts of the association shall be made annually after the end of each fiscal year of the association by certified public accountant(s), pursuant to an agreement requiring such accountant(s) to furnish such completed audit report to the board of directors no later than four months after the fiscal year end of the association.

A copy of the audit report shall be furnished by the board of directors to each lot owner promptly upon request of the lot owners.

(I) Rights of mortgagees

The holders of first mortgages on any town homes shall have the right to examine the books and records of the association upon reasonable prior notice and at reasonable times determined by the secretary, and to require the board of directors to furnish them with a copy of the annual audit report and the current budget, upon the express condition that the same shall be kept confidential by them.

(J) Proviso

Every provision contained in this article shall be subject to the following proviso: Until the time of the inception meeting of the lot owners is held, the initial board of directors (and any replacements for such directors appointed by declarant) shall be solely and entirely responsible for the fiscal affairs of the association, and may prepare a budget in such form and manner as it deems

advisable; may omit from such budget allowances for contingencies and reserves; may make assessments against the lot owners in such amounts as such board of directors deems advisable; and may amend such assessments at any time it deems advisable.

ARTICLE VI Mortgages

(A) Notice of unpaid common charges

The board of directors, whenever so requested in writing by a mortgagee of a lot, shall promptly report any then unpaid common charges due from, or any other default within the actual knowledge of the board of directors by, the lot owner of the mortgaged lot.

(B) Notice of default

The board of directors, when giving notice to a lot owner of a default in paying common charges or other default, shall send a copy of such notice to each holder of a mortgage covering such lot whose name and address has theretofore been furnished to the board of directors; provided, however, that the board of directors shall not be liable to any mortgagee for failure to comply with this section.

(C) Examination of books

Each lot owner and each mortgagee of a lot owner shall be permitted to examine the books of account of the subdivision at reasonable times on business days, but not more often than once a month.

ARTICLE VII Miscellaneous

(A) Notices

All notices required to be given to the board of directors pursuant to any provision of any of the subdivision documents shall be sent by registered or certified mail, return-receipt requested, to the board of directors in care of the manager or managing agent, or if there be no manager or managing agent, to the board of directors in care of Kenneth E. Stout, 337 N. Bardstown Road, P. O. Box 170, Mt. Washington, Kentucky 40047, or to such other address as the board of directors may hereafter designate from time to time, by notice in writing to all lot owners in accordance with this section. All notices required under the provisions of any of the subdivision documents to be given to any lot owner shall be in writing and personally delivered or sent by registered or certified mail, return-receipt requested, to any lot owner, or to such other address as may have been designated by such lot owner to the board of directors from time to time by notice given to the board of directors in accordance with this section. All notices sent by mail shall be deemed to have been given when mailed, except notices of change of address, which shall be deemed to have been given when received.

(B) Severability

The invalidity of any provision of these bylaws shall not impair or affect in any manner the validity, enforceability, or effect of any other provision of these bylaws.

(C) Captions

The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these bylaws, or the intent of any provision thereof.

(D) Gender; number

The use of the masculine gender in these bylaws shall be deemed to include the feminine gender, and the use of the singular shall be deemed to include the plural, whenever the context so requires.

(E) Waiver

No restriction, condition, obligation, or provision contained in 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 thereof which may occur.

(F) Reference to the Developer

Whenever a reference is made to the Developer, such reference shall be deemed to include any corporation, subsidiary, or other entity affiliated with the Developer and designated by it to act in its place and stead concerning any matter pertaining to the ownership, leasing, or mortgaging of units, operation of the property, or both.

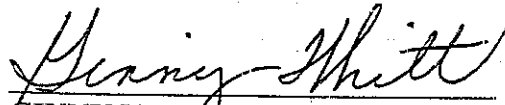
(G) Conflicts

These bylaws are intended to comply with the Articles of Incorporation and the Declaration of Regulations, Covenants, Conditions and Restrictions. In case any of these bylaws conflicts with the provisions of said articles of incorporation, or of the Declaration of Regulations, Covenants, Conditions and Restrictions, the articles of incorporation, or the Declaration of Regulations, Covenants, Conditions and Restrictions, as the case may be, shall control.

ARTICLE VIII Amendments to Bylaws

These bylaws may not be modified, amended, or repealed except by the majority vote of (1) the board of directors vote of greater than 50% in number of the members of the board of directors present and voting at a meeting of the board of directors at which a quorum is present; or (2) the lot owners present, at a regular or special meeting of the lot owners.

The foregoing bylaws and the attached rules and regulations were adopted as the bylaws and rules and regulations, respectively, of AUTUMN GLEN HOMEOWNERS ASSOCIATION, INC., by written unanimous consent of the board of directors in lieu of an organizational meeting as of July 23, 2002.


GINNY WHITT, SECRETARY

Approved:


KENNETH E. STOUT, PRESIDENT

This instrument prepared by:

LINDA S. BOUVETTE, ESQ.
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